Annual Report 2007

Consistent Growth

Financial Service Provider for Europe

OVB

Key figures for the OVB Group

Key operating figures

	Unit	2006	2007	Change
Clients (31/12)	Number	2.44 million	2.61 million	+7.0 %
Financial advisors (31/12)	Number	4,210	4,765	+13.2 %
New business	Number of contracts	625,000	563,300	-9.9%
Total sales commission	Euro million	213.3	246.2	+15.4 %

Key financial figures

	Unit	2006	2007	Change
Earnings before interest and taxes (EBIT)	Euro million	24.1	29.0	+20.0 %
EBIT margin*	%	11.3	11.8	+0.5 %-pts
Consolidated net income	Euro million	16.3	20.2	+23.9 %

*Based on total sales commission

Key figures for OVB shares

	Unit	2006	2007	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	1.21	1.42	+17.4 %
Dividend per share **	Euro	0.90	1.15	+27.8 %

* Based on 14,251,314 shares (2007) and 13,531,046 shares (2006)
** For the respective financial year; proposed dividend for 2007

Consistent growth

Our steady focus on the individual needs of our clients and the competence and commitment of our employees are the foundation stones of OVB's growth:

then, now and in the future.

Over 2.6 million clients in 14 European countries trust in the advisory services of OVB. Across Europe,

The record sales of Euro 246 million triggered a 20 % increase in EBIT to Euro 29 million.

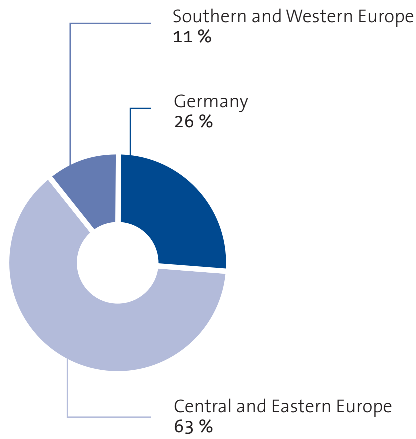
Contents

Financial service provider

Clients are our priority

Across Europe, OVB provides reliable and expert advice to more than 2.6 million clients on all issues relating to private finances. The target group is private households with average to higher incomes and businesses with sales of up to Euro 10 million. The rapidly growing region of Central and Eastern Europe is now home to 63 percent of all OVB clients.

Clients broken down by region



4,765 financial advisors work for OVB.

Our shareholders will receive a distribution of Euro 16.4 million.

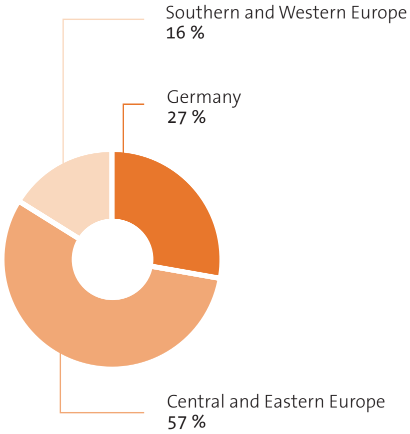
OVB international for Europe

Over the past 38 years, OVB has steadily developed into a leading financial service provider with a European slant.

Competent financial advisors

About 4,800 full-time financial advisors work for OVB in 14 countries across Europe. As independent sales agents, or partners in the business, they market the financial and provision products of over 100 product partners. Their competence and commitment are the foundations of OVB's growth.

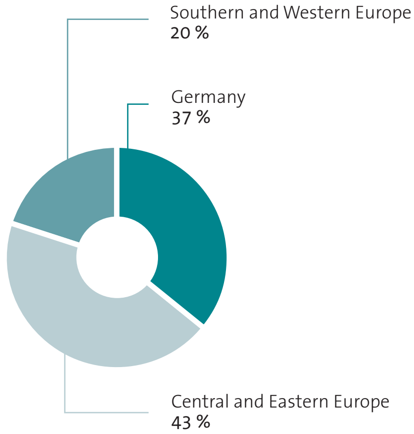
Financial advisors broken down by region



Sales performance continues to impress

One of OVB's key strengths is the power of its sales force. The Group's overall sales performance increased by around 15 percent in 2007 to a record Euro 246 million. OVB generated almost two-thirds of this amount in the markets of Central and Eastern Europe and Southern and Western Europe. OVB consistently exploits the growth potential on offer across the whole of Europe.

Overall sales performance broken down by region



Michael Frahnert
Chairman of the Executive Board

Born 1946, Diplom-Kaufmann.
Has worked at OVB for 15 years.
2001: Chairman of the Executive Board
of OVB Vermögensberatung AG.
2004: Chairman of the Executive Board
of OVB Holding AG.

Oskar Heitz
Chief Financial Officer

Born 1953, Bankkaufmann.
Has worked at OVB for 17 years.
2001: Member of the Executive Board
of OVB Vermögensberatung AG.
2004: Member of the Executive Board
of OVB Holding AG.

Ladies and gentlemen, shareholders,

OVB has been providing reliable and expert advice to clients on all personal finance issues for 38 years now, and more and more of Europe falls within its radius. The OVB success story continued in 2007. We would like to take this opportunity to express our heartfelt thanks on behalf of OVB to:

- our clients for the confidence they have shown in us on many occasions over the years;
- our employees for their enormous commitment to customer service and improving our company;
- our product partners for their constructive co-operation;
- our shareholders for their enthusiastic support of our company.

“Consistent growth” is the catch phrase for this year's Annual Report. Despite a continually changing market environment and the dynamic growth of our company, OVB adheres to firm principles that form the basis of our successful business model: focus on the individual needs of clients, be a partner to employees and product providers, and steadily expand into new markets. As far as income and expenses are concerned, we also follow a strict profit-based growth strategy in the interests of our shareholders.

In the 2007 financial year we again succeeded in putting these principles into action. Total sales commission of the OVB Group grew by 15.4 percent to Euro 246.2 million. Earnings before interest and taxes (EBIT) increased by a remarkable 20.0 percent to Euro 29.0 million. Consolidated net income for the year reached the Euro 20 million mark for the first time. In light of these results, the Executive Board and the Supervisory Board will propose to the Annual General Meeting that the dividend of Euro 0.90 per share in 2006 be increased to Euro 1.15 per share for the 2007 financial year. This represents a distribution of around 80 percent and underscores how highly we regard the interests of our shareholders.

We invite you to join OVB on its steady road towards expansion. Private pension provision, risk protection and asset generation are all issues that grow in importance year after year across Europe and for each and every one of us personally. As an international financial services provider, OVB will consistently exploit the growth potential on offer across Europe.

Kind regards,

Michael Frahnert
Chairman of the Executive Board

Oskar Heitz
Chief Financial Officer

Our thoughts and actions centre on the individual **needs of our clients** across Europe.

This principle has been a constant theme in the successful development of our business.

Consistency in strategy and business model

The development of OVB's business in the long term follows a clear strategic direction. Our business model focuses on the crucial link in the value chain: advice to clients and sales.

OVB generates noticeable benefits for its clients. This forms the basis of our continuing growth.

A firm commitment to clients is crucial for success in any sales business. Since its inception, OVB has been unswervingly committed to this principle. OVB's main target group is private households across Europe with average to high incomes. A significant majority of the European population falls in this group. With regard to corporate clients, our focus is businesses with annual sales of up to Euro 10 million, which account for 95 percent of all businesses. The greatest need among clients is for private pension provision and protection against risks. To this we add strategies for generating wealth and financing home ownership. OVB has adopted a comprehensive and long-term advisory approach. Our advisors develop tailored provision and asset strategies based on the financial circumstances and means of the individual client. Client satisfaction thus leads to client loyalty.

Powerful sales force

OVB's continuing growth is based on the effort and commitment of our employees. We regard our financial advisors as partners in the company. They market the financial and provision products of our product partners as independent sales agents. This high degree of autonomy is the foundation of our sales force's selling power. But our financial advisors are also incorporated in the OVB network, which provides them with a competitive product portfolio that is tailored to clients' needs, a comprehensive training program and high-quality infrastructure. Both elements combined form the basis of OVB's efficiency and strength in sales.

Top quality product partners

Our expertise in sales makes OVB a highly sought after partner for insurance companies, banks, investments trusts and building societies. OVB places great importance on the capability, reliability and service mentality of the product partners it chooses. Through its daily contact with clients OVB has a very clear idea of which products best meet the needs of the various client groups. On this basis OVB compiles a range of third-party products in each area and for each market, and this range is constantly updated. Our clients value the fact that they can make a selection from a refined group of high-quality products that their financial advisor can competently and clearly explain. By structuring the sales commission for similar products in the same way, OVB ensures that the advice provided is dictated by the client's interests and nothing else.

Financial service provider for Europe

OVB began to ramp up its international activities as early as 17 years ago. It has now developed into a financial service provider for the whole of Europe. OVB's early entry into markets has been critical to its success: Austria in 1991 followed by Hungary and Poland in 1992, and entry into other markets almost every year after that, the most recent being the Ukraine in 2007. The company's experience in foreign markets over the years is an investment that is now paying off. Compared with its competitors, OVB in 2008 has the broadest international network, and its foreign operations make the greatest contribution to earnings. Entry into new attractive markets drives OVB's growth and lends stability to the group by balancing out the various cycles in other markets. OVB will steadily continue with its international expansion in the future.

Streamlined structures, solid financial base

OVB's streamlined and powerful structure also contributes to its success. Around 450 permanent employees at the holding company and at the subsidiaries enthusiastically perform the extensive administrative functions associated with our international, listed group. Our goal is to automate standardised processes to the greatest extent possible. Although the group's growth strategy entails an increase in expenses for providing technical infrastructure, meeting regulatory requirements and developing strategies to promote sales, we adhere closely to the principle of having the most streamlined administrative structure possible. It is also essential to us that the group is in a solid financial position. Our equity ratio of considerably more than 50 percent puts us in a strong position in negotiations with banks and business partners and gives us the flexibility to respond to strategic opportunities.

Consistent growth

All in all, our proven business model and our long-term strategic direction are the basis for continued and profitable growth. The shareholders of OVB Holding AG participate in our success through high and increasing dividend payouts.

Continuing international expansion

OVB's key strength is the international coverage of its business. The courage to be one of the first to advance into new markets has paid off. Today's job is to tap into the markets of tomorrow.

OVB's pioneering endeavours have given it a permanent competitive advantage in many countries.

Giving financial advice and brokering financial products throughout Europe requires not only proximity to clients and familiarity with their financial circumstances but also knowledge of the applicable regulatory framework. Unless entry to a new market is done by taking over a local business, many years of preparatory work are required before an affiliate can be successfully established. OVB decided at the beginning of the 1990s to follow the path of organic and lasting growth. It now does business in thirteen European countries outside Germany, and in some countries, like Slovakia and the Czech Republic, it is the market leader. In other markets, such as Romania and the Ukraine, OVB is working on establishing its sales network. The head start we secured for ourselves as an industry pioneer in many countries will not be easy to reel in. OVB has established its brand name in Europe.

The growth region – Central and Eastern Europe

Right from the start our efforts to expand into foreign markets focused on the newly admitted EU member states in Central and Eastern Europe and the neighbouring countries in that region. Today OVB has offices in Croatia, Poland, Romania, Slovakia, the Czech Republic, the Ukraine and Hungary. The Central and Eastern Europe segment accounts for 43 percent of the group's overall sales performance, and, with an EBIT margin of 20 percent, the segment is extremely profitable. Commercial growth in the region is bolstered by several inter-related factors:

- Central and Eastern Europe has benefited hugely from globalisation. Economic growth is at a significantly higher level there than in established industrialised nations. The income of private households increases sharply year after year, which in turn enhances the ability of individuals for financial provision and asset generation. In the Ukraine, for example, which is one of the poorest countries in Europe, spending power per capita grew by 26 percent in 2007.
- The region's particularly distinct demographic trend of falling birth rates and increased life expectancy increases the need to make early provision for old age.
- Many countries have reformed their social security and pension systems or plan to do so in the near future. These reforms generally attribute a great deal of importance to private provision. Many countries in the region have social security systems that are more progressive than those of certain Western countries.

- Provision products are still fairly uncommon, and the potential for modern investment products grows as incomes increase.
- OVB's traditional focus on private households with average to high incomes precisely suits the societal structure of Central and Eastern Europe. In this region too, the first step is to cover the basic provision, risk protection and wealth creation needs.

Utilising opportunities in Southern and Western Europe

OVB has been represented in Southern and Western Europe for years with well established subsidiaries in Austria, Switzerland and Greece, and newer subsidiaries in Italy, France and Spain. The segment accounts for 20 percent of the OVB Group's overall sales performance. Its EBIT margin has increased considerably to 14 percent as the newer subsidiaries make the transition from the start-up phase to the expansion stage. The general environment for OVB's business in Southern and Western Europe brings opportunity but also challenges. In almost all countries in the region, the government pay-as-you-go pension systems have reached the limits of their capacity due to the ageing of the population. Private provision must compensate for the lower benefits available under public pension systems. To this extent there is generally a high and growing demand for the products marketed by OVB. In most countries in the region, however, the major banks and insurers hold a strong position in the market. But size is often associated with immobility. OVB's opportunity and recipe for success is therefore its flexibility, enabling it to offer a sound advisory approach and a diversified product portfolio from a single source.

Ambitious targets

The growth potential offered by the European markets outside Germany is far from exhausted. Preliminary efforts made both yesterday and today will not pay off until some time in the future. Our goal is to consolidate OVB's position in existing markets and tap into new and attractive markets. We are currently preparing to enter the Turkish market and assessing market opportunities in Russia.

A reliable partner for employees

OVB expects unconditional commitment and highly developed professional and social skills from its employees. In return it offers a reliable partnership with outstanding prospects.

OVB sees its employees as partners in the business. This involves granting them distinct independence and autonomy.

About 4,800 full-time OVB financial advisors assist and advise more than 2.6 million clients across Europe. These employees possess all the necessary expertise and accreditations required by the regulatory system in their respective countries. The career path of OVB sales agents typically begins as a part-time financial trainee. The main roles of these trainees are to assist in preparing advice and to initiate contact with clients. Trained and experienced financial advisors are responsible for providing comprehensive advice to clients and developing provision and investment strategies for them. Around 450 permanent employees support the sales force by performing administrative tasks and maintaining the technical infrastructure or through marketing activities.

Obvious expertise

Only those who have received extensive training can provide good advice. And only if the quality of the advisory services is high can top sales performance be achieved on a sustained basis. For this reason, and many years before any legislative requirements were adopted, OVB established a demanding, comprehensive and internationally uniform training system. OVB's European Academy for Financial Management (EAFM), which works closely with the Hochschule St. Gallen, sponsors a multi-stage training program, which forms the basis for professional and management careers within the OVB Group. The program starts with a basic training course, which runs over several months and is accompanied by practical training courses led by experienced managers. Participants receive a certificate at the end of the course. This is followed by further stages of training, during which a decision is made on whether to take on the trainee as a full-time employee of OVB. When making this decision, the professional and social skills acquired during training play a key role.

Worth the investment

There is a distinct culture based on excellence within the OVB Group. This is the only way a sales organisation can be managed successfully, and the only way the group can survive the competition. A financial advisor's personal achievements determine whether he or she will be promoted to initial management positions, while the performance of the team he or she manages will determine how his or her career will unfold. OVB is a fair and reliable partner in this regard. Over and beyond the standard commission received when contracts are concluded, OVB's sales staff – once they have reached a certain level of seniority – also share in the income from the contracts they arrange. OVB supports its managerial staff in establishing new sales offices and provides them with insurance against personal risks. The low turnover rate among OVB's managers compared with other companies in the sector is testament to the success of the partnership concept.

Valuable support

Over the past few months, a whole range of laws that substantially affect the financial services sector have entered into force. The EU Insurance Mediation Directive, the Markets in Financial Instruments Directive (MiFID) and the reform of the German Insurance Contracts Act (Versicherungsvertragsgesetz) are intended to enhance consumer protection and market transparency. In addition to these positive effects, however, the new laws give rise to significantly greater administrative costs for the sales force. OVB made early preparations for these changes and provides its employees with tools to enable them to carry out the necessary processes efficiently. Efficient processes, but above all increased sales clout are the objectives of an innovative customer relationship management (CRM) system, which OVB is currently preparing to introduce across Europe. The web-based CRM solution, "myOVB", provides for a high degree of standardisation on the one hand, but on the other hand takes into account country-specific requirements to the broadest possible extent. The system supports our sales force in the completion of administrative tasks and gives them more freedom to do their actual job: advising our clients.

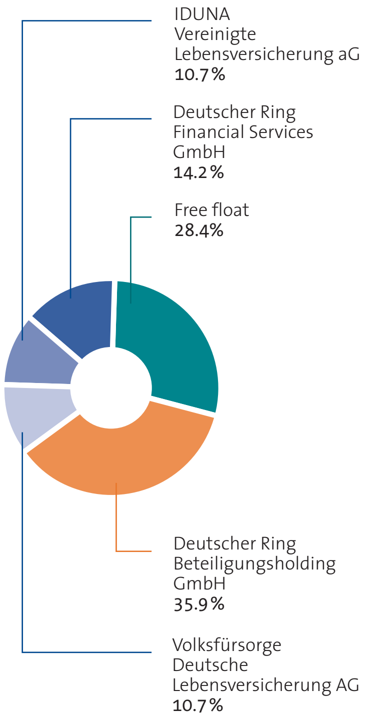
Successful as a team

OVB's success is the sum of our employees' successes. OVB has adhered to this guiding principle since its formation. Our employees make up the group's worth. They create value for our clients, our product partners and for OVB's shareholders.

Share performance and Investor Relations

With a total dividend of Euro 16.4 million, our shareholders share in OVB's success.

Shareholders of OVB Holding AG
As at 31/12/2007



OVB Holding AG has consolidated its position on the capital market since the IPO in July 2006. OVB places a great deal of importance on constant and timely communication with our shareholders, potential investors and financial analysts.

Financial sector securities out of favour

Financial sector securities were not among the most popular capital market investments in the second half of 2007. In the first half of the year, OVB shares hovered around the Euro 25 mark, but the share price then took a tumble in the second half of the year to reach a year-low of Euro 18.01 on 17 December. While the share price did recover to Euro 20.50 by the end of the year, in 2007 it did not reflect OVB Holding AG's continuing positive performance. During the stock market slump in January 2008, the share price revisited the low point of December 2007, hitting Euro 18.00, but it recovered considerably by the end of February to Euro 26.00.

The proportion of OVB Holding AG shares in free float increased to 28.4 percent after expiry of the lock-up period stemming from the IPO, which related to 632,224 shares held by employees and financial advisors. This will boost the liquidity of our shares and make them more appealing, particularly to institutional investors.

Dividend increase

Once again OVB Holding AG is lifting the dividend significantly: the Executive Board and the Supervisory Board will propose to the Annual General Meeting that the dividend be increased by Euro 0.25 to Euro 1.15 per share for the successful 2007 financial year. The total amount distributed will thus reach Euro 16.4 million. Based on the 2007 closing price of Euro 20.50, this equates to an attractive dividend yield of 5.6 percent, which is significantly higher than the average dividend yield of German stock corporations.

OVB share data

SIC / ISIN code	628656 / DE0006286560	
Ticker symbol / Reuters / Bloomberg	O4B / O4BG.DE / O4B:GR	
Type	No-par value ordinary bearer shares	
Number of shares	14,251,314	
Xetra price (closing prices)		
Beginning of year	Euro 25.00	(02/01/2007)
High	Euro 26.58	(31/05/2007)
Low	Euro 18.01	(17/12/2007)
Last	Euro 20.50	(28/12/2007)
Market capitalisation	Euro 292 million	(28/12/2007))

A key **driver of our growth** is our early involvement in attractive new markets.

We consistently exploit the growth potential on offer across the whole of Europe.

Consolidated Management Report of OVB Holding AG

General environment

The global economy, which has been going from strength to strength since 2003, surged again in 2007. Over the course of the year, however, the high cost of energy and raw materials and the financial market crisis that was triggered in the summer curbed economic performance. Real economic growth in the *Euro-zone* slowed slightly from 2.8 percent last year to 2.7 percent. Of the big nations, Spain reported the highest growth at 3.7 percent, while the increase in economic performance in France and Italy (1.9 percent and 1.8 percent respectively) was below average.

The *German economy* grew by 2.5 percent in 2007, after real gross domestic product rose by 2.9 percent in 2006. The economic upturn has lost some momentum but is continuing. Overseas demand for German products and services was responsible for about half of economic growth. Domestically, the key factor was an increase in corporate investment. By contrast, private consumption decreased by 0.3 percent in 2007, which was primarily attributable to the increase in the value added tax rate introduced at the beginning of 2007. This consumer restraint was also reflected by an increase in the savings ratio from 10.5 percent to 10.8 percent. Overall, the disposable income of private households rose by 1.6 percent in 2007 to Euro 1,518 billion. The number of people employed (about 39.7 million) also reached its highest level since German reunification.

With average economic growth of around 6 percent, the rate of expansion in *Central and Eastern European countries* is far greater than that of the economies of Western Europe. Greater investment, the buoyant demand of private households for consumer goods and the stream of exports from western neighbours are all driving growth. Of the countries relevant to OVB's business, Slovakia reported the highest growth in 2007 of 8.8 percent, while economic performance in Poland rose by 6.6 percent, and the Czech Republic reported economic growth of 5.6 percent.

European pension provision systems are still dominated by pay-as-you-go public systems. Across Europe, the reorganisation of public social security systems aims to reduce the burden placed on the state by increasing private provision. Demographic developments make this absolutely essential. Reform efforts in the recently admitted EU member states in particular are greater than in the established markets of Western Europe. According to a study by Allianz Global Investors, the pension markets in Central and Eastern Europe will grow by 19 percent every year until 2015. This would mean that the value of privately accumulated pension provision assets would increase from Euro 51 billion today to Euro 245 billion. The reforms in the region demonstrate a preference for contribution-based individual pension provision. The countries of Central and Eastern Europe are a step ahead of many Western European countries in this respect, and in terms of income diversity in retirement. Across Europe, the main concern of our clients continues to be private pension provision.

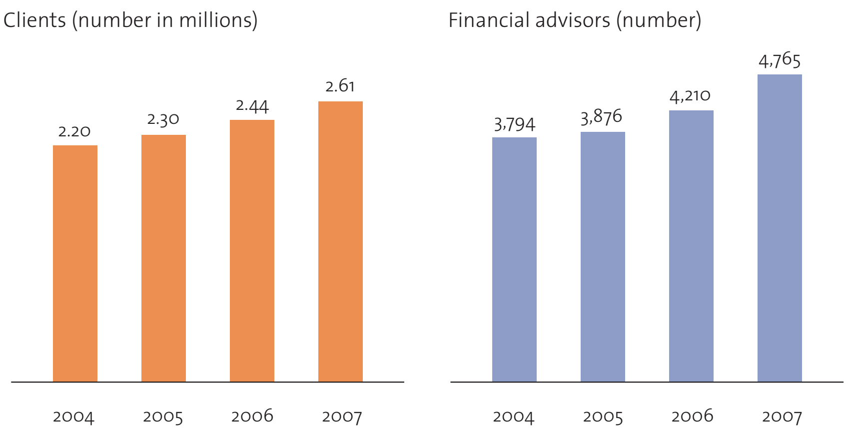
Legislative changes such as the pension reform of 2001 or the German Retirement Income Act (*Alterseinkünftegesetz*), which came into effect in 2005, substantially redefined the notion of *pension provision in Germany*. Individuals have to make additional provision by way of personal saving in order to maintain their standard of living in old age. There is a broad range of instruments available to the individual for making such provision: government-subsidised products such as "Riester" and "Rürup" pensions, corporate pensions or other provision products such as investments or classic life and pension insurance policies. In 2007, the life insurance companies falling under the umbrella of the German Insurance Association (*Gesamtverband der Deutschen Versicherungswirtschaft – "GDV"*) concluded a total of 2.1 million new Riester pension contracts. The total number of Riester pension contracts is now over 10 million. The number of new Rürup pension contracts was 0.3 million, an increase of 79 percent over 2006.

The development of OVB's business across Europe is influenced by current pension and health provision *legislation*, as well as the performance of the financial services sector and the market for pension provision. The ability and readiness of our private clients to invest in private pension provision also play a key role. Across Europe, the focus in 2007 was the EU Insurance Mediation Directive, the most recent elements of which were transposed in German law in May 2007, and the Markets in Financial Instruments Directive (MiFID), which aims to improve transparency in connection with the giving of investment advice. The German market was also affected by the reform of the German Insurance Contracts Act (*Versicherungsvertragsgesetz – "VVG"*) and the resolved introduction of a so-called withholding tax (*Abgeltungssteuer*) on capital gains from 1 January 2009 as part of company tax reforms. Financial service providers and investors need to take action before this tax is introduced. The financial services sector in Germany is also subject to intensified competition. Established players such as the major banks are increasingly turning their attention towards retail customer operations. Direct and online banks are forging ahead with their operations, and new sales organisations are entering the market.

Business activities

Across Europe, OVB stands for long-term focused, client-oriented advisory services for private households with average or higher incomes. OVB co-operates with more than 100 high-quality product providers across Europe and, with a portfolio of competitive products, is able to meet the individual requirements of its clients in the areas of *pension provision, risk protection* and *asset generation.* OVB was quick to start expanding abroad, particularly into the emerging national markets of Central and Eastern Europe. This head start has enabled OVB to secure a strong market position in many countries in recent years. About 2.6 million clients across Europe place their trust in OVB's team of almost 4,800 full-time financial advisors. Our financial advisors undergo further education and training that is based on uniform criteria across the Group, and training also takes into account the prerequisites for accreditation and the general situation in the relevant markets. OVB's comprehensive approach when it comes to advising its clients also satisfies all of the applicable statutory requirements.

OVB's clients and financial advisors in Europe



OVB strives for *sustained profitable growth* in the entire Group, in other words growth in sales coupled with a continual increase in net income. OVB particularly distinguishes itself from its competitors by continually tapping into and consolidating its position in promising European markets. OVB regards early involvement in growth markets as critical for success. This is the case for many subsidiaries in Southern and Western Europe, for which 2007 marked the transition from the start-up to the expansion phase. It is particularly true of our activities in Central and Eastern Europe, where OVB has forged a leading position for itself among the independent financial service providers in many of the markets in the region. Examples of this are the launch of OVB Ukraine in July 2007 and the early adjustment by the sales team in Romania to the pension reforms introduced on 17 September 2007. OVB's many years' experience in establishing already successful foreign subsidiaries is of real benefit in identifying market opportunities early. OVB generates about 63 percent of its sales outside Germany. This is accompanied by the continual expansion of OVB's business activities in markets in which it already operates: an increasing number of sales employees solicit new clients and utilise existing client contacts to provide advice that is even more comprehensive.

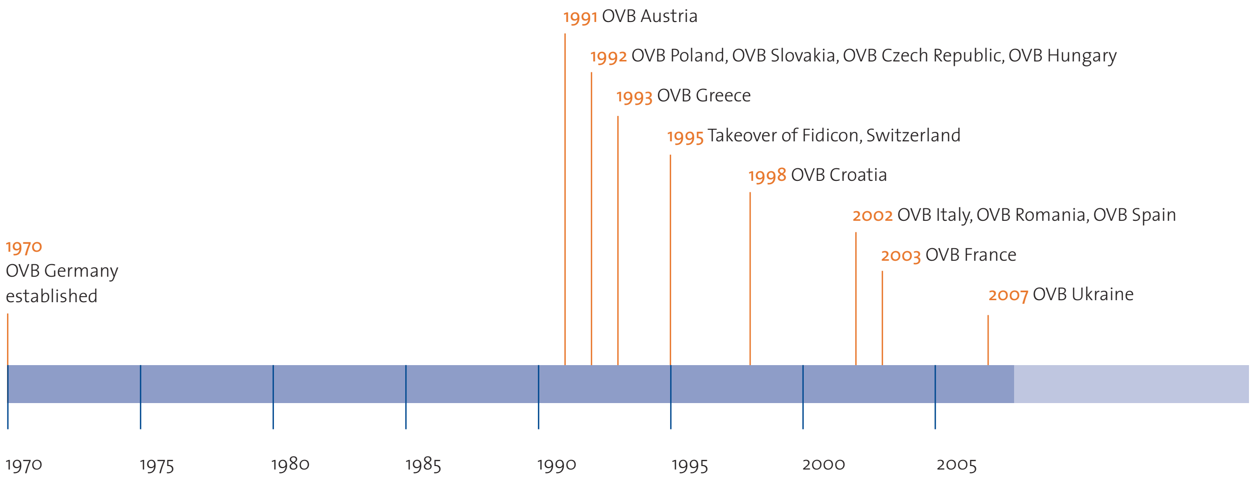
In OVB's view, manifold changes in the regulatory environment will result in *consolidation in the sector*. In light of this, OVB is considering the acquisition of smaller sales organisations both domestically and abroad, for whom OVB represents an attractive partner with its high-quality infrastructure and well-tailored product portfolio.

Business management

Management of the OVB Group has both a strategic and an operative element. *Strategic controlling* involves a five-year planning horizon that combines company strategy with specific, tangible objectives.

In various areas, know-how is exchanged from country to country in order to assist in the efficient and integrated management of the 14 subsidiaries. For example, committees consisting of members from different countries regularly co-ordinate the marketing activities of management in the individual countries.

Tapping into foreign markets



Operative controlling is the basis for managing ongoing operations. The key operating variable of sales controlling is overall sales performance, which is recorded and analysed monthly at Group level and at shorter intervals at the level of the subsidiaries and lower-tier business units, and forms the basis of sales forecasts. Overall sales performance firstly includes sales revenue from primary contracts, which is generated based on direct contracts with the sales force working for OVB. Secondly, in Germany the sales agents generate sales revenue through previously concluded indirect contracts with product partners (secondary contracts). In the case of secondary contracts, OVB provides the same degree of support in the form of administrative and support services and also acts as a clearing agent by forwarding commission from the product partners to the sales agents. Other sales-related variables include the number of financial advisors, changes in the number of clients as well as the production and structure of new business in the individual product categories.

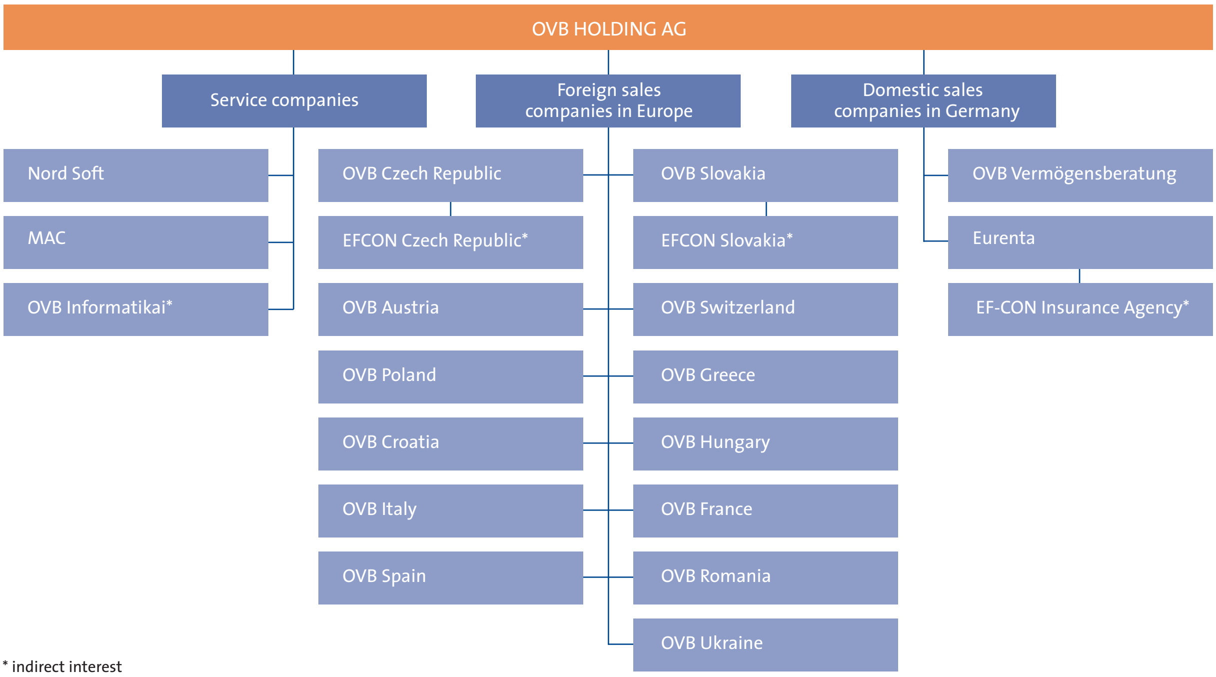
Cost controlling involves a monthly analysis of expenditure. The findings of cost controlling are incorporated in OVB's investment budget and financial planning. The key figures for sales, costs and net income in the operative annual budget are based on a target set by the Executive Board. The decentralised planning process conducted by the subsidiaries and cost centre managers is then adjusted for risks at Group level by the Executive Board. Throughout the year, OVB prepares updated projections for the year as a whole, and in so doing can react to variances and adjust original plans and budgets.

OVB prepares liquidity plans as part of *financial controlling* in order to ensure its liquidity.

Organisation and structure

OVB Holding AG heads up the OVB Group as the management holding company. Its responsibilities include strategic, planning and controlling activities for the Group. The independent financial advisors of OVB's subsidiaries, currently active in 14 countries, offer a comprehensive portfolio of financial and provision-related services under this umbrella. Four service companies support these core business activities by providing IT services and co-ordinating marketing strategies. OVB Holding AG wholly owns these subsidiaries, with the exception of the two IT service providers, Nord Soft EDV-Unternehmensberatung GmbH and Nord Soft Datenservice GmbH (OVB interest in each is 50.4 percent). No control and profit-and -loss transfer agreements exist with these subsidiaries.

The OVB Group



* indirect interest

Disclosures pursuant to section 289 (4) and section 315 (4) German Commercial Code (*Handelsgesetzbuch* – "HGB")

Composition of subscribed capital

The company's share capital is Euro 14,251,314 and is divided into the same number of no-par value bearer shares. Each share carries the same rights and one vote at shareholders' meetings.

Shareholdings carrying more than 10 percent of the voting rights

OVB Holding AG is currently aware of the following shareholdings that carry more than 10 percent of the voting rights:

There are a total of four direct shareholdings (key shareholders) that carry more than 10 percent of the voting rights in OVB Holding AG. Deutscher Ring Beteiligungsholding GmbH holds about 35.9 percent and Deutscher Ring Financial Services GmbH holds about 14.2 percent of the shares in the company. Both shareholdings are attributed to Deutscher Ring Lebensversicherungs-AG, Deutscher Ring Sachversicherungs-AG, Deutscher Ring Krankenversicherungsverein aG, Baseler Versicherung Beteiligungsgesellschaft mbH and Bâloise-Holding in accordance with sections 21 and 22 (1) no. 1 German Securities Trading Act (*Wertpapierhandelsgesetz* – "WpHG"). IDUNA Vereinigte Lebensversicherung aG holds around 10.7 percent and Volksfürsorge Deutsche Lebensversicherung AG also holds around 10.7 percent of the shares in the company. These shareholdings are attributed to Volksfürsorge Holding AG, AMB Generali Holding AG, Generali Beteiligungs-GmbH and Assicurationi Generali S.p.A. in accordance with sections 21 and 22 (1) no. 1 WpHG. By virtue of the master agreement and shareholder voting agreement (Rahmen- und Stimmbindungsvertrag) entered into by the four key shareholders, all of the above direct shareholdings held by the key shareholders (totalling 71.6 percent of the shares in the company) are attributed pursuant to sections 21 and 22 (1) no. 1 WpHG to both the key shareholders and to all of the other companies referred to above as indirect shareholdings.

As of 31 December 2007, around 28.4 percent of shares were in *free float* according to Deutsche Börse AG's definition of the term.

Restrictions on voting rights or share assignment

The four key shareholders are bound by a master agreement and shareholder voting agreement that governs their conduct as shareholders of OVB Holding AG.

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

The Executive Board, which according to section 7 (1) of the articles of association must comprise at least two members, is appointed and dismissed exclusively in accordance with the relevant statutory provisions (sections 84 and 85 German Stock Corporation Act (*Aktiengesetz* – "AktG")). The Supervisory Board is solely responsible for appointing and dismissing Executive Board members. It appoints Executive Board 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 shareholders' resolution. The amendment becomes valid once it is registered in the commercial register (section 181 (3) AktG). Under section 179 et seq. AktG, shareholder resolutions to amend the articles of association must be adopted by a majority of at least three-quarters of the share capital represented at the vote and a majority of the votes cast. Under section 11 (3) of the articles of association, the Supervisory Board has the power to amend the articles of association, provided the amendment relates only to their wording.

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

OVB Holding AG does not currently have any contingent or authorised capital.

At the shareholders' meeting on 31 May 2007, the shareholders authorised the company to acquire a total of up to 250,000 own shares (treasury stock) on or before 29 November 2008.

The shares can be acquired through the stock exchange or by means of a public bid directed towards all shareholders. The company can also use intermediaries to acquire shares through the stock exchange, provided the intermediaries comply with the following restrictions.

If shares are purchased through the stock exchange, the purchase price per share (not including transaction costs) must not deviate by more than 5 percent from the average share price (closing auction prices for OVB shares in Xetra trading or a functionally equivalent system that supersedes the Xetra system on the Frankfurt Stock Exchange) over the last five trading days before the purchase obligation was assumed.

In the case of a public bid, the purchase price must not deviate by more than 10 percent from the average share price (closing auction prices for OVB shares in Xetra trading or a functionally equivalent system that supersedes the Xetra system on the Frankfurt Stock Exchange) over the last five trading days prior to the day on which the bid was announced. A limit may be placed on the volume of shares subject to the bid. If this volume is exceeded, acceptance must be proportionate to the number of shares offered. The company may give priority to shareholders seeking to sell single smaller allotments of up to 100 shares in the company.

With the Supervisory Board's consent, the Executive Board may use the shares repurchased in accordance with the above authorisation as (part) consideration in connection with company mergers or in order to acquire enterprises, equity interests in enterprises or parts thereof, or in order to sell the shares through 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, with the Supervisory Board's consent, retire the repurchased shares without requiring another shareholders' resolution. The Executive Board may elect to retire only some of the acquired shares, and the authority to redeem and 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 simply increased.

The right of shareholders to subscribe for own shares is 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 statute and the articles of association, including the provisions of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*). The shareholders did not authorise 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.

Remuneration of Executive Board and Supervisory Board members

The remuneration report below outlines the basic components of OVB Holding AG's remuneration system in accordance with section 315 (2) no. 4 HGB and states the remuneration paid to each member of the Executive Board and Supervisory Board out of the total remuneration reported in accordance with section 314 (1) no. 6 HGB. The manner of presentation is based on the recommendations and suggestions of the German Corporate Governance Code and complies with the German Act governing the Disclosure of Executive Board Remuneration (*Gesetz über die Offenlegung der Vorstandsvergütung* – "VorstOG").

Executive Board remuneration

The Supervisory Board adopted a resolution stipulating the remuneration paid to members of the Executive Board and reviews such remuneration regularly. There were no significant changes to Executive Board remuneration in the 2007 financial year.

The remuneration paid to Executive Board members reflects their responsibilities and functions and also takes into account the company's financial situation. It does not include any long-term incentives containing risk elements such as stock options or phantom stock.

The members of the Executive Board currently receive remuneration consisting of an annual fixed basic salary and an annual bonus that depends on the attainment of individual targets.

The basic salary is paid monthly and is based on industry practice and the relevant Executive Board member's area of responsibility.

The variable annual bonus depends on the extent to which certain company-specific operating ratios and personal targets are achieved. The target figures are determined and given a weighting each year in advance based on the budget adopted by the Supervisory Board. Company targets are given a 70 percent weighting and individual targets are given a 30 percent weighting in the agreement on operational targets (*Zielvereinbarung*). The company's success is measured by reference to key figures such as sales and net income, while individual targets relate to the successful realisation of strategically significant projects. If the target is met or exceeded, the contractually agreed maximum bonus is paid. The bonus is pro-rated if the target is not met.

The contracts concluded with Executive Board members do not include any special commitments in the event of termination of employment or so-called change of control clauses. OVB Holding AG does not pay pensions, benefits or retirement annuities. The pension obligations towards a former member of management amounted to Euro 376,511 as of 31 December 2007 (2006: Euro 359,269). If a member of the Executive Board dies, the member's remuneration continues to be paid to his or her surviving dependants for a period of six months. The total remuneration paid to the Executive Board was approximately Euro 1.24 million, after Euro 1.35 million in 2006. The Executive Board's remuneration covers all remuneration received for services to parent companies and subsidiaries. The following table shows the remuneration paid to the members of the Executive Board, broken down into the respective components:

in Euro	Basic salary (not performance-based)		Variable remuneration (performance-based)		Total	
Executive Board member	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**
Michael Frahnert	569,330.71	574,876.93	349,770.80	252,303.80	919,101.51	827,180.73
Oskar Heitz	238,036.59	241,705.21	188,872.00	98,994.64	426,908.59	340,699.85
Total	**807,367.30**	**816,582.14**	**538,642.80**	**351,298.44**	**1,346,010.10**	**1,167,880.58**

Bernd Neumann received a remuneration of Euro 67,438.79 (basic salary of Euro 60,645.67; variable component of Euro 6,838.12) for his 3-month period with the Executive Board of OVB Holding AG.

In accordance with the recommendations of the German Corporate Governance Code, the total remuneration paid to Executive Board members thus includes a fixed component and a variable, performance-based component. The criteria for determining the amount of remuneration include, without limitation, the responsibilities of the respective Executive Board member, his or her personal performance, the performance of the Executive Board as a whole, and the company's financial situation, success and future prospects having regard to the general environment in the company's sector.

The variable component entails an element of risk and is by no means a guaranteed payment.

Supervisory Board remuneration

Section 14 of the articles of association of OVB Holding AG governs the Supervisory Board's remuneration. In accordance with the recommendations of the Code, it comprises:

- a fixed annual salary
  The fixed annual salary is Euro 5,000. The Supervisory Board Chairman receives double and the Deputy Chairman receives 1.5 times that amount.
- a variable cash component
  The variable component consists of a payment of 0.08 percent of the net income for the year as reported in the annual financial statements prepared in accordance with the HGB. The Supervisory Board Chairman receives 0.12 percent of this amount.

Supervisory Board members also receive reimbursement for out-of-pocket expenses incurred in connection with their work. No additional remuneration is paid for membership of a committee. Taking into account the net income for the year reported in OVB Holding AG's single-entity financial statements (Euro 17.7 million), the total remuneration (including out-of-pocket expenses) paid to the Supervisory Board in the 2007 financial year was around Euro 130,000 (2006: around Euro 118,000). In accordance with the guidelines, the following fixed and variable components were paid to the members of the Supervisory Board:

in Euro	Fixed salary		Variable component			Total
Supervisory Board member	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**
Wolfgang Fauter	10,000.00	10,000.00	18,502.09	21,263.63	28,502.09	31,263.63
Hartmut Mellinger (until May 2007)	7,500.00	3,125.00	12,334.72	5,906.56	19,834.72	9,031.56
Dr. Joachim Lemppenau (until May 2007)	5,000.00	2,083.33	12,334.72	5,906.56	17,334.72	7,989.90
Michael Johnigk	5,000.00	5,000.00	12,334.72	14,175.75	17,334.72	19,175.75
Marlies Hirschberg-Tafel	5,000.00	5,000.00	12,334.72	14,175.75	17,334.72	19,175.75
Christian Graf von Bassewitz	2,083.33	5,000.00	5,139.47	14,175.75	7,222.80	19,175.75
Jens O. Geldmacher (since May 2007)	-	4,375.00	-	8,269.19	-	12,644.19
Jörn Stapelfeld (since May 2007)	-	2,916.67	-	8,269.19	-	11,185.85
Total	37,500.00*	37,500.00	80,175.70*	92,142.38	117,675.70*	129,642.38

* The total remuneration for 2006 includes remuneration of Euro 10,111.93 paid to Uwe Neubüser (of which Euro 2,916.67 was the fixed component and Euro 7,195.26 was the variable component).

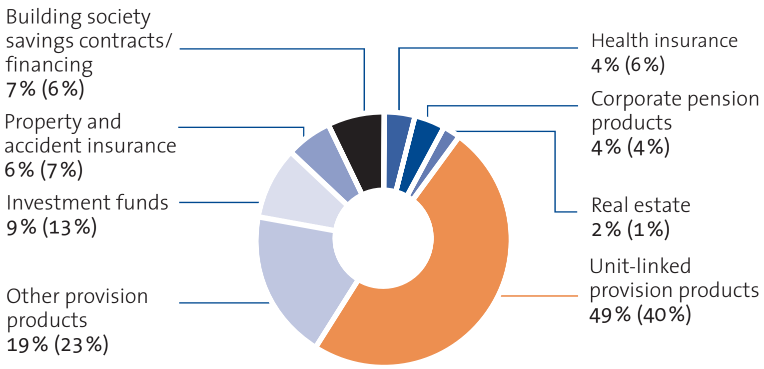
No loans have been granted to members of the Executive Board or Supervisory Board.

Business performance

The OVB success story continued in 2007 on the basis of an ever-expanding product base and regional network. Our financial advisors now service 2.61 million clients in 14 European countries, or 170,000 more clients than a year ago. *Total sales commission* grew by 15.4 percent across the Group, from Euro 213.3 million in 2006 to Euro 246.2 million in the year under review. This includes commission of Euro 24.4 million forwarded to sales agents on behalf of product partners (2006: Euro 26.3 million). All of OVB's subsidiaries made a contribution to this positive development.

In 2007, OVB concluded 563,300 new contracts in the areas of insurance, investment and building society savings. The number of new contracts in Slovakia declined in 2007 after a particularly strong year in 2006 as a result of the social security reforms implemented there. Most of the other subsidiaries reported growth in the year under review. It should be noted that, generally speaking, both the average amount insured and annual premiums are continually increasing, particularly in Central and Eastern Europe, where private household income is rising. Pension provision and asset generation products were again *the focus of the OVB Group's new business* in 2007. Unit-linked provision products, which includes unit-linked life insurance products and unit-linked pension policies, accounted for almost half of new business in 2007 (49 percent compared with 40 percent in 2006). The relative share attributable to other provision products decreased from 23 percent in 2006 to 19 percent in 2007. Apart from government-subsidised Riester pensions, which are in high demand in Germany, other provision products primarily include classic life insurance and pension insurance policies. The new business attributable to investment funds fell by 4 percentage points, from 13 percent in 2006 to 9 percent in 2007. OVB regards corporate pension provision as a strategic growth area, but as this product group is really only relevant to the German market at present, its share in the rapidly expanding new business across the Group remained at 4 percent, despite an increasing volume of business. Building society savings contracts (7 percent of new business from 6 percent in 2006), property and accident insurance (6 percent of new business from 7 percent in 2006), health insurance (4 percent of new business from 6 percent in 2006) and real estate (2 percent of new business from 1 percent in 2006) complete OVB's European product range.

Breakdown of income from new business 2007 (2006)



Central and Eastern Europe

The region of Central and Eastern Europe is home to almost two-thirds of OVB's clients. Over the course of 2007, 130,000 new clients were acquired in this region, bringing the total number of clients to 1.63 million. OVB holds a particularly strong market position in Slovakia and the Czech Republic. In the region, OVB also has subsidiaries in Croatia, Poland, Romania, the Ukraine and Hungary. Our newest subsidiary in the Ukraine commenced operations in the summer of 2007.

The number of full-time financial advisors in this region increased over the course of 2007 from 2,329 to 2,691 employees, a gain of about 16 percent. Unit-linked provision products were in greatest demand in 2007, accounting for 56 percent of new business. Other provision products accounted for 17 percent of new business, followed by investment funds and building society savings/financing products (both 8 percent). Total sales commission generated in Central and Eastern Europe surpassed the 100 million Euro mark for the first time in 2007: at Euro 105.2 million, total sales commission was up 22.8 percent from the previous year (Euro 85.7 million). With an operating EBIT margin of 20.0 percent, OVB's operations in Central and Eastern Europe are proving extremely profitable.

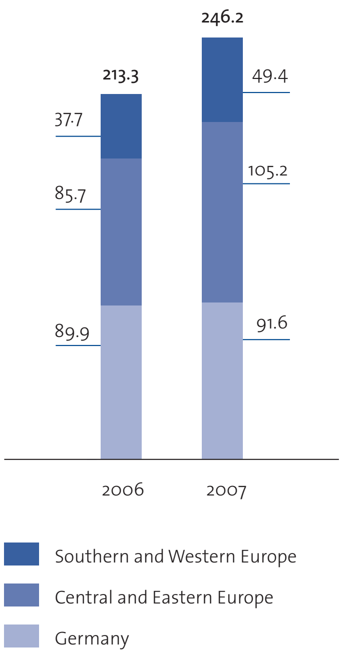
Germany

In a fiercely competitive environment OVB was able to maintain its strong market position in Germany in 2007. Income generated in Germany from advisory and brokerage services, including the commission forwarded to sales agents on behalf of product partners (Euro 24.4 million), increased by 1.9 percent from Euro 89.9 million in 2006 to Euro 91.6 million in 2007. The EBIT reported by this segment increased disproportionately high by 21.1 percent to Euro 9.4 million.

The number of full-time OVB sales staff remained largely unchanged compared with the previous year (1,293 in 2007 compared with 1,299 in 2006). Altogether

16,200 new clients joined OVB's client base and brought the total number of clients to 685,200. The products in principal demand in 2007 were unit-linked provision products, which accounted for 38 percent of new business. The share of new business attributable to other provision products was 13 percent, with the number of Riester contracts brokered by OVB almost doubling from 17,000 in 2006 to 33,700 in 2007. Investment funds and property and accident insurance were neck and neck, each accounting for 12 percent of new business. Corporate pension provision accounted for 8 percent of new business in Germany in the year under review.

Total sales commission broken down by region
Euro million, figures rounded



Southern and Western Europe

OVB continued to successfully develop and expand its business in Southern and Western Europe through its newer subsidiaries in Italy, France and Spain as well as its established subsidiaries in Greece, Austria and Switzerland. Income from advisory and brokerage services increased in this region by 30.9 percent to Euro 49.3 million, up from Euro 37.7 million in 2006. The EBIT margin improved considerably from 10.2 percent in 2006 to 14.0 percent in the year under review. At the end of 2007, 781 full-time financial advisors worked for OVB in countries in this region, up from 582 sales agents the year before. They managed 292,100 clients, 24,100 of which were clients acquired in the 2007 financial year. The greatest demand was for unit-linked provision products, which accounted for 52 percent of new business, and other provision products, with a 33 percent share in new business.

Financial advisors and employees

Our clients are largely in the good hands of our full-time *financial advisors*. They have completed their training, in many cases have many years' professional experience in the financial services sector, and meet all of the statutory requirements applicable in their respective countries for providing financial advice. The number of financial advisors increased across the Group by around 13 percent over the course of 2007, from 4,210 to 4,765. These financial advisors market the financial and provision products of our product partners as *independent sales agents*. OVB's European network provides our advisors with a competitive product portfolio that is tailored to clients' needs, a comprehensive training program and high-quality infrastructure. The high degree of independence and autonomy afforded to OVB's financial advisors coupled with OVB's solid support network lends a great deal of appeal to the job. This reduces turnover among experienced staff and encourages financial advisors, who may have worked exclusively for themselves in the past, or smaller sales units to join OVB.

The ability to give good advice is dependent on having *specialist expertise*. It instils confidence and creates credibility, which are the linchpins of success in the sale of financial products. This is why, many years ago, OVB established a demanding, multi-stage and internationally uniform training system, which is continuously being developed. It teaches the knowledge and skills required in connection with the EU Insurance Mediation Directive and the expert knowledge required by statute in the individual countries in which OVB operates. The various stages of the training system correspond directly with the steps along the career path of an OVB sales agent. While the training to become a Certified Financial Consultant (CFC) focuses on comprehensive knowledge of the various products and knowledge of the relevant laws and subsidy schemes, leadership and management skills are increasingly pinpointed in the subsequent levels of training – Certified Financial Expert (CFE), Certified Financial Manager (CFM), Certified Financial Director (CFD). OVB's training system pursues two main goals: quality of client advisory services and business acumen in the management of sales units.

The number of *employees* at the holding company, the service companies and in the central administrations of our subsidiaries increased to 456, from 380 in 2006. In the course of expanding our business, we have increased the number of staff involved in budget/planning, management, and marketing activities as well as support services.

Profit/loss

The OVB Group's performance was distinguished by sustained high-yield growth in 2007. Total sales commission increased by 15.4 percent from Euro 213.3 million in 2006 to Euro 246.2 million in the year under review. In this respect, secondary contracts, which are concluded between sales agents and product partners directly, become less and less significant. Forwarded commission fell from Euro 26.3 million in 2006 to Euro 24.4 million. Income from advisory and brokerage services reported as *sales revenue* thus increased from Euro 187.0 million to Euro 221.8 million, a rise of 18.6 percent.

Other operating income also increased by 8.2 percent to Euro 12.6 million (2006: Euro 11.6 million). This income primarily includes repayments made to OVB by sales agents for the lease of hardware and software, and for seminars and course materials.

Largely in line with brokerage income, *brokerage expenses* increased by 19.5 percent in 2007 to Euro 134.4 million (2006: Euro 112.4 million). Brokerage expenses include not only directly performance-based commission but also other commission. Allowances paid to sales agents for developing the business in new locations (Euro 2.4 million) are an example of the items falling under other commission; they further the medium and long-term growth of the company.

Personnel expenses for the Group's employees increased by 17.8 percent to Euro 21.5 million (2006: Euro 18.3 million). This increase is linked to the targeted recruitment of staff in certain skill areas and general salary increases. Greater investment activity triggered a rise in *depreciation and amortisation* from Euro 3.8 million in 2006 to Euro 4.3 million this year. *Other operating expenses* were Euro 45.2 million, up 13.1 percent from Euro 40.0 million in 2006. The increase was primarily attributable to an expansion of our sales support.

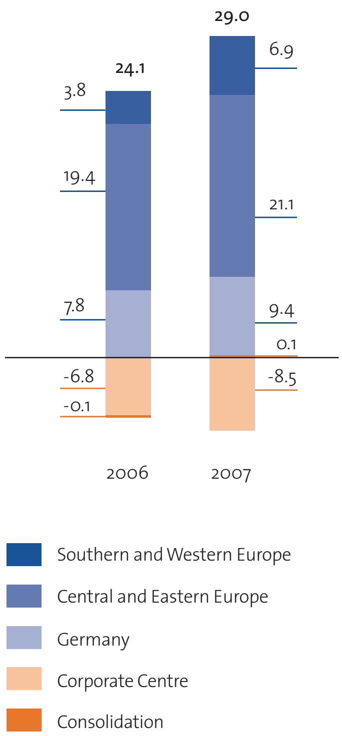
One of OVB's key performance indicators is *earnings before interest and taxes (EBIT)*. EBIT increased by 20.0 percent in 2007 to Euro 29.0 million (2006: Euro 24.1 million), and thus again outstripped the growth of overall sales performance (+ 15.4 percent) and sales (+ 18.6 percent). As with sales growth, all regions contributed to this EBIT increase: the EBIT reported by the Central and Eastern Europe segment increased by 8.8 percent to Euro 21.1 million (2006: Euro 19.4 million), while in Germany EBIT rose by 21.1 percent to Euro 9.4 million (2006: Euro 7.8 million), and in the Southern and Western Europe segment it climbed by over 80 percent to Euro 6.9 million (2006: Euro 3.8 million). The EBIT margin, based on total sales commission, was 11.8 percent (2006: 11.3 percent).

A positive financial result lifted *earnings before taxes (EBT)* to Euro 31.9 million in 2007, up from Euro 25.7 million the previous year. Income taxes increased in line with earnings from Euro 9.3 million to Euro 11.7 million. Overall, OVB's *consolidated net income* for the 2007 financial year was Euro 20.2 million. This represents profit growth of Euro 3.9 million or 23.9 percent compared to the previous year.

Undiluted *earnings per share*, based on 14,251,314 no-par value shares, amounted to Euro 1.42 in 2007, up from Euro 1.21 in 2006 based on 13,531,046 no-par value shares (weighted average number of shares in 2006).

As a result of the very pleasing earnings trend in the 2007 financial year, the Executive and Supervisory Boards will propose to the Annual General Meeting on 3 June 2008 that the *dividend* per share be increased by 28 percent in 2007 from Euro 0.90 to Euro 1.15. This equates to a total dividend of about Euro 16.4 million. In this way OVB allows its shareholders to participate to a high degree in the success of the company.

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



Financial position and assets and liabilities

Financial management

The holding company co-ordinates and monitors the OVB Group's financing activities and its operating companies. The aim is to ensure sufficient financial resources for the operations of the subsidiaries and for investments. As part of a monthly reporting program, to which all Group companies are subject, we gain an insight into financial developments at the subsidiaries and from there determine the liquidity requirements of the individual companies.

Liabilities or receivables in foreign currencies were not significant in the period under review. Currency fluctuations are taken into account when determining the payment dates for our subsidiaries' distributions.

Financial position

The financial position of the OVB Group continued to improve in 2007 as a result of its positive business performance. *Cash flow from operating activities* (Euro 31.1 million) reflects the operating strength of the Group. In 2006 this figure was still negative (Euro -5.9 million) due to special items arising in connection with the IPO in July 2006.

Investments in tangible assets increased by Euro 2.3 million in the 2007 financial year to Euro 3.6 million. Most of these investments were in IT. Investments in intangible assets also rose by Euro 1.4 million to Euro 2.6 million. Finance income and interest received went in the opposite direction (Euro 3.1 million). Overall, the negative figure for *cash flow from investing activities* stretched from Euro 0.4 million to Euro 3.1 million.

Cash flow from financing activities was Euro -13.1 million in 2007 and was largely influenced by the dividend payment to shareholders in June 2007. *Cash and cash equivalents* increased from Euro 23.3 million at 31 December 2006 to Euro 37.8 million at 31 December 2007. Our business model is distinct in that it envisages low capital intensity. Our pleasing performance allowed us to operate without needing substantial interest-bearing debt capital in 2007.

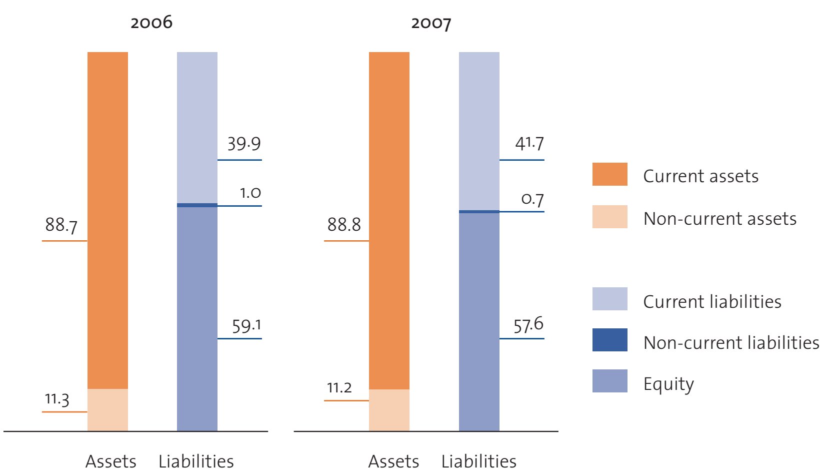
Assets and liabilities

The OVB Group's *total assets* rose by Euro 16.6 million, or from Euro 138.9 million at 31 December 2006 to Euro 155.5 million at 31 December 2007. The balance sheet thus reflects the company's profitable growth. The solid balance sheet structure has hardly changed.

The OVB Group's *asset allocation* is mainly influenced by current assets. They accounted for 88.8 percent of total assets, a figure that was largely unchanged from the previous year. The biggest assets are securities and other investments at Euro 53.8 million (2006: Euro 54.8 million) and cash and cash equivalents, which increased from Euro 23.3 million to Euro 37.8 million in the space of the year. Non-current assets increased from Euro 15.7 million to Euro 17.4 million, with the increase being primarily attributable to tangible assets, particularly computers and IT equipment.

The dominant element on the *liabilities side* of the balance sheet is equity, which increased from Euro 82.0 million to Euro 89.6 million. OVB Holding AG's equity ratio as of 31 December 2007 was 57.6 percent, which means the company enjoys considerable financial flexibility. Non-current liabilities remained exceptionally low, while the primary increase in current liabilities was other provisions, which rose from Euro 21.7 million to Euro 29.0 million. Other provisions largely relate to commission payable to financial advisors in connection with the company's rapidly growing operations.

Asset allocation and capital structure
Percent, figures rounded



Report on risks and opportunities

Principles of Group-wide risk management and controlling

Commercial activity without risk is inconceivable. Our willingness to enter into risks is in line with our ambition to ensure sustained growth and to increase the company's value, but we endeavour to control any risks that arise and avoid unreasonable risks. In accordance with section 91 (2) AktG, the Executive Board of OVB Holding AG took suitable measures to enable the earliest possible identification of, and an appropriate response to, any developments that may jeopardise the existence of the company.

OVB's *risk management* is an integral part of the planning and controlling system. The Executive Board of OVB Holding AG is responsible for managing corporate strategy. In collaboration with the management of OVB's subsidiaries, the Executive Board determines the pan-European strategy for the business and stipulates risk policies 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, but takes into account the specific business of the relevant subsidiary. An efficient controlling process, corporate planning and internal reporting all assist in the early identification of risks that could prove fatal for the business. Corporate planning involves estimating potential risks before important decisions are made, while reporting is intended to ensure the appropriate monitoring of such risks in the course of business. The structure of the risk management system, the methods used and the processes implemented are documented in writing and are available in the form of a handbook to all employees involved in controlling or reporting. The in-house audit department audits key risk management processes and systems at least once a year on the basis of its audit schedule and thereby helps to improve the controlling and monitoring systems.

For the purpose of measuring and evaluating risks, a company-specific risk schedule was defined, which summarises the individual risks under three categories – external factors, processes and decision-making – and assigns each risk to a risk management officer. Thresholds and reporting procedures were also defined in connection with risk reporting. Risk controlling and management are subject to standardised processes.

Risk analyses are initially conducted at the level of the subsidiaries and individual divisions. The Group risk management officer at the holding company consolidates the regular reports received from the various departments of the holding company and from the subsidiaries into a Group-wide, ongoing and, if necessary, immediate report to the Executive and Supervisory Boards.

This early risk identification system is complemented by consultations throughout Europe and regular co-ordination with OVB's financial advisors. A *system of immediate reporting* to the Group risk management officer at the holding company, which was newly introduced in 2007, serves particularly to ensure prompt reporting if new risks arise or stipulated thresholds are exceeded, and it completes OVB's risk management system.

Below is a qualitative description of the risks that could have a material adverse effect on our assets, liabilities, financial position and profit or loss. Please see the notes to the consolidated financial statements (page XX et seq.) for quantitative information relating to financial instruments in accordance with IFRS 7.

Macroeconomic risks

The environment in which we do business is affected by changes in economic and political conditions. We monitor political, regulatory, financial and economic developments in the markets, in which we operate, and utilise the know-how of external experts and analysts to review our strategy and business direction in light of these. This particularly applies also to risks associated with tapping into new markets.

Also mitigating these risks is the structure of the OVB Group's business, which has been *set up to cover a broad area* within Europe so that market risks and downturns in individual countries can be offset by opportunities in other markets. Furthermore, the Group's business activities have been diversified across the most varied of products, which facilitate asset generation and risk protection and are tailored to the situation in the relevant markets.

Risks relating to company-specific value-add factors

The acquisition of clients, the expansion of our team of financial advisors and turnover within that team as well as the structure and quality of our advisory and brokerage business all play a key role in OVB Holding AG's commercial success.

OVB focuses on providing advice to private households with average to higher incomes in all of the national markets in which it operates. Soliciting new clients and maintaining a long-term relationship with them are crucial for success. The impact on OVB's commercial success of any positive or negative trends in *client numbers* and the income situation of clients on the back of favourable or deteriorating macroeconomic and tax conditions is subject to ongoing analysis.

Committed and competent *financial advisors* are crucial to OVB's business model. The future growth of OVB depends to a large extent on the recruitment of a sufficient number of financial advisors and the ability to secure their long-term commitment to the company. The company therefore places great importance on initial training as well as further education and training for financial advisors. Targeted staff recruitment and employee loyalty programs reduce the risk of staff shortages. Staff turnover among sales managers and any associated turnover among financial advisors is low at OVB. There are various ways in which we promote employee loyalty, such as providing protection against personal risks, a fair and transparent contract structure, and the option for sales staff to participate in recurring commissions. Even despite the entry of new players to the financial services sector, particularly in Germany, we believe our performance-based and competitive career and remuneration model stands us in good stead to ensure the long-term commitment of our advisory team.

Industry-specific risks

The OVB Group faces industry-specific risks particularly in connection with *changes in the markets* for pension provision, health care, investment and financing. Tax and socio-political conditions in the individual countries and capital market influences play a key role here. We analyse changes and developments on the basis of ongoing market monitoring and use our analysis as the basis for strategic decisions.

New *regulatory requirements* were introduced to the financial services sector in 2007. Since the EU Insurance Mediation Directive entered into force in Germany in May 2007, financial advisors are required to provide evidence of their professional qualifications by way of an external proof of expertise certificate (*Sachkundenachweis*), and they also have a duty to keep comprehensive records of the advisory services provided to clients. The chamber of commerce examination, which financial advisors are required to sit, has been integrated in our training and continuing education programs. The process of providing advice is now subject to additional and comprehensive disclosure and documentation duties in order to counter the risk of incorrect advice. Also required is professional indemnity insurance for an adequate insured sum; this is something that OVB's financial advisors have maintained for years. The aim of the EU Markets in Financial Instruments Directive (MiFID) is to harmonise the European capital market, investor protection and transparency in the provision of investment advice. It is not yet possible to conclusively assess for all of the European markets in which OVB operates how this Directive, with its obligation to fully disclose all commission associated with concluded contracts, will affect OVB's business. In Germany it is still possible to broker investment funds without a licence under banking supervision law. OVB focuses almost exclusively on these products in the area of capital investment. OVB engaged in intense preparation for the reform of the German Insurance Contracts Act ("*VVG*"), which entered into force in Germany at the start of 2008. Among other things, the Act broadens the duty of disclosure to clients, requires increased cost transparency in the case of life and health insurance and provides for the apportionment of the contract costs over a period of five years. We have prepared our financial advisors for these legislative changes by means of targeted in-house training courses and by adjusting business processes in close consultation with our product partners. It is not yet possible to definitively assess how the MiFID and the VVG reform, both of which are geared towards improved cost transparency for clients, will affect OVB's operations. We assume, however, that our clients regard the services provided by our financial advisors as reasonable. We do not therefore expect any negative impact on new business in the medium term as a result of the disclosure of sales commissions.

OVB brokers financial products offered by insurance companies, investment trusts, building societies and banks. We limit the risk associated with *product selection* by working only with renowned and internationally experienced 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 co-operation with our product partners. We ensure the quality and competitiveness of our product portfolio throughout Europe 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.

Financial risks

Bad debt risks arise in connection with commission owed by product partners and from advance commission payments to sales agents. 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 impairments are created for receivables that are currently considered doubtful. Such impairments are made having regard to all necessary information concerning the credit rating of the debtor, the commission expected to be received and the age of the receivable.

OVB counters the risk of being sued under *guarantees* or *letters of comfort* given on behalf of subsidiaries by requiring regular reports from its subsidiaries that must specifically refer to their financial performance.

Cancellation risks are adequately covered by corresponding provisions, the amount of which is determined based on the commission flowing in 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 cash and cash equivalents by means of stringent credit rating requirements and appropriate investment management. The only issuers we choose are those with an investment grade rating. We ensure that the bonds, debt instruments and other interest-bearing instruments in our portfolio are varied in terms of their term to maturity, the amount invested and the issuer.

Market price risks associated with investments in equities are of secondary significance as far as the investment strategy is concerned. Potential effects on net income as a result of price fluctuations are identified early and contained by monitoring our portfolio on an ongoing basis.

OVB's *liquidity risks* are relatively minor because we finance our operations from current cash flow, and liquidity reports at Group and subsidiary level assist in the management of surplus liquidity. These reports provide a regular insight into financial developments and thus the liquidity needs of the subsidiaries and the holding company.

Operating risks

OVB uses both in-house employees and contractors as well as technical and structural mechanisms in order to process business transactions. Binding workflow rules have been defined for processing and settling business transactions, and they include provisions relating to powers of representation. Employees entrusted with confidential information undertake 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 controlling activities. 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 primarily use industry-specific standard software provided by well-known retailers. If necessary, Group-specific internally generated software, which is subject to continuous quality control, is used to complement 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 protection.

Risks to reputation

Advising on and broking financial products are activities that are subject to critical public scrutiny from time to time. OVB's *reputation could be damaged* if negative reports about the activities of OVB financial advisors are published, e.g. concerning claims against them based on incorrect or allegedly incurred 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 these discussions with the aim of taking preventive action to halt any damage to reputation before it arises. The stringent selection criteria applicable to the admission of new providers and products are in keeping with this objective.

Risks associated with providing advice and liability risks

OVB's financial advisors usually 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 the giving of advice are minimised by continually raising the awareness of and providing continuing education opportunities for our financial advisors with a view to providing *well-tailored advice*, and by documenting and recording client meetings in the required manner.

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. Constant monitoring and evaluation by our legal department enables us to counter risks associated with incorrect advice, brokering financial products outside the framework of brokerage contracts and ongoing legal disputes.

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 relevant tax authorities. If necessary, appropriate provisions are created for potential tax back-payments.

Summary of risks

In the main, OVB's business performance is 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 an early response.

An overall risk assessment shows that the Group was not exposed to any risks during the financial year that could jeopardise the existence of the company. We have made adequate provision for currently identified material risks.

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

The risks presented are not necessarily the only risks to which we are exposed. Risks of which we are currently unaware or risks that we currently regard as immaterial could also have a detrimental effect on our business activities and a negative impact on the forecasts made in the “Outlook” section below.

Future business opportunities

For years the business model and success of the OVB Group has been based on rapidly growing demand across Europe for advisory services in the areas of provision, risk protection and asset generation. We are firmly convinced that this *strong demand for our services* and the financial products brokered by our sales force will continue in the years ahead. Demand is boosted considerably by the general trend currently seen in Europe away from government pension provision and social security systems and towards privately funded schemes. Each social security reform (pension reforms in Romania in 2007 and reforms expected over the coming years from the governments in the Czech Republic, Poland or Greece) presents OVB with new business opportunities. In Germany the pending introduction of withholding tax on capital gains is expected to lift sales over the coming months. This tax will prompt clients to give greater thought to how to optimise the tax treatment of their investments.

OVB sees *opportunities for greater market penetration* in all of the markets in which it operates. We intend to steadily exploit this growth potential. The countries of Central and Eastern Europe offer particularly promising growth potential, because high economic growth and the increasing level of private household income in these countries encourage individuals to invest in private provision more and more.

Apart from expanding its business in existing markets, OVB is moving into *new markets with promising prospects*. Operations commenced in the Ukraine in 2007, and OVB is preparing to enter the Turkish market and assessing opportunities in Russia.

Consolidation within the industry will offer even more business opportunities. OVB intends to play an active role in the consolidation process.

Events after the balance sheet date

There are no significant events to report after the balance sheet date.

Outlook

Global economic development in 2008 faces greater risks. There are indications that the USA, the world's largest economy, has entered into recession. International banks are also more restrictive about granting loans due to the sub-prime mortgage crisis in the USA and significant write-downs on financial instruments linked to sub-prime mortgages. Nevertheless, the growth impetus in most other developed countries, particularly the emerging markets in Europe, Asia and Latin America, remains intact. In the *Euro-zone* growth in 2008 is expected to slow to 1.8 percent compared with 2.7 percent in 2007. The economy should be buoyed primarily by private consumption as unemployment continues to fall. Economic growth is then expected to ramp up again in 2009 to 2.2 percent.

In *Germany* too, private consumption – boosted by a sustained improvement in the labour market situation – is expected to become the key economic driver over the course of 2008. However, the high price of oil, which is a huge burden on private consumption in particular, is likely to slow development down. Overall, real economic growth in Germany in 2008 is expected to reach about 1.8 percent. For 2009, a 2.4 percent increase in gross domestic product is predicted. Compared with growth rates over the medium-term past, these rates for the German economy would give the government and individuals the flexibility to continue to drive reforms of the social security and pension systems and attribute greater importance to private initiatives in this area.

Most of the economies in *Central and Eastern Europe* have been growing at surprising speed for years. A growth profile of this kind is typically associated with rising current account and budget deficits and rising prices. Many governments in the region have taken measures to tighten monetary and fiscal policy in order to prevent their economies from overheating. On average, economic growth in 2008 and 2009 should therefore be slightly lower than in previous years at about 5 percent and 4.5 percent respectively. However, the underlying forces driving strong economic growth continue uninterrupted: lower wage costs stimulate direct foreign investment, while increasing productivity enhances competitiveness and allows room for the disposable income of private households to increase even further. This improved income situation forms the basis for greater investment in private pension provision and risk protection and supports the first steps towards asset generation.

OVB is in an outstanding position throughout Europe to cover the ever-growing need for advice and financial services broking. OVB's *strategy* is aimed at consolidating its already strong market position in those countries in which it is already established. OVB also intends to expand its business activities into new territories. A current example of this was the commencement of operations in the Ukraine in the summer of 2007. We are currently preparing to enter the Turkish market and are reviewing options in Russia. To achieve the desired expansion, the company is aiming primarily for organic growth. Nevertheless, it is closely monitoring the current trend towards consolidation in the industry. The acquisition of companies is, however, tied up with restrictive income-related criteria.

Overall, OVB expects the Group's *positive performance to continue* in the current financial year and in 2009. We regard 10 percent as a realistic growth target for total sales commission, EBIT and consolidated net income in 2008 and 2009.

Statement of the Executive Board in accordance with section 312 AktG

For each transaction subject to reporting requirements, our company has received consideration appropriate to the circumstances of the transaction as 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 annual 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 2008

Michael Frahnert
Oskar Heitz

OVB's success is the sum of our **employees' successes.**

OVB is a fair and reliable partner. We support our sales force by providing comprehensive training and continuing education opportunities, a high-performance infrastructure and an attractive product range.

Annual Financial Statements 2007

Consolidated balance sheet

of OVB Holding AG as at 31 December 2007, prepared in accordance with IFRS

Assets

Note	in Euro	31/12/2007	31/12/2006
	A. Non-current assets		
1	Intangible assets	5,975,540.52	5,377,206.30
2	Tangible assets	6,991,145.96	5,377,761.46
3	Real estate held as a financial investment	683,000.00	729,000.00
4	Financial assets	219,682.14	131,804.02
5	Deferred tax assets	3,485,169.28	4,047,909.97
		17,354,537.90	**15,663,681.75**
	B. Current assets		
6	Trade receivables	23,805,022.45	22,864,439.33
7	Receivables and other assets	17,670,110.35	17,544,539.33
8	Income tax receivables	5,102,046.22	4,709,537.03
9	Securities and other investments	53,754,042.82	54,776,713.73
10	Cash and cash equivalents	37,768,138.24	23,305,379.58
		138,099,360.08	**123,200,609.00**
	Total assets	**155,453,897.98**	**138,864,290.75**

Liabilities

Note	in Euro	31/12/2007	31/12/2006
	A. Equity		
11	Subscribed capital	14,251,314.00	14,251,314.00
12	Capital reserve	39,341,973.48	39,341,973.48
13	Own shares	0.00	0.00
14	Revenue reserves	12,514,258.60	9,986,166.62
15	Other reserves	2,270,583.61	2,075,815.54
16	Minority interests	180,356.29	230,171.47
17	Net retained profits	21,021,644.67	16,163,704.38
	Total equity	**89,580,130.65**	**82,049,145.49**
	B. Non-current liabilities		
18	Liabilities to banks	433,174.00	692,676.87
19	Provisions	636,984.38	543,794.72
20	Other liabilities	16,148.00	35,721.46
21	Deferred tax liabilities	48,495.72	106,332.64
		1,134,802.10	**1,378,525.69**
	C. Current liabilities		
22	Provisions for taxes	2,570,337.65	2,064,752.45
23	Other provisions	29,021,126.05	21,742,011.92
24	Income tax liabilities	2,232,076.92	2,662,924.48
25	Trade payables	9,751,246.85	9,450,756.04
26	Other liabilities	21,164,177.76	19,516,174.68
		64,738,965.23	**55,436,619.57**
	Total equity and liabilities	**155,453,897.98**	**138,864,290.75**

Note

Consolidated income statement

of OVB Holding AG for the period from 1 January to 31 December 2007, prepared in accordance with IFRS

Note	in Euro	2007	2006
27	Brokerage income	221,784,780.40	186,982,067.41
28	Other operating income	12,564,937.57	11,614,525.17
	Total income	**234,349,717.97**	**198,596,592.58**
29	Brokerage expenses	-134,382,835.61	-112,430,517.62
30	Personnel expenses	-21,512,091.32	-18,259,279.50
31	Depreciation and amortisation	-4,303,081.40	-3,816,238.83
32	Other operating expenses	-45,196,580.00	-39,967,566.52
	Earnings before interest and taxes (EBIT)	**28,955,129.64**	**24,122,990.11**
	Disposal of long-term financial investments	479,459.56	1,034.09
	Finance income	3,140,916.61	2,113,467.21
	Finance expenses	-706,838.64	-562,471.61
33	**Financial result**	**2,913,537.53**	**1,552,029.69**
	Earnings before taxes	**31,868,667.17**	**25,675,019.80**
34	Taxes on income	-11,706,267.47	-9,343,566.07
35	Consolidated net income for the year	20,162,399.70	16,331,453.73
36	Minority interests	49,815.18	-22,342.23
	Consolidated net income for the year	**20,212,214.88**	**16,309,111.50**
37	Earnings per share/undiluted	1.42	1.21

▲ Note

Consolidated cash flow statement

of OVB Holding AG for the period from 1 January to 31 December 2007, prepared in accordance with IFRS

in Euro	2007	2006
Cash and cash equivalents Cash in hand/bank balances maturing in < 3 months	37,768,138.24	23,305,379.58
Net income/loss for the period (after minority interests)	20,212,214.88	16,309,111.50
+/- Write-downs/write-ups of non-current assets	4,103,715.76	3,840,977.85
-/+ Unrealised currency gains/losses	484,056.37	560,100.46
+/- Increase/reversal of provision for impairment of receivables	2,291,569.06	2,104,592.20
-/+ Increase/decrease in deferred tax assets	562,740.69	998,858.90
+/- Increase/decrease in deferred tax liabilities	-57,836.92	-12,354.39
= Cash flow	**27,596,459.84**	**23,801,286.52**
- Finance income	-1,842,751.53	-1,481,944.73
- Interest income	-1,298,165.08	-631,522.48
+/- Increase/decrease in provisions	7,877,888.99	6,354,377.11
+/- Increase/decrease in available-for-sale reserve	-84,947.30	65,689.26
+/- Expenses/income from the disposal of intangible and tangible assets (net)	62,832.41	125,218.33
+/- Decrease/increase in trade receivables and other assets	-2,727,561.48	-35,782,177.15
+/- Increase/decrease in trade payables and other liabilities	1,498,072.87	1,683,881.15
= Cash flow from operating activities	**31,081,828.72**	**-5,865,191.99**
+ Proceeds from the disposal of tangible assets	25,252.96	42,849.55
+ Proceeds from the disposal of financial assets	549,596.96	219,327.26
- Purchases of tangible assets	-3,594,254.63	-1,320,501.02
- Purchases of intangible non-current assets	-2,624,631.32	-1,209,902.86
- Purchases of financial assets	-633,983.89	-207,781.03
+ Finance income	1,842,751.53	1,481,944.73
+ Interest received	1,298,165.08	631,522.48
= Cash flow from investing activities	**-3,137,103.31**	**-362,540.89**
+ Proceeds from transfers to equity	0.00	23,835,000.00
- Equity transaction costs	0.00	-1,953,355.64
-/+ Purchase/sale of own shares	0.00	633,040.00
- Distributions to the company's shareholders and minority interests (dividends, equity repayments, other distributions)	-12,826,182.60	-9,758,396.25
+/- Increase/decrease in minority interests	-49,815.18	22,342.23
+/- Proceeds/expenses from the issue of bonds and (financing) loans	-259,502.87	-513,888.57
= Cash flow from financing activities	**-13,135,500.65**	**12,264,741.77**
Overview:		
Cash flow from operating activities	31,081,828.72	-5,865,191.99
Cash flow from investing activities	-3,137,103.31	-362,540.89
Cash flow from financing activities	-13,135,500.65	12,264,741.77
Exchange gains/losses on cash and cash equivalents	-346,466.09	651,706.36
= Net change in cash and cash equivalents	**14,462,758.67**	**6,688,715.25**
+ Cash and cash equivalents at end of the prior year	23,305,379.58	16,616,664.33
= Cash and cash equivalents at end of the current year	**37,768,138.25**	**23,305,379.58**
Income tax paid	10,646,443.67	5,978,035.49
Interest paid	145,154.77	110,005.83

Consolidated statement of changes in equity

of OVB Holding AG as at 31 December 2007, prepared in accordance with IFRS

in Euro	Subscribed capital	Own shares	Capital reserve	Retained profits brought forward	Statutory reserve	Other revenue reserves
Balance as at 31/12/2006	**14,251,314.00**	**0.00**	**39,341,973.48**	**-145,407.12**	**1,561,363.56**	**8,424,803.06**
Consolidated profit				16,309,111.50		
Own shares						
Capital measures						
Approved dividends				-12,826,182.60		
Change in available-for-sale reserve						
Transfer to other reserves				-2,528,091.99	323,321.48	2,204,770.50
Change in currency translation reserve						
Consolidated profit						
Other reallocations						
Balance as at 31/12/2007	**14,251,314.00**	**0.00**	**39,341,973.48**	**809,429.79**	**1,884,685.04**	**10,629,573.56**

Available-for-sale reserve/ revaluation reserve (after taxes)	Deferred taxes on unrealised gains	Currency translation reserve	Net income recognised directly in equity	Net income for the period	Consolidated profit	Minority interests	Total
306,103.84	**-73,744.69**	**1,843,456.39**	**108,265.41**	**16,309,111.50**	**16,417,376.91**	**230,171.47**	**82,049,145.49**
			-108,265.41	-16,309,111.50	-16,417,376.91		0.00
							0.00
							0.00
							-12,826,182.60
-125,487.61	40,540.31		-84,947.30		-84,947.30		-84,947.30
			0.00				-0.01
		279,715.37	279,715.37		279,715.37		279,715.37
				20,212,214.88	20,212,214.88	-49,815.18	20,162,399.70
							0.00
180,616.23	**-33,204.38**	**2,123,171.76**	**194,768.07**	**20,212,214.88**	**20,406,982.95**	**180,356.29**	**89,580,130.65**

Segment reporting 2007

of OVB Holding AG according to IFRS

in Euro	Germany	Central and Eastern Europe	Southern and Western Europe	Corporate Centre	Consolidation	Consolidated
Segment income						
Income from business with third parties						
- Brokerage income	67,233,514.20	105,210,333.13	49,340,933.07	0.00	0.00	221,784,780.40
Other operating income	5,876,234.89	1,962,184.26	1,869,681.80	2,573,597.20	283,239.42	12,564,937.57
Income from inter-segment transactions	1,357,131.38	39,968.76	212,809.08	5,189,091.61	-6,799,000.83	0.00
Total segment income	**74,466,880.47**	**107,212,486.15**	**51,423,423.95**	**7,762,688.81**	**-6,515,761.41**	**234,349,717.97**
Segment expenses						
Brokerage expenses						
- current commission for sales force	-27,264,730.60	-62,182,170.93	-30,126,064.84	0.00	0.0	-119,572,966.37
- other commission for sales force	-8,584,001.46	-4,711,861.22	-1,514,006.56	0.00	0.00	-14,809,869.24
Personnel expenses	-8,775,616.21	-4,999,446.53	-3,661,597.43	-4,075,431.15	0.00	-21,512,091.32
Depreciation/amortisation	-2,563,816.83	-859,245.86	-533,077.28	-346,941.43	0.00	-4,303,081.40
Other operating expenses	-17,862,229.57	-13,387,352.36	-8,703,287.61	-11,845,975.82	6,602,265.36	-45,196,580.00
Total segment expenses	**-65,050,394.67**	**-86,140,076.90**	**-44,538,033.72**	**-16,268,348.40**	**6,602,265.36**	**-205,394,588.33**
Segment result before financial result	**9,416,485.80**	**21,072,409.25**	**6,885,390.23**	**-8,505,659.59**	**86,503.95**	**28,955,129.64**
Financial result	996,732.64	151,772.65	1,421,943.04	343,495.80	-406.60	2,913,537.53
Segment result after financial result	**10,413,218.44**	**21,224,181.90**	**8,307,333.27**	**-8,162,163.79**	**86,097.35**	**31,868,667.17**
Additional disclosures						
Investments in intangible and tangible assets	4,527,232.06	1,776,636.57	385,422.77	369,393.22	0.00	7,058,684.62
Other non-cash expenses	-4,782,064.88	-19,528,979.97	-2,398,164.61	-820,715.08	0.00	-27,529,924.54
Impairment expenses recognised in the income statement	-810,928.95	-816,377.28	-772,859.30	-1,037,480.43	0.00	-3,437,645.96
Total segment assets	49,508,384.30	45,536,380.98	25,864,278.61	46,925,178.99	-12,380,324.90	155,453,897.98
Less deferred taxes and refund claims	-1,316,188.99	-4,349,964.06	-169,365.90	-2,751,696.55	0.00	-8,587,215.50
Segment assets	**48,192,195.31**	**41,186,416.92**	**25,694,912.71**	**44,173,482.44**	**-12,380,324.90**	**146,866,682.48**
Total segment liabilities	33,509,391.91	24,623,503.28	17,194,336.87	3,166,485.67	-12,619,950.40	65,873,767.33
Less deferred taxes and deferred tax liabilities	-973,381.04	-2,719,134.96	-1,075,767.24	-785.05	0.00	-4,769,068.29
Less loan commitments	0.00	-359,767.76	-250,000.00	-1,018,119.53	1,194,713.29	-433,174.00
Less capitalised lease obligations	0.00	0.00	-16,148.00	0.00	0.00	-16,148.00
Segment liabilities	**32,536,010.87**	**21,544,600.56**	**15,852,421.63**	**2,147,581.09**	**-11,425,237.11**	**60,655,377.04**

Segment reporting 2006

of OVB Holding AG according to IFRS

in Euro	Germany	Central and Eastern Europe	Southern and Western Europe	Corporate Centre	Consolidation	Consolidated
Segment income						
Income from business with third parties						
- Brokerage income	65,205,630.51	84,086,921.72	37,689,515.18	0.00	0.00	186,982,067.41
Other operating income	5,473,949.17	456,636.31	2,111,815.53	2,925,561.99	646,562.17	11,614,525.17
Income from inter-segment transactions	862,271.34	383,598.62	210,593.59	4,699,564.77	-6,156,028.32	0.00
Total segment income	**71,541,851.02**	**84,927,156.65**	**40,011,924.30**	**7,625,126.76**	**-5,509,466.15**	**198,596,592.58**
Segment expenses						
Brokerage expenses						
- current commission for sales force	-28,446,006.63	-48,860,828.38	-23,758,519.14	0.00	0.00	-101,065,354.15
- other commission for sales force	-7,528,804.68	-3,175,652.44	-660,706.35	0.00	0.00	-11,365,163.47
Personnel expenses	-8,353,275.63	-3,117,439.31	-3,299,449.92	-3,489,114.64	0.00	-18,259,279.50
Depreciation/amortisation	-2,401,070.14	-619,017.28	-497,727.91	-298,423.50	0.00	-3,816,238.83
Other operating expenses	-17,035,547.64	-9,791,176.17	-7,974,402.13	-10,566,794.39	5,400,353.81	-39,967,566.52
Total segment expenses	**-63,764,704.72**	**-65,564,113.58**	**-36,190,805.45**	**-14,354,332.53**	**5,400,353.81**	**-174,473,602.47**
Segment result before financial result	**7,777,146.30**	**19,363,043.07**	**3,821,118.85**	**-6,729,205.77**	**-109,112.34**	**24,122,990.11**
Financial result	670,157.56	153,601.95	4,123.35	-695,454.08	1,419,600.91	1,552,029.69
Segment result after financial result	**8,447,303.86**	**19,516,645.02**	**3,825,242.20**	**-7,424,659.85**	**1,310,488.57**	**25,675,019.80**
Additional disclosures						
Investments in intangible and tangible assets	1,517,230.04	851,186.52	179,093.55	190,674.81	-0.01	2,738,184.91
Other non-cash expenses	-4,722,353.15	-7,099,259.19	-1,343,827.74	-512,675.82	0.00	-13,678,115.90
Impairment expenses recognised in the income statement	-875,211.22	-740,061.41	-793,541.27	-2,070,600.51	1,421,173.08	-3,058,241.33
Total segment assets	50,569,277.93	35,210,506.01	19,193,916.00	43,946,499.36	-10,055,908.55	138,864,290.75
Less deferred taxes and refund claims	-2,727,904.83	-2,966,934.56	-175,260.28	-2,887,347.33	0.00	-8,757,447.00
Segment assets	**47,841,373.10**	**32,243,571.45**	**19,018,655.72**	**41,059,152.03**	**-10,055,908.55**	**130,106,843.75**
Total segment liabilities	34,494,234.38	14,970,392.76	14,147,231.00	4,101,649.86	-10,898,362.74	56,815,145.26
Less deferred taxes and deferred tax liabilities	-1,377,236.60	-2,197,601.87	-1,160,630.27	-36,499.83	0.00	-4,771,968.57
Less loan commitments	83,366.65	-309,898.81	-176,064.75	-966,178.95	676,098.99	-692,676.87
Less capitalised lease obligations	0.00	0.00	-35,721.46	0.00	0.00	-35,721.46
Segment liabilities	**33,200,364.43**	**12,462,892.08**	**12,774,814.52**	**3,098,971.08**	**-10,222,263.75**	**51,314,778.36**

OVB has always been known for its **clear earnings focus based on streamlined structures**.

We will always hold to the principle of structuring our administration as efficiently as possible.

Notes to the consolidated financial statements for financial year 2007

I. General information

1. General information on the OVB Group

OVB Holding AG (hereinafter "OVB" or the "Company") is a German stock corporation with its registered office at Heumarkt 1, Cologne, Germany. 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 broker investments, building society contracts and insurance contracts, to provide brokerage and advisory services in relation to real estate investments of all kinds, and to manage enterprises, specifically those involved in providing advisory and brokerage services in connection with investments, building society contracts and real estate of all kinds.

OVB is a direct subsidiary of the Deutscher Ring Group, Hamburg. The parent company that prepares consolidated financial statements for the largest group of companies is Bâloise-Holding, Basel/Switzerland. The parent company that prepares consolidated financial statements for the smallest group of companies is Basler Versicherung Beteiligungsgesellschaft mbH, Hamburg.

The consolidated financial statements of OVB Holding AG (the "Company") for the financial year ending 31 December 2007 were released for publication on 18 March 2008 pursuant to a resolution adopted by the Executive Board and with the consent of the Supervisory Board.

2. Basis of preparation

The consolidated financial statements for the financial year ending 31 December 2007 incorporate OVB Holding AG and the companies it controls. Control is usually deemed if the Group directly or indirectly holds more than 50 percent of the voting rights or subscribed capital of an entity and/or can influence the financial and operating policies of an entity in such a way that the Group profits from the entity's activities. The equity and net income for the period attributable to minority shareholders are reported separately in both the balance sheet and the income statement.

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") (the Company's shares have been listed in the "Prime Standard" since 21 July 2006), OVB Holding AG has, in accordance with section 315 a of the German Commercial Code (*Handelsgesetzbuch* – "HGB"), prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and as required to be applied in the European Union. All mandatory International Financial Reporting Standards (IFRS) – formerly International Accounting Standards (IAS) – and the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRIC) – formerly the Standing Interpretations Committee (SIC) – were taken into account.

The annual financial statements of the companies included in OVB Holding AG's consolidated financial statements are based on uniform accounting and valuation principles. The annual financial statements have the same closing date as the consolidated financial statements and were audited by independent auditors to the extent required by local laws.

All figures in the consolidated financial statements are stated in Euros (EUR) and rounded in accordance with mathematical principles.

The consolidated financial statements include not only the consolidated balance sheet, but also the consolidated income statement, a statement of changes in equity, the cash flow statement, the notes and segment reporting.

2.1 Mandatory accounting standards

The accounting and valuation methods applied this year are generally the same as those applied last year with the following exceptions: in the 2007 financial year, the Group applied the following new and amended IFRS standards and interpretations:

- IFRS 7 Financial instruments: Disclosures
- IFRIC 10

The Group applied IFRS 7 for the first time in the 2007 financial year. IFRS 7 requires disclosures that enable readers of the financial statements to assess the significance of financial instruments for the Group's financial position and performance and the nature and extent of the risks associated with these financial instruments. These new disclosures crop up throughout the entire financial statements. The application of this standard merely requires additional disclosures in the consolidated financial statements.

The interpretation IFRIC 10 addresses the conflict between the requirements of IAS 34 “Interim Financial Reporting” and those in other standards on the recognition and reversal in financial statements of impairment losses on goodwill and certain financial assets. According to IFRIC 10, such impairment losses recognised in a previous interim period should not be reversed in subsequent interim or annual financial statements. The application of IFRIC 10 will not have any material effects on the Company's assets, liabilities, financial position or profit/loss.

Published but not yet applied standards:

- IFRS 8
- IFRIC 11

IFRS 8 applies to financial years beginning 1 January 2009 and beyond. IFRS 8 requires an entity to report financial and descriptive information about its reportable segments. Apart from IFRS 8, amendments to IAS 1 and IFRIC 11 must be applied in future. The application of these standards and interpretations is not expected to have any material impact on the Company's annual financial statements.

2.2 Consolidation principles

The consolidated financial statements contain all assets and liabilities as well as all income and expenses of OVB Holding AG and its subsidiaries as at 31 December of each financial year after eliminating all material intra-Group transactions. The financial statements of the subsidiaries are prepared on the basis of the same accounting and valuation methods and have the same closing date.

Subsidiaries are fully consolidated from the date of acquisition, i.e. the date on which the Group acquires control. They are removed from the consolidated financial statements as soon as they are no longer controlled by the parent company.

Three foreign subsidiaries, Eurenta Hellas Monoprosopi Eteria Periorismenis Efthynis Asfalistiki Praktores, Athens; SC OVB Broker de Pensii Private SRL, Cluj (Klausenburg); and TOV OVB Allfinanz Ukraine, Kiev, were newly consolidated in the 2007 financial year.

OVB (Hellas) Allfinanz Vermittlungs GmbH & Co. KG, Athens; OVB (Hellas) Allfinanz Vermittlungs GmbH, Athens; and EURENTA Europäische Vermögensberatung GmbH, Salzburg, were no longer included in the consolidated accounts this year. OVB Magyarorszagi A.P.K. Kft., Budapest, was merged with OVB Vermögensberatung A.P.K. Kft. (formerly OVB Budapest A.P.K. Kft.), Budapest, in the 2007 financial year.

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

Consolidated company in percent	Shareholding 2007	Shareholding 2006
Nord Soft EDV-Unternehmensberatung GmbH, Horst	50.40	50.40
Nord Soft Datenservice GmbH, Horst	50.40	50.40
Informatikai Kft., Budapest	100	100
MAC Marketing und Consulting GmbH, Salzburg	100	100
EF-CON Insurance Agency GmbH, Vienna	100	100
OVB Vermögensberatung AG, Cologne	100	100
OVB Allfinanzvermittlungs GmbH, Salzburg	100	100
OVB Vermögensberatung (Schweiz) AG, Baar	100	100
EURENTA Holding GmbH Europäische Vermögensberatung, Bonn	100	100
Advesto GmbH, Cologne	100	100
OVB Vermögensberatung A.P.K. Kft.(formerly OVB Budapest A.P.K. Kft.), Budapest	100	100
OVB Allfinanz a.s., Prague	100	100
OVB Allfinanz Slovensko s.r.o., Financne poradenstvo, Bratislava	100	100
OVB Allfinanz Polska Spolka Finansowa Sp. z.o.o., Warsaw	100	100
OVB Allfinanz Romania S.R.L., Cluj (Klausenburg)	100	100
OVB Imofinanz S.R.L., Cluj (Klausenburg)	100	100
SC OVB Broker de Pensii Private LLL., Cluj (Klausenburg)	100	-
OVB Allfinanz Croatia d.o.o., Zagreb	100	100
OVB Allfinanz Zastupanje d.o.o., Zagreb	100	100
OVB-Consulenza Patrimoniale SRL, Verona	100	100
EFCON s.r.o., Brünn	100	100
EFCON Consulting s.r.o., Bratislava	100	100
OVB Allfinanz España S.L., Madrid	100	100
OVB (Hellas) Allfinanz Vermittlungs GmbH & Co. KG, Bankprodukte, Athens	100	100
OVB Hellas GmbH, Athens	100	100
Eurenta Hellas Monoprosopi Eteria Periorismenis Efthynis Asfalistiki Praktores, Athens	100	-
OVB Conseils en patrimoine France sàrl, Straßburg	100	100
TOV OVB Allfinanz Ukraine, Kiev	100	-

Consolidated company in Euro	Equity 31/12/2007	Net income for the year
Nord Soft EDV-Unternehmensberatung GmbH, Horst	343,336.34	-100,530.72
Nord Soft Datenservice GmbH, Horst	20,285.63	96.90
Informatikai Kft., Budapest	68,161.18	17,912.11
MAC Marketing und Consulting GmbH, Salzburg	-78,734.31	15,704.86
EF-CON Insurance Agency GmbH, Vienna	714,621.66	16,148.06
OVB Vermögensberatung AG, Cologne	20,273,286.91	5,687,207.85
OVB Allfinanzvermittlungs GmbH, Salzburg	4,277,715.01	3,086,911.97
OVB Vermögensberatung (Schweiz) AG, Baar	1,987,366.80	593,070.86
EURENTA Holding GmbH Europäische Vermögensberatung, Bonn	-4,069,119.44	92,825.09
Advesto GmbH, Cologne	101,370.72	496.53
OVB Vermögensberatung A.P.K. Kft.(formerly OVB Budapest A.P.K. Kft.), Budapest	1,891,352.29	1,108,075.35
OVB Allfinanz a.s., Prague	7,274,020.43	5,216,692.74
OVB Allfinanz Slovensko s.r.o., Financne poradenstvo, Bratislava	9,683,481.31	7,593,142.19
OVB Allfinanz Polska Spolka Finansowa Sp. z.o.o., Warsaw	2,123,367.21	1,695,501.96
OVB Allfinanz Romania S.R.L., Cluj (Klausenburg)	-341,381.08	-101,914.86
OVB Imofinanz S.R.L., Cluj (Klausenburg)	-6,329.15	-29,472.09
SC OVB Broker de Pensii Private LLL., Cluj (Klausenburg)	179,041.09	184,932.12
OVB Allfinanz Croatia d.o.o., Zagreb	810,403.20	254,707.31
OVB Allfinanz Zastupanje d.o.o., Zagreb	116,795.41	85,432.58
OVB-Consulenza Patrimoniale SRL, Verona	-143,039.75	106,543.95
EFCON s.r.o., Brünn	258,683.98	97,731.21
EFCON Consulting s.r.o., Bratislava	162,287.92	19,187.43
OVB Allfinanz España S.L., Madrid	4,172.45	-42,163.10
OVB (Hellas) Allfinanz Vermittlungs GmbH & Co. KG, Bankprodukte, Athens	902,429.91	656,425.99
OVB Hellas GmbH, Athens	18,000.00	0.00
Eurenta Hellas Monoprosopi Eteria Periorismenis Efthynis Asfalistiki Praktores, Athens	473,556.26	273,576.26
OVB Conseils en patrimoine France sàrl, Straßburg	725,737.80	320,513.98
TOV OVB Allfinanz Ukraine, Kiev	374,360.43	-83,048.69

The balance sheet date of all subsidiaries is 31 December 2007.

2.3 Foreign currency translation

2.3.1 Foreign currency transactions

Foreign currency transactions are generally translated at the rate of exchange prevailing at 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 the income statement. Non-monetary items that were valued at historical cost are therefore no longer translated. The exchange rate used when the items were first reported remains applicable.

2.3.2 Foreign currencies

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 companies are translated at the rate prevailing on the balance sheet date (the closing rate), while income and expenses are translated at the average annual exchange rate, since these companies are independently organised and operated as well as being financially independent. Translation differences are recognised directly in equity.

The currencies used within the Group have developed as follows in relation to the Euro:

in Euro	Closing rate 31/12/2007	Average rate 2007	Closing rate 31/12/2006	Average rate 2006
CHF	0.603200	0.608830	0.621600	0.63585
CZK	0.037640	0.036080	0.036450	0.03532
HUF	0.003961	0.003990	0.004001	0.00380
HRK	0.136500	0.136450	0.136200	0.13669
PLN	0.279630	0.265270	0.262626	0.25748
RON	0.278100	0.301290	0.295600	0.28480
SKK	0.029840	0.029690	0.029070	0.02694
UAH	0.137200	0.149590	0.156900	0.16420

2.4 Historical cost convention

Generally speaking, the 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.

3. Summary of significant accounting policies

OVB's consolidated financial statements are prepared under the historical cost convention, as modified by the revaluation of certain financial instruments and investment property at fair value.

Financial assets and liabilities are recognised in the consolidated balance sheet when, and only when, the OVB Group becomes a party to the contractual provisions of the instrument. They are recognised on the settlement date.

3.1 Financial instruments

Financial instruments are classified under the following categories (they are valued depending on which category they fall under):

Loans and receivables

After their initial recognition in the accounts, loans and receivables are reported 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 difference between the originally assigned value and the amount repayable at maturity based on the effective interest method, and less any impairment for depreciation in value.

Receivables from individual financial advisors are netted off with liabilities to those financial advisors if the relevant offset requirements are met, irrespective of the legal basis for such receivables and liabilities.

Available-for-sale securities

Available-for-sale securities are recognised at fair value. Unrealised gains and losses are recognised in equity until the time of disposal. Appreciation in the value of debt securities is recognised up to amortised cost in the income statement, while the appreciation of equity securities is generally not recognised in the income statement, but in the revaluation reserve.

Financial liabilities

Financial liabilities are generally stated at amortised cost.

3.2 Recognition of sales

Sales are generally realised at the time that the claim for payment arises against the so-called partner entity. In the event that commissions are refunded to the so-called partner entity, for example if contracts are cancelled or in the event of non-payment, provisions are created based on historical figures (provisions for cancellation risk).

3.3 Discretion

All of the necessary estimates and assessments in connection with accounting and valuation in accordance with IFRS correspond with the relevant standards. Estimates are continually revised and are based on experience as to future events, which appear plausible based on current circumstances.

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

The following is an explanation of the most significant assumptions as to future events and other material sources of estimate uncertainty existing on the balance sheet 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 coming financial year.

These assumptions and estimates relate primarily to the valuation of provisions, the collectability of receivables, goodwill impairment, legal risks and depreciation/amortisation or determining the useful life of assets. Actual values could deviate from the assumptions and estimates in certain cases. Changes are recognised when better information is available.

When provisions are created, estimates having reasonable regard to the risk involved are based on past experience in some cases.

Receivables are stated at amortised cost less any necessary impairments. Impairments are determined based on a risk assessment for each item and past experience.

The annual impairment testing of goodwill is based on budget figures, which are generally subject to a certain degree of quantitative uncertainty. Impairment testing requires an estimate of value in use. In order to estimate value in use, management must estimate expected future cash flows and also select an appropriate discount rate in order to determine the present value of such cash flow.

Where a higher degree of judgement would be necessary, the underlying assumptions are explained in detail below in the explanatory notes to the relevant item.

3.4 Objectives and methods used in financial risk management

The Group has various financial assets that are a direct result of its commercial activities, such as trade receivables, cash and short-term deposits. The material risks to which the Group is exposed in connection with financial instruments include liquidity risks, currency risks and credit risks. Company management decides on strategies and procedures for managing individual types of risk, and these are explained below.

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

in Euro		Carrying amount 2007	Fair value 2007	Carrying amount 2006	Fair value 2006
Investment property		683,000.00	683,000.00	729,000.00	729,000.00
Financial assets	L+R	219,682.14	219,682.14	131,804.02	131,804.02
Trade receivables	L+R	23,805,022.45	23,805,022.45	22,864,439.33	22,864,439.33
Receivables and other assets		17,670,110.35	17,670,110.35	17,544,539.33	17,544,539.33
Receivables	L+R	13,294,422.21	13,294,422.21	13,694,389.67	13,694,389.67
Other assets		4,375,688.14	4,375,688.14	3,850,149.66	3,850,149.66
Securities and other investments		53,754,042.82	53,754,042.82	54,776,713.73	54,776,713.73
Securities	AfS	36,369,892.05	36,369,892.05	32,100,597.87	32,100,597.87
Other investments	L+R	17,384,150.77	17,384,150.77	22,676,115.86	22,676,115.86
Income tax receivables	L+R	5,102,046.22	5,102,046.22	4,709,537.03	4,709,537.03
Cash and cash equivalents	L+R	37,768,138.24	37,768,138.24	23,305,379.58	23,305,379.58

L+R = loans and receivables; AfS = available-for-sale

When grouped according to category under IAS 39, the financial instruments have the following carrying amounts and fair values:

in Euro	Carrying amount 2007	Amortised cost	Historical cost	Fair value not recognised in income statement	Fair value recognised in income statement
Loans and receivables	97,573,462.03 (2006: 87,381,665.49)	97,573,462.03 (2006: 87,381,665.49)	-	-	-10,273,527.90 (2006: -9,095,982.68)
Available-for-sale financial instruments	36,369,892.05 (2006: 32,100,597.87)	-	37,043,429.12 (2006: 32,289,798.25)	180,616.23 (2006: 306,103.84)	-854,153.30 (2006: -495,304.22)
Financial liabilities	65,873,767.33 (2006: 56,815,145.26)	65,873,767.33 (2006: 56,815,145.26)	-	-	-

The Group does not have any financial liabilities held for trading. All of the Company's current liabilities fall under the category “financial liabilities”, which are recognised at amortised cost. “Loans and receivables” include all receivables, loans reported as financial assets, fixed-term deposits, cash equivalents with a maturity of more than three months and short-term loans reported under other short-term investments, and cash and cash equivalents. All securities are classified as “available-for-sale financial instruments”.

No financial instruments were reclassified as described in IFRS 7.12 in the period under review.

The fair values of the available-for-sale financial assets stated in the financial statements were all able to be reliably determined on the basis of existing exchange and market prices. It was therefore not necessary to apply any valuation method to determine fair value.

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

in Euro	From interest	From measurement after initial recognition: At fair value	From measurement after initial recognition: Impairment	From disposal	Net result 2007	Net result 2006
Loans and receivables	2,434,109.88 (2006: 1,378,711.60)	-	-2,291,569.06 (2006: -2,104,592.20)	0.00 (2006: 0.00)	142,540.82	-725,880.60
Available-for-sale financial instruments	607,104.91 (2006: 590,405.62)	-125,487.61 (2006: 135,380.23)	-449,969.65 (2006: -288,547.52)	477,837.36 (2006: 2,600.00)	509,485.01	439,838.33
Financial liabilities	-106,092.06 (2006: -131,046.57)	-	-	-	-106,092.06	-131,046.57
Total	2,935,122.73 (2006: 1,838,070.65)	-125,487.61 (2006: 135,380.23)	-2,741,538.71 (2006: -2,393,139.72)	477,837.36 (2006: 2,600.00)	545,933.77	-417,088.84

OVB reports the elements of the net result under financial result, except for impairments of receivables assigned to the category loans and receivables, which are reported under other operating expenses.

Total interest income from financial assets were calculated according to the effective interest method and amounted to Euro 2,434,109.88 in the year under review (2006: Euro 1,378,711.60). Total income expense from financial liabilities was Euro 146,088.63 (2006: Euro 160,205.51).

3.4.1 Credit risks

The Group is exposed to default risks. The Group counters these risks by efficient accounts receivable management and the careful selection of product providers. Appropriate impairments are created for receivables that appear doubtful.

Cancellation risks are adequately covered by corresponding provisions. In the case of the Group's other financial assets such as cash, cash equivalents and available-for-sale financial investments, the maximum credit risk in the event of counterparty default is the carrying amount of these instruments. Subsequent to their initial inclusion in the accounts, they are recognised 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 difference between the originally assigned value and the amount repayable at maturity based on the effective interest method, and less any impairment for depreciation in value.

The maximum amount of exposure in the category "loans and receivables" as of 31 December 2007 was equivalent to the carrying amount of Euro 97,573,462.03 (2006: Euro 87,381,665.49).

The maximum amount of exposure in the category "available-for-sale financial assets" as of 31 December 2007 was equivalent to the carrying amount of Euro 36,369,892.05 (2006: Euro 32,100,597.87).

No collateral or other credit enhancements were obtained or called for the financial instruments.

According to Standard & Poor's risk ratings, the credit quality of financial assets that are neither overdue nor impaired was as follows:

in Euro	AAA	AA	A	BBB	Lower than BBB	No rating	Total
Loans and receivables	1,033,673.44 (2006: 4,192,947.06)	1,994.96 (2006: 508,578.38)	408,323.43 (2006: 1,306,735.55)	56,460.00 (2006: 772,631.96)	0.00 (2006: 888,074.80)	96,073,010.20 (2006: 79,712,697.74)	97,573,462.03 (2006: 87,381,665.49)
Available-for-sale financial assets	0.00 (2006: 0.00)	7,805,557.51 (2006: 3,454,665.37)	6,879,704.13 (2006: 9,610,488.44)	0.00 (2006: 118,839.40)	0.00 (2006: 0.00)	21,684,630.41 (2006: 18,916,604.66)	36,369,892.05 (2006: 32,100,597.87)

Assets which were overdue but not impaired as of the balance sheet date can be broken down according to time overdue as follows:

in Euro	Less than 3 month	3–6 month	6–12 month	1–3 years	3–5 years	More than 5 years	Total
Loans and receivables	196,965.92 (2006: 648,482.01)	462,198.07 (2006: 6,175.78)	139,895.02 (2006: 10,533.50)	103,225.92 (2006: 68,597.84)	8,828.04 (2006: 12,757.72)	0.00 (2006: 1,698.49)	911,112.97 (2006: 748,245.34)

As of the balance sheet date there were no receivables whose terms had been renegotiated and which would otherwise have been reported as overdue or impaired.

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

in Euro	Gross amount	Impairment	Carrying amount (net)
Loans and receivables	32,377,325.24 (2006: 26,546,857.81)	-10,273,527.90 (2006: -9,095,982.68)	22,103,797.34 (2006: 17,450,875.13)
Available-for-sale financial instruments	9,317,163.86 (2006: 6,970,648.43)	-926,029.62 (2006: -495,304.22)	8,391,134.24 (2006: 6,475,344.21)

The Company does not have any securities held as collateral or other credit enhancements in respect of financial assets that were overdue but not impaired as of the balance sheet date, or financial assets that were individually impaired as of the balance sheet date.

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

3.4.2 Currency risks

For the purpose of IFRS 7, currency risks arise as a result of financial instruments of a monetary nature which are denominated in a currency other than the functional currency.

The Group generates 52 percent of Group sales in functional currencies other than Euros. Changes in the exchange rate between these currencies and the Euro can have an impact on consolidated net income and the consolidated balance sheet. The rate of exchange between the Euro and these functional currencies is monitored in order to make allowances for currency risks arising from exchange rate fluctuations.

In the course of operations, the individual Group companies process and settle transactions exclusively in their respective functional currencies. 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. For this reason, OVB's currency risk from current operations is considered low.

3.4.3 Interest rate risks

The Group is subject 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. These show the effects of changes in market interest rates on interest payments, interest income and expense, other income components and, if applicable, equity.

Changes in market interest rates affect the interest income or expense of variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of income-related sensitivities.

As of the balance sheet date, the Company had variable-interest assets valued at Euro 35,814K (2006: Euro 40,801K) and variable-interest liabilities of Euro 138K (2006: Euro 1,000K). If market interest rates had been 100 basis points higher (lower) at 31 December 2007, net income would have been Euro 357K (2006: Euro 398K) higher (lower). For the fixed-income securities, any increase (decrease) in market interest rates by 100 basis points would have decreased (increased) the market price and thus the available-for-sale reserve by around Euro 140K.

3.4.4 Liquidity risks

The Group continually monitors the risk of a strained liquidity situation by means of a liquidity planning report. This report is prepared monthly and takes into account the term to maturity of financial investments and financial assets (e.g. receivables, other financial assets) as well as anticipated cash flow from operations.

Please refer to the Management Report (page 31 et seq.) for the qualitative disclosures required under IFRS 7.31–7.42 in relation to the nature of the risks arising from financial instruments.

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 a disposal to the extent permitted by the respective domestic tax provisions.

4.1.1 Intangible assets

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

The following conditions must be met for internally generated intangible assets to be carried as assets:

- Identifiability of the internally generated asset
- Ability to reliably measure the cost of the asset
- Probability that the internally generated asset will bring about future economic benefits

In accordance with IAS 38.21–38.23, software development costs are capitalised within the OVB Group if it is probable that an economic benefit attributable to the self-created software will flow to the enterprise and the cost of the asset can be measured reliably. If these criteria for recognition as an intangible asset are not met, the expenditure on the item must be recognised as an expense when it is incurred.

Internally generated intangible assets are amortised using the straight-line method over their useful life, which is usually between three and five years.

Purchased intangible assets are recognised at cost, less cumulative amortisation and impairments.

The *amortisation* of intangible assets is calculated using the straight-line method based on the following useful lives:

	Anticipated useful life
Software	3 – 5 years
Other intangible assets	3 – 10 years
Goodwill	No amortisation (IFRS 3)

Payments on account of software are stated at nominal value.

Goodwill derived from the acquisition of enterprises is defined as the excess of the cost of an acquisition over the fair value of the target's assets and liabilities at the time of the acquisition. Until 31 December 2004, goodwill was amortised using the straight-line method over its useful life and was recognised in the income statement.

Since the implementation of IFRS 3, existing goodwill is recognised at its value as at 31 December 2004 and there is no amortisation after this date. This 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 purposes of goodwill impairment testing are the companies forming the basis of the goodwill. This scheduled impairment test is conducted in the fourth quarter on the basis of the nine-month figures. If there are indications of impairment, new tests have to be carried out 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.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

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:

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 carried as assets at cost plus transaction costs, representing market value at the time of acquisition. Investment property is carried as an asset only if it is probable that future economic benefits associated with the property will flow to the enterprise, and the cost of the property can be reliably measured.

Investment property is not subject to depreciation (IAS 40).

Investment property is remeasured at fair value on subsequent balance sheet 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 normally given by current prices on an active market for similar property in the same location and condition. In the absence of market prices or market prices for different properties or for properties on less active markets, the company values the property based on the "discounted cash flow method". This takes into account local and regional conditions (e.g. rental income, location, vacancy rates, age, condition, etc.). The valuer must take into account in the discount factors the uncertainty of the market in terms of assessing these conditions. The market value does not include a deduction for future sale costs.

During the period under review, rental income of Euro 66K was generated from investment properties (2006: Euro 62K). This income was offset by directly attributable operating expenses of Euro 28K (2006: Euro 30K).

Impairments of Euro 46K were recorded in respect of investment property in the period under review (2006: Euro 57K).

4.1.4 Financial assets

Financial assets relate to loans granted to employees at market rates. They are recognised at amortised cost, provided no impairment is necessary.

4.1.5 Leases

Leases where the lessee has substantially all the risks and rewards incident to ownership are classified as finance leases. The lessee depreciates the 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 leases.

Rental income and expense under operating leases are recognised in the income statement.

4.1.6 Impairment

Assets within the meaning of IAS 36.1 are tested for impairment as part of risk management whenever so-called triggering events indicate that the asset's carrying amount may not be recoverable. An impairment loss is recognised in the income statement as soon as the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell (net selling price) and its value in use. The net selling price is the amount obtainable by selling the asset under market conditions less costs to sell. The value in use is the present value of estimated future cash flows expected to arise from the continuing 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 asset's cash-generating unit.

Goodwill recognised in the balance sheet is tested with respect to its future economic benefit in accordance with the methods described in part 4.1.1. In this regard, the future economic benefit is determined based on the recoverable amount. An impairment is recorded in the income statement if the recoverable amount is less 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 stated at amortised cost less any necessary impairments. Impairments are determined based on a risk assessment for each item and past experience.

4.2.2 Securities

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

When reported for the first time, financial assets are stated at cost.

"*Available-for-sale*" financial assets are carried 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 under equity and included in the income statement as gains or losses from investment activity only once the gain or loss is incurred.

Premiums and discounts are attributed directly to their respective financial instruments and are allocated over the remaining term such that the effective interest rate remains constant. Financial instruments are written down if there are objective indications for impairment.

If the amortised cost is calculated using the effective interest method, then the effective interest rate applicable to financial assets and liabilities is used. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts for the expected life of the financial instrument to the net carrying amount of the financial asset or liability.

Given the incidental nature of OVB's investments, it only purchases securities that are available for sale. All securities and other investments are classified as “available-for-sale”. No securities were classified “at fair value through profit or loss” or “held-to-maturity” in the financial year ending 31 December 2007 or the previous financial year.

4.2.3 Cash and cash equivalents

Cash and short-term deposits stated in the balance sheet include cash-in-hand, bank balances and short-term deposits with an original term to maturity of less than three months. These items are stated at nominal value.

4.2.4 Impairments and the reversal of impairment losses on financial assets

The carrying amounts of financial assets are tested at each balance sheet date to determine whether there are substantial objective indications for an impairment (so-called triggering events). In this context objective indications for impairment include, for example, debtors experiencing significant financial difficulties, significant changes in an issuer's market, or the fair value of a financial asset falling permanently below amortised cost.

If, in a subsequent period, OVB's investments in “available-for-sale” debt securities are no longer impaired, then the previously recognised impairment loss is reversed through the income statement. Reversal of the impairment loss must not exceed the amortised cost that would have resulted if no impairments had been recorded. Any excess amount is recognised in the revaluation reserve in accordance with IAS 39.55(b).

Impairment losses may not be reversed through the income statement for equity securities; instead, changes in the fair value in subsequent periods must be recorded in the revaluation reserve, i.e. impairments or the disposal of equity securities are always recognised in the income statement.

5. Group liabilities

5.1 Non-current liabilities

Non-current liabilities are those that fall due more than twelve months after the balance sheet date or whose payment OVB can delay by at least twelve months from the balance sheet date, as well as liabilities outside the ordinary course of business.

5.1.1 Long-term provisions

Provisions for pensions

Provisions for pensions are calculated 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 is based on the 2005G Heubeck tables. The valuation also 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 accumulated unrecognised actuarial gains and losses for each individual plan as at the end of the previous reporting period exceeded 10 percent of the greater of the defined benefit obligation or the fair value of plan assets at such time. The rate applied in order to calculate the present value of pension obligations is based on the rate applicable to long-term first-class corporate or government bonds.

Provisions for pensions – OVB Holding AG

According to the actuarial assessment prepared by Mercer Human Resources Consulting GmbH, the calculation is based on the following actuarial assumptions:

in percent	31/12/2007	31/12/2006
Discount rate	5.5	4.5
Expected future salary increases	0.0	0.0
Expected future pension adjustments	2.0	2.0
Expected inflation rate	2.0	2.0

The following income and expenses were reported in financial year 2007 based on the actuarial assessment:

in Euro	
Service cost	0.00
Interest cost	17,242.00

The liability reported in the balance sheet was Euro 376,511.00 as at 31 December 2007. This comprises a calculated present value of the defined benefit obligation (DBO) of Euro 343,708.00 and an actuarial gain of Euro 32,803.00.

in Euro	2007	2006
Development of defined benefit obligations		
Defined benefit obligation at the beginning of the reporting period	359,269.00	271,335.00
Interest cost	17,242.00	16,200.00
Current service cost	0.00	0.00
Benefits paid	0.00	0.00
Refund for loss not yet recognised	0.00	71,734.00
Defined benefit obligation at the end of the reporting period	376,511.00	359,269.00

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

According to the actuarial assessment prepared by Helvetia Consulta Gesellschaft für Vorsorgeberatung AG, the calculation is based on the following actuarial assumptions:

in percent	31/12/2007	31/12/2006
Discount rate	3.0	3.0
Expected future salary increases	1.5	1.5
Expected future pension adjustments	0.5	0.5
Expected inflation rate	1.3	1.1

The following income and expenses were reported in financial year 2007 based on the actuarial assessment:

in Euro	
Service cost	177,662.31
Interest cost	14,376.67

The liability reported in the balance sheet was Euro 68,463.20 as at 31 December 2007. This comprises a calculated present value of the defined benefit obligation (DBO) of Euro 59,951.16 less plan assets of Euro 428,612.20, and an as yet unrecognised actuarial loss of Euro 102,875.76.

in Euro	2007	2006
Development of defined benefit obligations		
Defined benefit obligation at the beginning of the reporting period	479,233.35	460,339.92
Interest cost	14,376.67	12,659.36
Service cost	177,662.31	137,318.48
Benefits paid	-47,576.80	-274,367.93
Other deposits	32,673.53	83,053.40
Actuarial gain/loss	-56,417.90	60,230.12
Defined benefit obligation at the end of the reporting period	599,951.16	479,233.35
Changes in asset value		
Fair value of plan assets at the beginning of the reporting period	359,217.06	362,626.95
Employer contributions	96,414.28	130,599.44
Employees	67,293.60	62,968.05
Expected investment income	9,878.61	8,824.82
Other deposits	32,673.53	83,053.40
Benefits paid	-47,576.80	274,367.93
Actuarial gain/loss	-89,288.68	-14,487.66
Fair value of plan assets as at 31 December	428,612.20	359,217.06

Provisions for employees

Provisions for benefits due to employees in the long term are obligations that do not fall due within 12 months of the balance sheet date. They are generally stated at their estimated value.

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 domestic tax rate.

Income taxes are usually recorded as a tax liability.

Deferred tax liabilities are recognised under deferred tax liabilities.

5.2.2 Other provisions

Cancellation risks

Provisions for cancellation risks are created for discounted and received commission relating to events occurring after the balance sheet date, because commission will be repaid if, for example, a product partner claims a commission refund or brokered contracts never enter into force. Cancellation risks also include the refund of bonuses that are paid on discounted and paid commissions. The amount of the provision is usually determined based on past experience.

Unbilled liabilities

Liabilities to financial advisors arise if commission cannot be billed due to the lack of information or if commission notes or records for the relevant financial year are not available, or outstanding commission payments have not yet been settled. These liabilities are stated at estimated value.

Legal claims

Provisions are set aside for legal claims if OVB is the defendant in any pending court proceedings as of the balance sheet date. The provision includes both the estimated value of the probable outcome of the dispute and associated litigation costs that have already been incurred.

Costs relating to the annual financial statements/audit costs

A provision is created to cover the estimated costs associated with the annual financial statements and the audit.

Other obligations

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

5.2.3 Other liabilities

Trade payables

Trade payables are recognised at their nominal value.

Loans

Interest-bearing bank loans are recognised at cost at the time the loan was received. The cost is usually equivalent to the disbursed amount. Loans are subsequently recognised at amortised cost using the effective interest method.

6. Consolidated income statement

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

6.1 Income/expenses

Sales are recognised in accordance with the provisions of IAS 18.

Commission income is recognised when the claim for payment arises against the partner firm. In the case of commissions received in instalments, back-payments can usually be expected in subsequent years after conclusion of the relevant contract. Commissions received in instalments are recognised at the fair value of the received or claimable amount at the time the claim for payment arises. Instalment-based commission arises almost exclusively in the "Central and Eastern European" segment.

The offsetting expense items are recognised on an accrual basis.

6.2 Financial result

Finance costs and income are recognised on an accrual basis.

6.3 Taxes on income

Actual income tax expense is calculated based on profit before tax. The profit before tax is adjusted for tax-free and non-deductible items. The tax rates applicable as at the balance sheet date are applied in order to calculate income tax.

Deferred taxes are calculated based on the internationally recognised liability method (IAS 12.5). According to this method, deferred tax items are recognised for all temporary differences between the carrying amount of an asset or liability according to the IFRS and its tax base as reported by the individual company and 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. This calculation was based on the budgeted medium-term profits of the respective companies. Deferred taxes are calculated based on the respective national income tax rates.

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

If the temporary difference arising from the initial recognition of an asset/liability does not affect the accounting or the taxable profit, 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 are items that are credited or charged directly to equity, in which case the deferred tax is also charged or credited directly to equity.

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

7. Explanatory notes and disclosures on segment reporting

The principal business activities of OVB's operating companies consist of advising clients in structuring their finances and brokering various financial products offered by independent insurance companies and other enterprises. It is not feasible to divide the products and services provided to clients into sub-categories for accounting purposes. Within the Group companies, there are no identifiable and distinctive key sub-activities at Group level. In particular, it is not possible to present assets and liabilities for the brokered products separately. For this reason, the individual companies are each categorised as single-product companies. Segment reporting is consequently based exclusively on geographic lines, since internal reporting to Group management is also structured in this way.

The “Germany” segment includes OVB Vermögensberatung AG, Cologne, and EURENTA Holding GmbH, Bonn.

The “Central and Eastern European” segment encompasses OVB Vermögensberatung A.P.K. Kft. (formerly: OVB Budapest A.P.K. Kft.), Budapest; OVB Allfinanz a.s., Prague; OVB Allfinanz Slovensko s.r.o. Financne poradenstvo, Bratislava; OVB Allfinanz Polska Spolka Finansowa Sp. z.o.o., Warsaw; OVB Allfinanz Romania 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 s.r.o., Brünn; EFCON Consulting s.r.o., Bratislava; TOV OVB Allfinanz Ukraine, Kiev; and SC OVB Broker de Pensii Private S.R.L., Cluj.

The “Southern and Western European” segment covers 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, Straßburg; and Eurenta Hellas Monoprosopi Eteria Periorismenis Efthynis Asfalistiki Praktores, Athens.

The “Corporate Centre” segment includes OVB Holding AG, Cologne; Nord Soft EDV-Unternehmensberatung GmbH, Horst; Nord Soft Datenservice GmbH, Horst; Informatikai Kft., Budapest; MAC Marketing und Consulting GmbH, Salzburg; Advesto GmbH, Cologne; and EF-CON Insurance Agency GmbH, Vienna.

With the exception of intra-Group balances and transactions, segment income, segment expenses, segment assets and segment liabilities are calculated within each segment prior to the consolidation of liabilities and the elimination of the interim result as part of the consolidation process. As far as intra-Group allocations are concerned, an appropriate additional overhead charge is levied on the individual cost items incurred.

II. Explanatory notes on the consolidated balance sheet

ASSETS

A Non-current assets

2007: Euro 17,354,537.90
2006: Euro 15,663,681.75

1

1 Intangible assets

2007: Euro 5,975,540.52
2006: Euro 5,377,206.30

in Euro	**31/12/2007**	**31/12/2006**
Software		
Software purchased from external third parties	2,161,591.26	1,819,591.06
Self-created software	932,344.94	1,484,332.84
Payments on account of software	54,401.60	129,026.06
Goodwill	1,725,465.59	1,675,094.56
Other intangible assets	1,101,737.13	269,161.78
	5,975,540.52	**5,377,206.30**

Goodwill is recognised in accordance with IFRS 3.

There were no impairments pursuant to IAS 36.

Changes in intangible assets in the 2007 financial year are presented in the asset schedule.

2

2 Tangible assets

2007: Euro 6,991,145.96
2006: Euro 5,377,761.46

in Euro	**31/12/2007**	**31/12/2006**
Land, land rights and buildings		
- Own-use property	2,201,656.42	2,253,687.58
Other equipment, office and operating equipment		
- Machinery, equipment, furniture, vehicles, other	2,866,211.52	2,040,519.66
- IT equipment	1,393,723.26	737,556.48
- Assets under finance lease	18,848.00	31,414.00
- Payments on account of tangible assets in progress	1,857.71	51,607.23
- Tenant fixtures and fittings	508,849.05	262,976.51
	6,991,145.96	**5,377,761.46**

A charge on real property for Euro 695,995.45 (2006: Euro 737,618.45) serves as security for one own-use property.

Depreciation is presented in the explanatory notes on the income statement and in the asset schedule under "Depreciation of tangible assets".

Unscheduled depreciation amounting to Euro 41,623.00 (2006: Euro 41,781.00) was recorded in respect of tangible assets.

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

Finance leases

The value of leased and sub-leased assets that are required to be allocated to the reporting company in accordance with IAS 17 was Euro 18,848.00 in the 2007 financial year (2006: Euro 31,414.00). The amount of minimum lease payments due for the next year was Euro 16,148.00 (2006: Euro 15,450.96) and the amount due in two through five years combined was Euro 0.00 (2006: 21,588.22).

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

The finance leases relate to vehicles. Once the lease agreement has expired, there is an option to purchase the asset. No other options exist.

3

3 Investment property

2007: Euro	**683,000.00**
2006: Euro	729,000.00

in Euro	2007	2006
Rental income from investment properties amounted to	66,305.87	61,958.76
Operating expenses excluding depreciation amounted to	27,546.31	29,714.23
Net gains or losses from adjusting to fair value amounted to	-46,000.00	-57,000.00

The investment property relates to land in Germany upon which an office block has been constructed. Due to falling real estate prices, the value of this property decreased in the year under review by Euro 46,000.00.

A land charge for Euro 920,325.39 (2006: Euro 920,325.39) is registered as security for the property.

The impairment related to land in Germany on which an office block is constructed. The recoverable amount in this case is the net selling price, which was determined by an independent valuer. The last independent valuation was prepared as of 19 November 2007.

4

4 Financial assets

2007: Euro	**219,682.14**
2006: Euro	131,804.02

Financial assets relate to loans granted to employees at market rates.

Schedule of Group non-current assets

of OVB Holding AG as at 31 December 2007

						Intangible assets
			Software	Goodwill	Other intangible assets	Total
in Euro	Purchased software	Self-created software	Payments on account			
Historic cost						
At 31/12/2006	16,100,503.49	3,995,549.74	282,536.03	11,090,791.18	589,274.84	32,058,655.28
Currency translation differences	10,379.75	35,213.24	-5,658.86	50,371.03	-4,526.59	85,778.57
At 31/12/2006	16,110,883.24	4,030,762.98	276,877.17	11,141,162.21	584,748.25	32,144,433.85
Change in consolidated Group	-17,730.25	0.00	0.00	0.00	-6,226.80	-23,957.05
Additions	1,227,268.20	298,297.19	23,496.17	0.00	1,100,241.23	2,649,302.79
Disposals	203,049.21	0.00	0.00	0.00	0.00	203,049.21
Transfers	455.31	49,495.25	-50,664.98	0.00	0.00	-714.42
At 31/12/2007	**17,117,827.29**	**4,378,555.42**	**249,708.36**	**11,141,162.21**	**1,678,762.68**	**34,566,015.96**
Accumulated depreciation/amortisation						
At 31/12/2006	14,280,912.43	2,511,216.90	153,509.97	9,415,696.62	311,594.06	26,672,929.98
Currency translation differences	7,006.29	10,004.89	-4,544.05	0.00	-2,926.32	9,540.81
At 31/12/2006	14,287,918.72	2,521,221.79	148,965.92	9,415,696.62	308,667.74	26,682,470.79
Change in consolidated Group	-15,541.73	0.00	0.00	0.00	-6,226.76	-21,768.49
Additions	924,720.43	924,988.69	46,340.84	0.00	267,305.36	2,163,355.32
Disposals	240,861.39	0.00	0.00	0.00	1,239.79	242,101.18
At 31/12/2007	**14,956,236.03**	**3,446,210.48**	**195,306.76**	**9,415,696.62**	**568,506.55**	**28,581,956.44**
Accumulated impairments						
At 31/12/2006	0.00	0.00	0.00	0.00	8,519.00	8,519.00
Currency translation differences	0.00	0.00	0.00	0.00	0.00	0.00
At 31/12/2006	0.00	0.00	0.00	0.00	8,519.00	8,519.00
Change in consolidated Group	0.00	0.00	0.00	0.00	0.00	0.00
Impairments	0.00	0.00	0.00	0.00	0.00	0.00
Impairment loss reversal	0.00	0.00	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00
At 31/12/2007	**0.00**	**0.00**	**0.00**	**0.00**	**8,519.00**	**8,519.00**
Book amount 31/12/2007	**2,161,591.26**	**932,344.94**	**54,401.60**	**1,725,465.59**	**1,101,737.13**	**5,975,540.52**
Book amount 31/12/2006	**1,819,591.06**	**1,484,332.84**	**129,026.06**	**1,675,094.56**	**269,161.78**	**5,377,206.30**

							Tangible assets	Financial assets
	Land, land rights					Operating and office equipment	Total	Loans
Investment property	Own-use property	Machinery, equipment, furniture, vehicles	IT equipment	Leased assets	Tenant fixtures and fittings	Payments on account		
1,100,918.79	3,192,215.61	5,220,808.15	3,694,393.82	50,262.00	1,313,576.77	51,607.23	14,623,782.37	177,124.79
0.00	58,981.04	22,650.41	3,286.55	0.00	-11.16	1,366.96	86,273.80	4,691.64
1,100,918.79	3,251,196.65	5,243,458.56	3,697,680.37	50,262.00	1,313,565.61	52,974.19	14,710,056.17	181,816.43
0.00	0.00	-168,562.94	-17,964.15	0.00	-9,091.01	0.00	-195,618.10	0.00
0.00	0.00	1,931,067.78	1,541,370.19	0.00	328,958.27	1,857.71	3,803,253.95	653,379.89
0.00	0.00	523,102.21	267,575.16	0.00	24,419.64	0.00	815,097.01	550,002.19
0.00	0.00	-119,646.11	159,240.08	-1.00	0.00	-52,974.19	-13,381.22	-19,396.00
1,100,918.79	**3,251,196.65**	**6,363,215.08**	**5,112,751.33**	**50,261.00**	**1,609,013.23**	**1,857.71**	**17,489,213.79**	**265,798.13**
369,651.64	938,528.03	3,174,239.81	2,956,693.06	18,848.00	1,050,600.26	0.00	8,508,560.80	0.00
0.00	9,581.59	14,550.01	-218.80	0.00	-1.00	0.00	23,911.80	0.00
369,651.64	948,109.62	3,188,789.82	2,956,474.26	18,848.00	1,050,599.26	0.00	8,532,472.60	0.00
0.00	0.00	-168,562.30	-17,963.83	0.00	-9,090.98	0.00	-195,617.11	0.00
15,219.00	101,430.61	845,474.28	1,076,772.22	12,565.00	74,935.54	0.00	2,126,396.65	0.00
0.00	0.00	374,739.18	296,372.46	0.00	16,279.64	0.00	687,391.28	0.00
384,870.64	**1,049,540.23**	**3,490,962.62**	**3,718,910.19**	**31,413.00**	**1,100,164.18**	**0.00**	**9,775,860.86**	**0.00**
2,267.15	0.00	6,048.68	144.28	0.00	0.00	0.00	8,460.11	45,320.77
0.00	0.00	-7.74	-26.40	0.00	0.00	0.00	-34.14	1,200.45
2,267.15	0.00	6,040.94	117.88	0.00	0.00	0.00	8,425.97	46,521.22
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30,781.00	0.00	568.39	0.00	0.00	0.00	0.00	31,349.39	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	568.39	0.00	0.00	0.00	0.00	568.39	405.23
33,048.15	**0.00**	**6,040.94**	**117.88**	**0.00**	**0.00**	**0.00**	**39,206.97**	**46,115.99**
683,000.00	**2,201,656.42**	**2,866,211.52**	**1,393,723.26**	**18,848.00**	**508,849.05**	**1,857.71**	**7,674,145.96**	**219,682.14**
729,000.00	**2,253,687.58**	**2,040,519.66**	**737,556.48**	**31,414.00**	**262,976.51**	**51,607.23**	**6,106,761.46**	**131,804.02**

5

5 Deferred tax assets

2007: Euro	**3,485,169.28**
2006: Euro	4,047,909.97

Deferred tax assets can be broken down as follows:

in Euro	31/12/2007	31/12/2006
Goodwill	0.00	0.00
Tangible and intangible assets	60,504.17	11,883.17
Financial assets	168,483.43	877.76
Financial instruments	29,389.57	7,493.73
Other assets	109,625.60	3,867.17
Provisions	1,504,962.65	1,018,965.18
Liabilities	835,426.78	711,785.88
Tax loss carry-forwards	145,084.10	172,124.06
	2,853,476.31	**1,926,996.95**
Net of deferred tax liabilities	-902,718.71	-917,250.59
There is also a deferred tax asset relating primarily to goodwill, which is continually revalued based on supplementary tax balance sheets. Deferred taxes of the following amount were recognised	1,534,411.68	3,038,163.61
	3,485,169.27	**4,047,909.97**

Deferred tax liabilities of Euro 33,204.38 (2006: Euro 73,744.69) were directly recognised in equity as at 31 December 2007.

Overall, no deferred taxes were recognised on loss carry-forwards of Euro 27,594K for the subsidiaries or OVB Holding AG. This would have given rise to deferred tax assets of Euro 8,479K.

Of the loss carry-forwards, Euro 2,294K can be used over a period of 5 to 15 years. Euro 25,300K can be carried forward indefinitely.

The deferred tax assets based on the supplementary tax balance sheets arose because of the Company's conversion to a stock corporation in 2001.

B Current assets

2007: Euro	**138,099,360.08**
2006: Euro	123,200,609.00

6

6 Trade receivables

2007: Euro	**23,805,022.45**
2006: Euro	22,864,439.33

in Euro	31/12/2007	31/12/2006
Trade receivables		
1. Receivables from insurance brokerage	20,791,407.85	20,370,563.83
2. Receivables from other brokerage	1,976,774.34	1,574,545.26
3. Other trade receivables	1,036,840.26	919,330.24
	23,805,022.45	**22,864,439.33**

Impairments recognised on account of trade receivables were as follows:

in Euro	2007	2006
Impairments at 1 January	104,724.58	104,475.71
Exchange differences	154.24	248.87
Increases (impairment expenses)	30,136.80	
Used		
Reversed		
Impairments at 31 December	**135,015.62**	**104,724.58**

1. Receivables from insurance brokerage

Receivables from insurance brokerage relate primarily to claims for commission against third parties as at the balance sheet date. They do not bear interest and are generally due within 0 – 30 days.

2. Receivables from other brokerage

Receivables from other brokerage relate primarily to claims for commission as at the balance sheet date against third parties that do not qualify as insurance companies. They do not bear interest and are generally due within 0 – 30 days.

3. Other trade receivables

Other trade receivables include all receivables that exist as at the balance sheet date that do not constitute payments for brokerage.

7

7 Receivables and other assets

2007: Euro 17,670,110.35
2006: Euro 17,544,539.33

7.1 Other receivables

in Euro	31/12/2007	31/12/2006
Other receivables		
1. Receivables from affiliated companies	2,123,941.91	1,569,328.51
2. Receivables from financial advisors	10,612,421.93	11,589,292.38
3. Receivables from employees	158,131.55	216,155.18
4. Other receivables	399,926.82	319,613.60
	13,294,422.21	**13,694,389.67**

Impairments recognised on account of other receivables were as follows:

in Euro	2007	2006
Impairments at 1 January	8,991,258.10	8,126,977.20
Exchange differences	18,055.12	33,609.15
Increases (impairment expenses)	2,261,432.26	2,104,592.20
Used	-1,008,854.88	-1,245,855.64
Reversed	-123,378.32	-28,064.81
Impairments at 31 December	**10,138,512.28**	**8,991,258.10**

1. Receivables from affiliated companies

Receivables from affiliated companies relate to receivables from the Deutscher Ring Group. They primarily comprise receivables of OVB Vermögensberatung AG, Cologne, from insurance brokerage services.

Please refer to "Other Disclosures" for the conditions applicable to receivables from related parties.

2. Receivables from financial advisors

Receivables from financial advisors primarily relate to advance commission payments and claims for commission refunds. Receivables from financial advisors are generally due within 0-30 days. Receivables from individual financial advisors are netted off with 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. Cancellation reserves are not included in the netting calculation because their purpose is to cover future commission refund claims. They are reported separately under retained security.

Specific valuation allowances are recognised having regard to all available information concerning the credit rating of the debtor and the age of the receivable. Due to the number of receivables due from individual financial advisors, lump sum valuation allowances are also made based on statistical surveys depending on the net amount of receivables owed.

3. Receivables from employees

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

4. Other receivables

Other receivables include all receivables from third parties that exist as of the balance sheet date and are not allocated to any other balance sheet item.

Receivables of Euro 2,936.12 (2006: Euro 295,164.64) will fall due in over a year's time.

7.2 Other assets **2007: Euro 4,375,688.14**
2006: Euro 3,850,149.66

in Euro	**31/12/2007**	**31/12/2006**
Other assets		
1. Accrued investment income	1,170.63	1,580.17
2. Prepaid expenses	1,586,534.52	643,415.31
3. Advertising and office supplies	1,243,925.33	822,601.98
4. Payments on account	479,789.21	1,723,561.08
5. Other taxes	387,628.12	153,123.52
6. Other assets	676,640.33	505,867.60
	4,375,688.14	**3,850,149.66**

1. Accrued investment income

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

2. Prepaid expenses

Prepaid expenses relate primarily to prepaid office rent for the month of January 2008, prepaid insurance premiums and commission 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 sales and administration material.

4. Payments on account

This item primarily relates to short-term payments on account of bonding or motivational events.

5. Other taxes

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

6. Other assets

Other assets encompass all assets that exist as of the balance sheet date and are not allocated to any other balance sheet item.

8

8 Income tax receivables

2007: Euro	**5,102,046.22**
2006: Euro	4,709,537.03

Income tax receivables primarily relate to tax prepayments.

9

9 Securities and other short-term investments

2007: Euro	**53,754,042.82**
2006: Euro	54,776,713.73

in Euro	2007		2006	
	Securities	Other investments	Securities	Other investments
Amortised cost	37,043,429.12	17,384,150.77	32,289,798.25	22,676,115.86
Revaluation reserve	180,616.23	-	306,103.84	-
Amortized Cost	71,876.32	-	0.00	-
Impairment	-926,029.62	-	-495,304.22	-
Market value	**36,369,892.05**	**17,384,150.77**	**32,100,597.87**	**22,676,115.86**

In the 2007 financial year Euro 449,969.65 (2006: Euro 288,547.52) was recognised in the income statement on account of write-downs on securities. These write-downs were largely as a result of substantial declines in the price of securities held by OVB Allfinanzvermittlungs GmbH, Salzburg, in the Southern and Western Europe segment.

Euro 352,349.75 (2006: Euro 137,980.23) was transferred to the revaluation reserve in the 2007 financial year. Unrealised gains of Euro 477,837.36 (2006: Euro 2,600.00) were also taken out of the reserve.

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 rates apply, or otherwise at present value.

10

10 Cash and cash equivalents

2007: Euro 37,768,138.24
2006: Euro 23,305,379.58

in Euro	31/12/2007	31/12/2006
Cash	236,130.81	4,333,548.54
Cash equivalents	37,532,007.43	18,971,831.04
	37,768,138.24	**23,305,379.58**

Cash means the cash-in-hand of the Group companies as at the balance sheet 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 stated at nominal value and foreign currencies are stated in Euros at the closing rate on the balance sheet date.

LIABILITIES

A Equity

2007: Euro 89,580,130.65
2006: Euro 82,049,145.49

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

11

11 Subscribed capital

Subscribed capital consists of 14,251,314 no-par value ordinary shares (2006: 14,251,314).

As at 31 December 2007, the subscribed capital (share capital) of OVB Holding AG was Euro 14,251,314.00.

Transactions in fully paid in shares were as follows:

Number of shares	2007	2006
At 01/01	14,251,314	13,029,985
Plus additions from capital increases	0	1,135,000
Plus (2006: less) change in own shares	0	86,329
At 31/12	**14,251,314**	**14,251,314**

12

12 Capital reserve

2007: Euro 39,341,973.48
2006: Euro 39,341,973.48

The *capital reserve* primarily comprises premiums from the issue of shares. The change during the financial year arises because of the difference between the nominal value and the issue amount.

13

13 Own shares (treasury stock)

	2007	2006
During the financial year	0	105,119
Shares were sold at a price of Euro	0.00	2,207,499.00
The cost of the sold shares was Euro	0.00	766,823.50

There were no transactions in ordinary shares or potential ordinary shares in the period between the balance sheet date and the date of preparing the annual financial statements.

At the Annual General Meeting on 31 May 2007 the shareholders resolved to authorise the Executive Board to acquire, subject to the Supervisory Board's consent, up to a total of 250,000 own shares on or before 29 November 2008.

14

14 Revenue reserves

2007: Euro	**12,514,258.60**
2006: Euro	9,986,166.62

15

15 Other reserves

2007: Euro	**2,270,583.61**
2006: Euro	2,075,815.54

Available-for-sale reserve

Unrealised gains and losses from financial assets are recognised after accounting for deferred taxes.

Changes in the revaluation reserve during the period under review are shown in the statement of changes in equity.

16

16 Minority interests

2007: Euro	**180,356.29**
2006: Euro	230,171.47

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

The change relative to the previous year represents OVB's pro rata share of net loss for the financial year.

17

17 Net retained profits

2007: Euro	**21,021,644.67**
2006: Euro	16,163,704.38

Distributable gains and dividends

Distributable amounts relate to the net retained profits of OVB Holding AG, which are determined in accordance with the provisions of German commercial law.

At the Annual General Meeting on 31 May 2007, the shareholders passed a resolution concerning the appropriation of OVB Holding AG's net retained profits for financial year 2006.

The dividend was distributed to OVB Holding AG's shareholders on 1 June 2007.

A dividend of Euro 12,826,182.60 was distributed to shareholders in financial year 2007, which equates to a dividend of Euro 0.90 for each of the 14,251,314 shares carrying dividend rights.

In accordance with section 170 AktG, the Executive Board of OVB Holding AG proposes the following appropriation of the net retained profits reported in the annual financial statements of OVB Holding AG as at 31 December 2007:

in Euro	2007
Distribution to shareholders	16,389,011.10
Retained profits carried forward	2,553,117.24
Net retained profits	**18,942,128.34**

The distribution is equivalent to Euro 1.15 per share (2006: Euro 0.90 per share).

The number of shares carrying dividend rights, and thus the amount distributable to shareholders, may change prior to the Annual General Meeting if the Executive Board exercises its authority to purchase own shares.

B Non-current liabilities

2007: Euro	**1,134,802.10**
2006: Euro	1,378,525.69

Non-current liabilities are reclassified as current liabilities if the remaining term to maturity is less than 12 months.

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

Maturity of liabilities as of 31/12/2007

in Euro Type of liability	Total amount	1 through 3 years	3 through 5 years	More than 5 years	No due date	Secured amount
Liabilities to banks	433,174.00	152,924.43	37,013.18	243,236.39	0.00	0.00
Other liabilities	16,148.00	16,148.00	0.00	0.00	0.00	0.00

Maturity of liabilities as of 31/12/2006

in Euro Type of liability	Total amount	1 through 3 years	3 through 5 years	More than 5 years	No due date	Secured amount
Liabilities to banks	692,676.87	319,888.54	103,772.42	269,015.91	0.00	0.00
Other liabilities	35,721.46	35,721.46	0.00	0.00	0.00	0.00

18

18 Liabilities to banks

2007: Euro	**433,174.00**
2006: Euro	692,676.87

in Euro	31/12/2007	31/12/2006
The item *„Liabilities to banks“* includes other long-term bank loans of	433,174.00	692,676.87
which were taken out to set up the businesses of subsidiaries and to finance the property at Kieler Str. 438, Hamburg		
	433,174.00	**692,676.87**
Repayments on the first loan were:	50,710.07	207,554.13
Repayments on the second loan were:	208,792.80	267,454.74
As security for the loans, land charges totalling were registered in respect of the investment property in Hamburg	920,325.39	920,325.39

19

19 Provisions

2007: Euro	**636,984.38**
2006: Euro	543,794.72

in Euro	31/12/2007	31/12/2006
Provisions for pensions	444,974.20	359,269.00
Long-term provisions for employees	183,667.16	176,100.51
Other long-term provisions	8,343.02	8,425.21
	636,984.38	**543,794.72**

in Euro	01/01/2007	Currency differences	Increase in provisions	Used	Provisions released	31/12/2007
Provisions for pensions	359,269.00	0.00	85,705.20	0.00	0.00	444,974.20
Long-term provisions for employees	176,100.51	0.00	43,267.46	35,700.81	0.00	183,667.16
Other long-term provisions	8,425.21	223.17	6,844.28	7,149.64	0.00	8,343.02
	543,794.72	**223.17**	**135,816.94**	**42,850.45**	**0.00**	**636,984.38**

Provisions for pensions

OVB Holding AG has an obligation to pay pension benefits. The following pension benefits are paid to eligible recipients:

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

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

OVB Vermögensberatung (Schweiz) AG, Baar, has a statutory obligation to pay pension benefits to eleven commercial staff. The following pension benefits are paid to the eligible recipients:

- retirement benefits
- pension for surviving dependants
- disability pension

Provisions for pensions under IAS 19 have changed as follows:

in Euro	2007	2006
Provisions for pensions under IAS 19 as at 01/01	359,269.00	271,335.00
+ pension costs in the financial year (OVB Holding)	17,242.00	87,934.00
+ pension costs in the financial year (OVB Schweiz)	68,463.20	
Provisions for pensions under IAS 19 as at 31/12	444,974.20	359,269.00
The calculations were based on an assumed interest rate of	(OVB Holding) 5.50 % (OVB Schweiz) 3.00 %	4.50 %

Pension benefits of Euro 47,576.80 were paid at OVB Vermögensberatung (Schweiz) AG, Baar, in the 2007 financial year. No pension benefits are currently being paid at OVB Holding AG.

During the period when employees are eligible to receive a pension from OVB Holding AG, their benefit is increased by 6.12 percent every three years (equals 2 percent p.a.) in accordance with section 16 of the German Corporate Pensions Act (*Gesetz zur Verbesserung der betrieblichen Altersversorgung – "BetrAVG"*).

Financing of the defined benefit plans:

in Euro	31/12/2007	31/12/2006
Present value of allocated commitment	943,659.16	383,147.00
Unrecognised actuarial gains/losses	-70,072.76	23,878.00
Plan assets	428,612.20	
Provisions for pensions	444,974.20	359,269.00

Actuarial gains and losses are recognised through application of the "corridor method".

The pension plan assets of OVB Vermögensberatung (Schweiz) AG, Baar, are valued at Euro 428,612.20 (2006: Euro 0.00).

20

20 Other liabilities — **2007: Euro 16,148.00**; 2006: Euro 35,721.46

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

21

21 Deferred tax liabilities — **2007: Euro 48,495.72**; 2006: Euro 106,332.64

Deferred tax liabilities consist of the following items:

in Euro	31/12/2007	31/12/2006
Goodwill	440,266.13	333,202.45
Tangible and intangible assets	41,736.54	43,880.06
Financial instruments	147,710.23	476.11
Other assets	1,025.41	84,227.10
Provisions	320,171.09	560,438.70
Liabilities	305.03	1,358.82
	951,214.43	**1,023,583.23**
Net of deferred tax assets	-902,718.71	-917,250.59
	48,495.72	**106,332.64**

C Current liabilities — **2007: Euro 64,738,965.23**; 2006: Euro 55,436,619.57

22

22 Provisions for taxes — **2007: Euro 2,570,337.65**; 2006: Euro 2,064,752.45

in Euro	31/12/2007	31/12/2006
Income tax provisions	2,488,495.65	2,002,711.45
Other tax provisions	81,842.00	62,041.00
	2,570,337.65	**2,064,752.45**

Provisions for taxes have developed as follows:

in Euro	01/01/2007	Currency differences	Increase in provisions	Used	Provisions released	31/12/2007
Provisions for taxes	2,064,752.45	63,242.79	2,497,220.80	2,054,539.61	338.78	2,570,337.65

23

23 Other provisions

2007: Euro	**29,021,126.05**
2006: Euro	21,742,011.92

in Euro	31/12/2007	31/12/2006
1. Cancellation risks	13,468,951.67	12,266,243.15
2. Unbilled liabilities	13,183,187.22	7,543,707.92
3. Legal claims	272,013.10	323,207.90
	26,924,151.99	**20,133,158.97**
4. Other		
- Liabilities to employees	694,466.26	463,257.30
- Costs relating to the annual financial statements/audit costs	784,946.79	726,222.82
- Other obligations	617,561.01	419,372.83
	2,096,974.06	**1,608,852.95**
	29,021,126.05	**21,742,011.92**

in Euro	01/01/2007	Currency differences	Increase in provisions	Used	Provisions released	31/12/2007
1. Cancellation risks	12,266,243.15	51,828.12	4,333,455.06	3,128,834.80	53,739.86	13,468,951.67
2. Unbilled liabilities	7,543,707.92	128,955.16	18,298,918.32	12,345,174.84	443,219.34	13,183,187.22
3. Legal claims	323,207.90	49.07	36,783.71	66,460.59	21,566.99	272,013.10
4. Other	1,608,852.95	4,801.00	2,227,729.76	1,667,151.53	77,258.12	2,096,974.06
	21,742,011.92	**185,633.35**	**24,896,886.85**	**17,207,621.76**	**595,784.31**	**29,021,126.05**

The increase in provisions includes interest of Euro 0.00 (2006: Euro 0.00).

1. Cancellation risks

This provision was set aside for commission received from partner firms, which must be wholly or partially refunded by OVB as a result of the client's non-payment or the premature cancellation of brokered contracts. The amount of the provisions is calculated by multiplying net commission, the contractual liability limits which fall over time and the cancellation rate for the individual partner firm at the national level. The provisions are reviewed as of every balance sheet date and adjusted in accordance with the best estimate at the time.

2. Unbilled liabilities

Provisions are created for unbilled liabilities if the amount of the liability can only be estimated because the billable quantity and/or price are unknown. This item primarily relates to unsettled accounts with employees. If specific details cannot be provided in the individual case, the provisions are valued at the average share of commission usually attributable to employees. The provisions are reviewed as of every balance sheet date and adjusted in accordance with the best estimate at the time.

3. Legal claims

Provisions are set aside for legal claims if OVB is the defendant in any pending court proceedings as of the balance sheet date. The amount of the provision corresponds with the probable value of the claim. The provisions also include the cost of proceedings before the relevant court up until the balance sheet date. The provisions are reviewed as of every balance sheet date and adjusted in accordance with the best estimate at the time.

4. Other

Liabilities to employees

Short-term 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 every balance sheet date and adjusted in accordance with the best estimate at the time.

Costs relating to the annual financial statements/audit costs

Companies within the OVB Group are subject to a duty under commercial and tax law to prepare annual financial statements in accordance with the applicable domestic provisions and, if the entity is larger than a certain size, to have its financial statements audited. This item also includes the costs of auditing the consolidated financial statements.

24

24 Income tax liabilities — **2007: Euro 2,232,076.92**
2006: Euro 2,662,924.48

Income tax liabilities were primarily attributable to the profit before tax generated in the year under review.

25

25 Trade payables — **2007: Euro 9,751,246.85**

2006: Euro 9,450,756.04

This item includes the commission billed by financial advisors unless categorised as retained security, as well as bonuses that have accrued as of the balance sheet date but have not yet been paid. Trade payables are stated at nominal value.

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 31/12/2007

in Euro Type of liability	Total amount	Overdue	Due daily	Less than 3 months	3 through 6 months	6 through 12 months	1 through 3 years	No due date
Trade payables	9,751,246.86	73,940.09	616,382.10	2,037,991.77	2,590,061.80	36,055.69	1,648,630.41	2,748,185.00

Maturity of liabilities as of 31/12/2006

in Euro Type of liability	Total amount	Overdue	Due daily	Less than 3 months	3 through 6 months	6 through 12 months	1 through 3 years	No due date
Trade payables	9,450,756.04	272,637.27	1,436,089.48	2,616,557.02	0.00	1,681,398.17	1,282,853.89	2,161,220.21

26

26 Other liabilities

2007: Euro **21,164,177.76**
2006: Euro 19,516,174.68

Maturity of liabilities as of 31/12/2007

in Euro Type of liability	Total amount	Overdue	Due daily	Less than 3 months	3 through 6 months	6 through 12 months	1 through 3 years	3 through 5 years	No due date
1. Retained security	16,363,744.92	0.00	220,834.17	455,768.94	8,627,166.30	50,302.82	2,204,940.96	3,402,444.28	1,402,287.45
2. Liabilities based on other taxes	1,012,530.76	55,783.47	512,722.62	422,027.73	21,996.94	0.00	0.00	0.00	0.00
3. Liabilities to employees	886,043.13	0.00	527,197.92	231,508.45	49,435.62	43,956.74	0.00	0.00	33,944.40
4. Liabilities to partner firms	1,548,229.91	0.00	158,767.67	932,142.04	289,978.22	0.00	0.00	0.00	167,341.98
5. Liabilities to banks	243,096.80	0.00	0.00	201,514.43	0.00	41,582.37	0.00	0.00	0.00
6. Other liabilities to external sales staff	187,564.34	0.00	0.00	187,564.34	0.00	0.00	0.00	0.00	0.00
7. Other liabilities	922,967.90	7,165.31	455,824.27	300,589.61	108,308.35	33,474.50	158.44	0.00	17,447.42

Maturity of liabilities as of 31/12/2006

in Euro Type of liability	Total amount	Overdue	Due daily	Less than 3 months	3 through 6 months	6 through 12 months	1 through 3 years	3 through 5 years	No due date
1. Retained security	16,522,851.69	0.00	695,383.31	66,536.47	996,517.16	10,499,007.23	258,236.78	2,782,625.83	1,224,544.91
2. Liabilities based on other taxes	563,244.49	37,174.13	219,354.93	285,143.05	21,572.38	0.00	0.00	0.00	0.00
3. Liabilities to employees	513,820.07	2,603.64	323,086.86	132,740.04	19,853.73	0.00	0.00	0.00	35,535.80
4. Liabilities to partner firms	678,249.85	0.00	56,485.48	231,895.29	5,312.87	0.00	0.00	0.00	384,556.21
5. Liabilities to banks	11,557.23	0.00	10,886.50	670.73	0.00	0.00	0.00	0.00	0.00
6. Other liabilities to external sales staff	178,110.93	668.82	0.00	26,536.67	0.00	0.00	0.00	0.00	150,905.44
7. Other liabilities	1,048,340.43	2,458.40	492,101.60	498,546.64	18,612.99	8,900.00	14,715.57	0.00	13,005.23

1. Retained security

Retained security includes the financial advisors' cancellation reserve. 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 have already been assessed.

3. Liabilities to employees

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

4. Liabilities to partner firms

Liabilities to non-affiliated partner firms 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

Liabilities to banks are recognised for liabilities with a maturity of less than 12 months from the balance sheet date. They are recognised at nominal value.

6. Other liabilities to external sales staff

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

III. Explanatory notes on the consolidated income statement

27

27 Brokerage income

2007: Euro 221,784,780.40
2006: Euro 186,982,067.41

All income from product partners is recognised as *brokerage income*. Apart from commission, it also includes bonuses and other benefits paid by product partners.

In accordance with IAS 18, OVB's *brokerage income* is recognised in the year in which it is included in the accounts of the product partners.

For details of the operating variables, please refer to the notes on sales.

28

28 Other operating income

2007: Euro 12,564,937.57
2006: Euro 11,614,525.17

in Euro	2007	2006
Refunds from financial advisors	6,707,173.52	5,392,843.11
Income from the release of provisions	592,874.15	581,208.79
Own work capitalised	0.00	293,733.73
Income from the cancellation of expired liabilities	759,800.71	924,102.27
Rental income from sub-leases	70,861.80	100,840.07
Refunds from Group companies	0.00	0.00
Income from the disposal of tangible and intangible assets	25,252.96	42,849.55
Impairment loss reversal	76,918.91	12,052.59
Other	4,332,055.52	4,266,895.06
	12,564,937.57	**11,614,525.17**

Refunds from financial advisors generally arise because of their participation in seminars, use of materials and the lease of vehicles and IT equipment. These refunds are offset against expenses without a profit mark-up.

Own work capitalised relates to internally generated software within the Group (see asset schedule).

Other income relates to grants paid by partner firms towards the cost of materials, personnel, representative offices, training and events, as well as insurance payouts.

in Euro	2007	2006
The reversal of impairment losses relates to fixed assets	0.00	0.00
and other assets	76,918.91	12,052.59
	76,918.91	**12,052.59**

The reversal of impairment losses relates primarily to OVB Vermögensberatung (Schweiz), Baar, in the Southern and Western Europe segment.

29

29 Brokerage expenses

2007: Euro -134,382,835.61
2006: Euro -112,430,517.62

in Euro	2007	2006
Current commission	-119,572,966.37	-101,065,354.15
Other commission	-14,809,869.24	-11,365,163.47
	-134,382,835.61	**-112,430,517.62**

This item includes all payments to financial advisors. Current commission encompasses all directly performance-based commission, i.e. new business commission, "dynamic commission" (commission linked to increases in the premiums payable under a brokered contract) and policy service commission. All other commission is reported under "other commission" and is stated together with its specific purpose, e.g. other performance-based remuneration.

For details of the operating variables, please refer to the notes on sales.

30

30 Personnel expenses

2007: Euro -21,512,091.32
2006: Euro -18,259,279.50

in Euro	2007	2006
Wages and salaries	-17,899,194.35	-15,125,202.01
Social security	-3,028,936.32	-2,670,961.16
Expenses in respect of old age pensions	-583,960.65	-463,116.33
	-21,512,091.32	**-18,259,279.50**

31

31 Depreciation and amortisation

2007: Euro -4,303,081.40
2006: Euro -3,816,238.83

in Euro	2007	2006
Amortisation of intangible assets	-2,154,909.78	-2,260,790.90
Depreciation of tangible assets	-2,148,171.62	-1,555,447.93
	-4,303,081.40	**-3,816,238.83**

Depreciation and amortisation in the 2007 financial year is shown in the asset schedule.

32

32 Other operating expenses

2007: Euro -45,196,580.00
2006: Euro -39,967,566.52

in Euro	2007	2006
Administrative expenses		
Legal costs, costs relating to the annual financial statements, advisors' costs	-4,839,149.00	-4,459,304.55
Costs relating to the maintenance and operation of premises	-2,707,441.59	-2,331,993.44
Communication costs	-1,507,907.85	-1,437,911.67
IT expenses	-2,246,627.76	-1,717,622.55
Vehicle expenses	-928,139.34	-913,562.18
Rent for furniture and equipment	-782,326.56	-870,764.13
Other administrative expenses	-4,837,538.48	-4,427,293.06
	-17,849,130.58	**-16,158,451.58**
Sales and marketing costs		
Seminars, competitions, functions	-8,964,785.50	-8,558,106.90
Advertising costs, public relations	-2,988,441.14	-3,584,812.61
Other sales and marketing costs	-8,106,970.07	-3,858,530.55
	-20,060,196.71	**-16,001,450.06**

in Euro	2007	2006
Other operating expenses		
Depreciation/amortisation, impairment of receivables	-2,291,569.06	-2,104,592.20
Foreign currency losses	-553,977.50	-509,602.03
Supervisory Board remuneration	-207,698.78	-357,066.91
Losses from asset retirement	-150,334.78	-84,612.23
Other expenses	-1,486,879.13	-2,998,897.15
	-4,690,459.25	**-6,054,770.52**
Non-income-based taxes		
Value added tax on purchased goods/services	-2,404,930.39	-1,614,229.76
Other non-income-based taxes	-191,863.07	-138,664.60
	-2,596,793.46	**-1,752,894.36**
	-45,196,580.00	**-39,967,566.52**

Operating leases

The amount of future minimum lease payments under non-cancellable operating leases is as follows:

in Euro	31/12/2007	31/12/2006
For the next year	1,992,533.87	2,480,996.86
Two through five years combined	1,876,695.55	3,309,239.31
	3,869,229.42	**5,790,236.17**

There were no future minimum lease payments under non-cancellable operating leases beyond five years. The present value of lease payments under operating leases amounts to Euro 3,494,991.64 (2006: Euro 5,354,799.82).

The following payments under leases and sub-leases are recognised in the income statement:

in Euro	2007	2006
Amount of minimum lease payments	703,094.02	484,617.00
Contingent rent	70,865.77	43,903.21
Payments under sub-leases	-88,247.41	-169,695.80
	685,712.38	**358,824.41**

Contingent rent specifically relates to excess mileage.

Payments were made under operating leases for vehicles, telephone equipment, photocopiers and other operating and office equipment and office rent. The term of these leases ranges between 3 and 36 months.

33

33 Financial result

2007: Euro	**2,913,537.53**
2006: Euro	1,552,029.69

in Euro	2007	2006
Disposal of long-term financial investments	**479,459.56**	**1,034.09**
Finance income		
Bank interest	1,100,686.52	734,992.89
Income from securities	607,104.91	590,405.62
Reversal of impairment charges on investments	60,942.26	112,105.46
Income from investment property	38,759.56	32,244.53
Income from loans	35,258.28	12,196.23
Other interest and similar income	1,298,165.08	631,522.48
	3,140,916.61	**2,113,467.21**
Finance expenses		
Interest and similar expenses	-146,088.63	-160,205.51
Impairment charges on investments	-560,750.01	-402,266.10
	-706,838.64	**-562,471.61**
Financial result	**2,913,537.53**	**1,552,029.69**

Interest income and expense are recognised on an accrual basis.

Income from fixed-income securities primarily relates to interest credits.

34

34 Taxes on income

2007: Euro	**-11,706,267.47**
2006: Euro	-9,343,566.07

in Euro	2007	2006
Actual income taxes	-11,102,482.43	-8,345,558.79
Deferred income taxes	-603,785.04	-998,007.28
	-11,706,267.47	**-9,343,566.07**

Tax expenses include foreign current taxes amounting to Euro 7,906,489.73 (2006: Euro 5,962,878.71) and foreign deferred tax income of Euro 753,889.61 (2006: Euro 194,937.41).

Actual and deferred taxes are determined based on the tax rates applicable in the relevant country. Deferred taxes for German companies were calculated based on a company tax rate of 15.0 percent, the solidarity surcharge of 5.5 percent and an average trade tax rate of 15.75 percent.

In addition to the amount recognised in the consolidated income statement, deferred taxes of Euro 33,204.38 (2006: Euro 73,744.69), which relate to items recognised directly in equity, were posted directly to equity.

The effective income tax rate applied to the pre-tax result from ordinary activities was 34.8 percent (2006: 32.5 percent).

The following reconciliation statement shows the relationship between the result from ordinary activities and taxes on income during the financial year. The anticipated tax expense is calculated based on the German combined income tax rate of currently 40.0 percent.

Reconciliation statement

in Euro	2007	2006
Net profit before income taxes according to IFRS	31,868,667.17	25,675,019.80
Consolidated income tax rate	40.0 %	40.0 %
Theoretical income tax expense in the financial year	**-12,747,466.87**	**-10,270,007.92**
Taxes based on non-deductible expenses (-) / tax-free income (+)	-1,276,555.89	-819,382.92
Effect of other tax rates applicable to domestic and foreign operating subsidiaries	4,869,073.57	4,430,819.43
Income taxes unrelated to the accounting period	-28,381.56	-9,876.70
Tax change based on temporary differences and tax losses for which no deferred tax assets were created	-2,522,936.72	-2,675,117.96
Other	0.00	0.00
Taxes on income	**-11,706,267.47**	**-9,343,566.07**

35

35 Consolidated net income for the year

2007: Euro 20,212,214.88
2006: Euro 16,309,111.50

36

36 Minority interests

2007: Euro 49,815.18
2006: Euro -22,343.23

This item relates to minority 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 undiluted/diluted earnings per share are calculated based on the following figures:

in Euro	2007	2006
Net income		
Basis for undiluted/diluted earnings per share (share of net income for the period attributable to shareholders of the parent company)	20,212,214.88	16,309,111.50

The Executive Board's authorisation to increase the share capital in return for cash contributions by issuing preferred non-voting shares has no affect on the basis for calculating undiluted/diluted earnings per share.

	2007	2006
Number of shares		
Weighted average number of shares for undiluted/diluted earnings per share	14,251,314	13,531,046
Undiluted/diluted earnings per share in Euro	**1.42**	**1.21**

IV. Other disclosures

Contingent liabilities

Guarantees and assumption of liabilities

The Group has given *guarantees and assumed liabilities* on behalf of subsidiaries and 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 whose value can be reliably estimated. Guarantees and the assumption of liabilities totalled Euro 5,319K in the year under review.

Litigation risks

The Group is 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 is of the view that adequate provisions have already been created for contingent liabilities arising from guarantees, the assumption of liabilities and legal disputes, and that they will not have any material effect on the assets and liabilities of the Group.

Average number of employees

The Group employed an average of 455.5 commercial staff during the year under review, of which 50 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 Frahnert, Diplom-Kaufmann (Chairman)
- Oskar Heitz, Kaufmann
- Bernd Neumann, Diplom-Betriebswirt (FH) (from 1 August 2007 through 31 October 2007)

Members of the Supervisory Board of OVB Holding AG:

- Wolfgang Fauter, Chairman of the Executive Boards of Deutscher Ring insurance companies (Chairman)
- Hartmut Mellinger, member of the Executive Boards of Deutscher Ring insurance companies (Deputy Chairman) (until May 2007)
- Dr. Joachim Lemppenau, Chairman of the Executive Board of the Volksfürsorge companies (until May 2007)
- Michael Johnigk, member of the Executive Board of the SIGNAL IDUNA Group
- Marlies Hirschberg-Tafel, member of the Executive Boards of the Deutscher Ring insurance companies
- Christian Graf von Bassewitz, Banker (ret.)
- Jens O. Geldmacher, member of the Executive Boards of the Deutscher Ring insurance companies (Deputy Chairman) (since May 2007)
- Jörn Stapelfeld, Chairman of the Executive Board of Volksfürsorge Holding AG (since May 2007)

Remuneration paid to the Supervisory Board and the Executive Board

The total remuneration paid to the members of the Supervisory Board in the 2007 financial year was Euro 129,642.38.

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

in Euro	Michael Frahnert	Oskar Heitz	Bernd Neumann
Fixed component	574,876.93	241,705.21	60,645.67
Variable component	252,303.80	98,994.64	6,838.12
Total remuneration	**827,180.73**	**340,699.85**	**67,483.79**

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

No remuneration was paid to former members of the Executive Board or Supervisory Board in 2007. No benefits arising from the termination of an employment contract (IAS 25.16(d)) were paid. No other long-term benefits or share-based remuneration was granted in 2007.

OVB Holding AG's pension obligations to a former member of management amounted to Euro 376,511.00 as at the balance sheet date. 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 Euro 195,045.92. The auditor's fee comprised the following in the 2007 financial year:

in Euro	2007	2006
Audit costs	195,045.92	108,092.65
Cost of preparing auditor's opinion and valuation services	0.00	195,800.62
Cost of tax advice	0.00	0.00
Cost of other services	0.00	0.00

Events after the balance sheet date

No events subject to reporting requirements occurred after the balance sheet date.

Related-party transactions

Transactions between the Company and its subsidiaries, which are regarded as related parties, were eliminated through consolidation and are not discussed in these notes.

As at 31 December 2007, Deutscher Ring Beteiligungsholding GmbH and Deutscher Ring Financial Services GmbH held shares in OVB Holding AG carrying 35.9 percent and 14.2 percent of voting rights respectively. These companies belong to the Basler Group, which is headed by Bâloise Holding AG.

As at 31 December 2007, Volksfürsorge Deutsche Lebensversicherung AG held shares in OVB Holding AG carrying 10.7 percent of voting rights. This company is part of the Generali Group, which is headed by AMB Generali Holding AG.

As at 31 December 2007, IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe held shares in OVB Holding AG carrying 10.7 percent of voting rights. It is owned by the SIGNAL IDUNA Group.

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

The sales from contracts with companies in the Basler Group are primarily generated in the Germany segment and amounted to Euro 26,580K (2006: Euro 28,087K).

As at the balance sheet date, receivables from and liabilities to companies in the Basler Group amounted to:

in Euro	31/12/2007	31/12/2006
Receivables	2,196,157.68	1,569,328.53
Liabilities	0.00	0.00

Contracts with companies in the SIGNAL IDUNA Group contributed Euro 5,094K to sales (2006: Euro 6,828K), also primarily in the Germany segment.

As at the balance sheet date, receivables from and liabilities to companies in the SIGNAL IDUNA Group amounted to:

in Euro	31/12/2007	31/12/2006
Receivables	1,176,176.14	251,103.48
Liabilities	0.00	0.00

Sales from contracts with companies in the Generali Group were primarily generated in the Germany segment and the Central and Eastern Europe segment. They contributed Euro 19,135K to sales (2006: Euro 20,723K).

As at the balance sheet date, receivables from and liabilities to companies in the Generali Group amounted to:

in Euro	31/12/2007	31/12/2006
Receivables	9,302,682.52	7,995,198.70
Liabilities	0.00	0.00

The terms and conditions of brokerage contracts concluded with related parties are similar to the conditions on which OVB enters into contracts with other providers of financial products that are not related parties.

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

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

OVB Holding AG and OVB Vermögensberatung AG disclosed contracts with companies in the Basler Group in financial year 2007 and in previous years in accordance with section 312 AktG. Each report contained the following final statement:

“For each transaction subject to reporting requirements, our company has received consideration appropriate to the circumstances of the transaction as known to us at the time.”

Statement under section 161 AktG

The Executive Board and the Supervisory Board of OVB Holding AG have issued the statement required under section 161 AktG for 2007 and have made such statement permanently available to shareholders.

Statement under section 37v WpHG

The financial statements constitute an annual report within the meaning of the German Transparency Directive Implementation Act (*Transparenzrichtlinie-Umsetzungsgesetz*) (section 37v WpHG) of 5 January 2007.

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 2008

Michael Frahnert

Oskar Heitz

Applied accounting standards and provisions (as at 31 December 2007)

Standard/ provision[1]	As of	English name	German name	Applicable since[2]	Endorsed by EU Regulation[3]
1. International Financial Reporting Standards (IFRS)[4]					
1.1 International Accounting Standards (IAS)					
IAS 1	2005	Presentation of Financial Statements	Darstellung des Abschlusses	1/1/2007	108/2006 of 11/1/2006
IAS 7	rev. 1992	Cash Flow Statements	Kapitalflussrechnungen	1/1/1994	1725/2003 of 29/9/2003
IAS 8	rev. 2003	Accounting Policies. Changes in Accounting, Estimates and Errors	Bilanzierungs- und Bewertungsmethoden, Änderungen von Schätzungen und Fehler	1/1/2005	2238/2004 of 29/12/2004
IAS 10	rev. 2003	Events after the Balance Sheet Date	Ereignisse nach dem Bilanzstichtag	1/1/2005	2238/2004 of 29/12/2004
IAS 12	rev. 2000	Income Taxes	Ertragsteuern	1/1/1998	1725/2003 of 29/9/2003
IAS 14	rev. 1997	Segment Reporting	Segmentberichterstattung	1/7/1998	1725/2003 of 29/9/2003
IAS 16	rev. 2003	Property, Plant and Equipment	Sachanlagen	1/1/2005	2238/2004 of 29/12/2004
IAS 17	rev. 2003	Leases	Leasingverhältnisse	1/1/2005	2238/2004 of 29/12/2004
IAS 18	rev. 1993	Revenue	Erträge	1/1/1995	1725/2003 of 29/9/2003
IAS 19	2004	Employee Benefits	Leistungen an Arbeitnehmer	1/11/2005	1910/2005 of 8/11/2005
IAS 21	2005	The Effects of Changes in Foreign Exchange Rates	Auswirkungen von Änderungen der Wechselkurse	1/1/2006	708/2006 of 8/5/2006
IAS 24	rev. 2003	Related Party Disclosures	Angaben über Beziehungen zu nahe stehenden Unternehmen und Personen	1/1/2005	2238/2004 of 29/12/2004
IAS 27	rev. 2003	Consolidated and Separate Financial Statements	Konzern- und separate Einzelabschlüsse nach IFRS	1/1/2005	2238/2004 of 29/12/2004
IAS 32	rev. 2003	Financial Instruments: Disclosure and Presentation	Finanzinstrumente: Angaben und Darstellung	1/1/2005	2237/2004 of 29/12/2004
IAS 33	rev. 2003	Earnings per Share	Ergebnis je Aktie	1/1/2005	2238/2004 of 29/12/2004
IAS 34	1998	Interim Financial Reporting	Zwischenberichterstattung	1/1/1999	2238/2004 of 29/12/2004
IAS 36	rev. 2004	Impairment of Assets	Wertminderung von Vermögenswerten	31/3/2004	2236/2004 of 29/12/2004
IAS 37	1998	Provisions, Contingent Liabilities and Contingent Assets	Rückstellungen, Eventualschulden und Eventualforderungen	1/7/1999	1725/2003 of 29/9/2003
IAS 38	rev. 2004	Intangible Assets	Immaterielle Vermögenswerte	31/3/2004	2236/2004 of 29/12/2004
IAS 39	2005	Financial Guarantee Contracts	Finanzgarantien	1/1/2006	108/2006 of 11/1/2006
IAS 40	rev. 2003	Investment Property	Als Finanzinvestition gehaltene Immobilien	1/1/2005	2238/2004 of 29/12/2004

Standard/ provision[1]	As of	English name	German name	Applicable since[2]	Endorsed by EU Regulation[3]
1.2. International Financial Reporting Standards (IFRS)[4]					
IFRS 7	2004	Financial Instruments: Disclosures	Finanzinstrumente: Angaben	1/1/2007	108/2006 of 11/1/2006
1.3. International Financial Reporting Interpretation Commitee (IFRIC)					
IFRIC 10	2006	Interim Financial Reporting and Impairment	Zwischenberichterstattung und Wertminderung	1/1/2007	610/2007 of 1/6/2007
2. German Accounting Standards (Deutscher Rechnungslegungs-Standard (DRS))[5]					
DRS 15	rev. 2005	n/a	Lageberichterstattung	1/1/2003/ 1/1/2004/ 1/1/2005	n/a
3. Provisions relating to capital markets					
WpHG	2007	n/a	Wertpapierhandelsgesetz; particularly ss.37v to 37z	1/1/2007	n/a
DCGK in conj. with s. 161 AktG	2007	n/a	Deutscher Corporate Governance Kodex	31/12/2007	n/a
FWBO	2007	n/a	Frankfurter Wertpapierbörsenordnung	1/11/2007	n/a

n/a = not applicable

Key

[1] Not all standards/provisions existing as of the balance sheet date have been listed, only those of relevance to the Group.

[2] Date from which the standard becomes mandatory according to the IFRS. Earlier voluntary application is often permitted. An express reference is contained in the notes if the Group voluntarily applies a standard earlier than required.

[3] Section 315a (1) HGB in conjunction with the so-called IAS Regulation (EU Regulation 1606/2002) requires the Group to apply the IFRS "endorsed" by the EU. The stated date is the date of endorsement by the EU Commission (publication in the Official Journal takes place shortly thereafter).

With respect to the date of application of the IFRS endorsed in EU law, the dates set forth in the standards generally apply (see "applicable since" column). If an IFRS is endorsed by the EU after the balance sheet date but before the "date the financial statements are signed", the standard can still be applied in the annual financial statements (EU Commission clarification at the ARC meeting on 30 November 2005).

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

[5] The DRS apply to the extent that they govern matters that are required to be taken into account under section 315a HGB but are not already governed by the IFRS.

Auditor's Report

We have audited the consolidated financial statements prepared by OVB Holding AG, Cologne, (consisting of the balance sheet, income statement, statement of changes in equity, cash flow statement and notes) and the consolidated management report for the financial year from 1 January to 31 December 2007. The company's Executive Board is responsible for the preparation of the consolidated financial statements and the consolidated management report in accordance with the IFRS, as applicable in the European Union, and the supplementary commercial law provisions applicable pursuant to section 315 a (1) of the German Commercial Code (*Handelsgesetzbuch – "HGB"*). Our responsibility is to express an opinion on the consolidated financial statements and the consolidated management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB and the generally accepted standards in Germany for the audit of financial statements promulgated by the German Institute of Auditors (IDW). These standards require that we plan and perform the audit such that material misstatements affecting the presentation of the assets, liabilities, financial position and profit or loss in the consolidated financial statements and in the consolidated management report are, having regard to German accounting principles, detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company, as well as evaluations of possible misstatements, are taken into account in determining the audit procedures. The effectiveness of the internal control system and the evidence supporting the disclosures in the consolidated financial statements and the consolidated management report are examined primarily by conducting spot checks within the framework of the audit. During the audit, we assess the annual financial statements of the companies included in the consolidated financial statements, the classification of companies as part of the consolidated Group, the accounting and consolidation principles applied and the significant estimates made by the Executive Board. We also evaluate the overall presentation of the consolidated financial statements and the consolidated management report. We believe that our audit provides a sufficiently sound basis for our opinion.

Our audit has not led to any reservations.

In our opinion and based on the findings obtained during the audit, the consolidated financial statements are in accordance with the IFRS, as applicable in the European Union, and the supplementary commercial law provisions applicable pursuant to section 315 a (1) HGB, and provide in accordance with these provisions a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The consolidated management report accords with the consolidated financial statements and generally conveys an accurate picture of the Group's position and accurately presents the opportunities and risks associated with future development.

Düsseldorf, 7 March 2008

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Michael Peters	ppa. Ralf Scherello
Auditor	Auditor

Wolfgang Fauter, Chairman of the Supervisory Board, OVB Holding AG

Report of the Supervisory Board

Dear shareholders,

2007 was a successful financial year for OVB Holding AG. The results achieved endorse the company's pan-European growth strategy.

The Supervisory Board performed the tasks required of it in the year under review in accordance with the applicable laws, the articles of association and the rules of procedure. We regularly advised and monitored the Executive Board in relation to company management. The Supervisory Board was directly involved in all decisions of fundamental significance to the company. The Executive Board kept us updated with regular and comprehensive reports, both written and oral, concerning corporate planning, the course of business, strategic development and the current state of the business. Budget variances and plan deviations were explained in detail. The Executive Board consulted us in relation to the strategic direction of the group. We had detailed discussions on transactions of significance to the company based on reports provided by the Executive Board. The Supervisory Board passed the motions put forward by the Executive Board after thorough review and deliberation.

In total, four regular Supervisory Board meetings were convened, with all members attending each meeting. Where necessary, the Supervisory Board adopted resolutions by submitting written votes. Outside of Supervisory Board meetings, I as Supervisory Board Chairman was in continuous contact with the Executive Board and was therefore kept up-to-date on current developments and material transactions.

The Supervisory Board established an Audit Committee which dealt with the annual financial statements and the management reports of OVB Holding AG and the proposal concerning the appropriation of profits. The Audit Committee met immediately prior to each of the four Supervisory Board meetings and then reported directly to the Supervisory Board. There are no other Supervisory Board committees. Instead, relevant issues are addressed by the full Supervisory Board.

Matters addressed during Supervisory Board meetings

Business performance and the sales and earnings development of the group and its segments, as well as developments involving employees and financial advisors were regular items on the agenda of Supervisory Board meetings. The Supervisory Board also regularly addressed the financial situation, medium-term corporate planning, implementation of the pan-European strategy and risk management. At the meeting on 22 March 2007 we primarily looked at the financial statements and management reports of OVB Holding AG and the group, discussed business performance in the 2006 financial year and resolved on a dividend proposal. The matters addressed at the meetings on 22 March and 31 May 2007 included the prerequisites for and the business plan and progress of the project to enter the Ukrainian market, which took place in the summer of 2007. We also made decisions on Executive Board-specific personnel matters. Apart from the development and direction or our group companies, corporate governance and group-wide compliance systems were among the main topics discussed at our meetings in the second half of the year.

Corporate Governance

The Executive Board and the Supervisory Board of OVB Holding AG are committed to increasing the company's value over the long term in line with good corporate governance. The Supervisory Board has continually monitored amendments to the German Corporate Governance Code. We have taken on board the amendments to the German Corporate Governance Code published in the summer of 2007 by the Government Commission on the German Corporate Governance Code, relating primarily to severance arrangements for executive board members, supervisory board nomination committees and compliance. Compliance principles should be implemented in the course of the 2008 financial year. Detailed statements in relation to corporate governance at OVB Holding AG can be found in the Corporate Governance Report. The updated corporate governance principles of OVB Holding AG developed jointly and adopted by the Supervisory Board and the Executive Board will be published together with the updated declaration of conformity in March 2008. The declaration of conformity contains four deviations from the recommendations of the German Corporate Governance Code.

Deliberation and audit of the 2007 consolidated financial statements

The auditor confirmed that the conditions for an exemption from preparing financial statements in accordance with German law were met. The consolidated financial statements, which were prepared in accordance with the International Financial Reporting Standards (IFRS), were audited and issued with an unqualified auditor's opinion by the auditor, PWC Deutsche Revision Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Düsseldorf, which was appointed at the Annual General Meeting on 31 May 2007 and retained by the Supervisory Board. The consolidated financial statements were supplemented by a consolidated management report.

The necessary financial documentation and management reports, the Executive Board's proposal for the appropriation of profits and the audit reports were provided to the Supervisory Board and were discussed by the Supervisory Board's Audit Committee as part of a thorough preliminary audit at which the auditor, who was available to answer additional questions, and the Executive Board were also present. A report of these discussions was presented to the Supervisory Board. The auditor also participated in the deliberations of the Supervisory Board and was available to provide additional information. At its meeting, the Supervisory Board agreed with the auditor's findings and adopted them without qualification as the final result of its own review. The Supervisory Board reviewed the annual financial statements and approved them at its meeting on 18 March 2008 and thus adopted the annual financial statements. After review, the Supervisory Board also agreed with the Executive Board's proposal for the appropriation of profits at this meeting. At the same meeting the Supervisory Board also adopted the 2007 consolidated financial statements, which it had also reviewed.

In addition, the report by the Executive Board regarding relationships with affiliated companies was also audited by PWC Deutsche Revision Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Düsseldorf, and the following audit statement was issued:

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

1. the actual disclosures contained in this report are accurate;
2. the consideration paid by the Company for the transactions listed in the report was not unreasonably high and any disadvantages have been offset."

The Supervisory Board reviewed the Executive Board's report on relationships with affiliated companies and the associated audit report and endorses the auditor's findings. The auditor attended and was available to answer questions at the Supervisory Board meeting at which the Executive Board's report on relationships with affiliated companies was addressed. Based on the conclusive outcome of its own review, the Supervisory Board confirms that there are no objections to the Executive Board's statement at the end of its report on relationships with affiliated companies.

Changes in membership of the Supervisory Board and the Executive Board

At the close of the Annual General Meeting on 31 May 2007, Hartmut Mellinger and Joachim Lemppenau left the Supervisory Board. The Supervisory Board wishes to thank both gentlemen for their expert and constructive contributions and for their commitment over so many years. The shareholders elected Jens O. Geldmacher and Jörn Stapelfeld as new members of the Supervisory Board for the remainder of the current terms of office. Christian Graf von Bassewitz, who was previously appointed by the Local Court until the close of the Annual General Meeting on 31 May 2007, was also appointed for the remainder of the current term of office. All positions on the Supervisory Board will be up for re-election at the Annual General Meeting on 3 June 2008.

The Supervisory Board appointed Bernd Neumann as an ordinary member of the Executive Board effective 1 August 2007; the Supervisory Board complied with his wishes after the end of his appointment effective 31 October 2007.

The Supervisory Board would like to thank the Executive Board, the company's management and those in charge of all of the affiliated companies, as well as all the financial advisors and staff at the OVB Group for their huge personal commitment in the successful 2007 financial year.

Cologne, 18 March 2008
The Supervisory Board

Wolfgang Fauter
Chairman

Corporate Governance

The Executive Board and Supervisory Board of OVB Holding AG focus their actions on increasing the shareholder value. The German Corporate Governance Code (”GCGC“) stipulates standards relating to the management and supervision of listed companies, and these standards support a value-add approach to management. OVB Holding AG has taken these standards on board, and in 2007 it drafted Corporate Governance Principles based on the Code and updates them regularly. These Principles enhance the transparency and efficiency of company management and provide confidence for investors, clients, financial advisors, employees and the general public. In the following Corporate Governance Report, the Executive Board and the Supervisory Board present the key aspects and developments of corporate governance at OVB Holding AG.

Dual board system – Executive Board and Supervisory Board

As enshrined in German stock corporation law, OVB Holding AG has an Executive Board and a Supervisory Board and thus a dual board system. The Executive Board currently consists of two members and is solely responsible for managing the company. The Supervisory Board, which has six members elected from among the company's shareholders, has a monitoring and advisory role. The Executive Board and the Supervisory Board maintain open lines of communication and work closely with one another for the good of the company.

OVB Holding AG Executive Board

Michael Frahnert
(Born 1946, in office since 2001, appointed until 2010)
Chairman of the Executive Board of OVB Holding AG Chairman of the Executive Board of OVB Vermögensberatung AG

Oskar Heitz
(Born 1953, in office since 2001, appointed until 2010)
Chief Financial Officer of OVB Holding AG Member of the Executive Board of OVB Vermögensberatung AG

OVB Holding AG Supervisory Board

*Wolfgang Fauter**
(Born 1951, in office since 2001, elected until 2008)
Chairman of the Supervisory Board
Chairman of the Executive Board of Deutscher Ring Lebensversicherungs-AG, Deutscher Ring Krankenversicherungsverein a.G. and Deutscher Ring Sachversicherungs-AG, Hamburg

Jens O. Geldmacher
(Born 1963, in office since 2007, elected until 2008)
Deputy Chairman of the Supervisory Board
Member of the Executive Board of Deutscher Ring Lebensversicherungs-AG, Deutscher Ring Krankenversicherungsverein a.G. and Deutscher Ring Sachversicherungs-AG, Hamburg

*Christian Graf von Bassewitz**
(Born 1940, in office since 2006, elected until 2008)
Retired banker, formerly the general partner of Bankhaus Lampe KG

Marlies Hirschberg-Tafel
(Born 1949, in office since 2001, elected until 2008)
Member of the Executive Board of Deutscher Ring Lebensversicherungs-AG, Deutscher Ring Krankenversicherungsverein a.G. and Deutscher Ring Sachversicherungs-AG, Hamburg

*Michael Johnigk**
(Born 1953, in office since 2001, elected until 2008)
Member of the Executive Board of Signal Krankenversicherung a.G., IDUNA Vereinigte Lebensversicherung a.G. für Handwerk, Handel und Gewerbe, SIGNAL Unfallversicherung a.G. and SIGNAL IDUNA Allgemeine Versicherung, Dortmund

Jörn Stapelfeld
(Born 1961, in office since 2007, elected until 2008) Chairman of the Executive Board of Volksfürsorge Holding AG

**Member of the Audit Committee*

Corporate governance developments

First Annual General Meeting

In May 2007 OVB Holding AG held its first Annual General Meeting since the IPO in July 2006. All items on the agenda were accepted with a large majority. Opposing motions put forward by one shareholder were rejected by management as unfounded. Around 80 percent of the share capital was represented at the Annual General Meeting. The shareholders who attended used the opportunity to talk directly with management. Discussions were open and constructive.

New members of the Supervisory Board

Hartmut Mellinger and Joachim Lemppenau resigned from the Supervisory Board of OVB Holding AG with effect from the close of the Annual General Meeting on 31 May 2007. The court appointment of Christian Graf von Bassewitz also ended at that time. The Annual General Meeting individually elected two new members of the Supervisory Board, Jens O. Geldmacher and Jörn Stapelfeld. Christian Graf von Bassewitz was reappointed to the Supervisory Board.

Audit Committee

The members of the Audit Committee are Wolfgang Fauter, Christian Graf von Bassewitz and Michael Johnigk, as well as Jörn Stapelfeld as a substitute. Wolfgang Fauter chairs the Audit Committee. In this instance OVB Holding AG deviates from the suggestion under section 5.2 of the GCGC. The Audit Committee meets immediately prior to the four Supervisory Board meetings and then reports directly to the Supervisory Board on its discussions.

Compliance

Compliance with in-house directions and decisions, whether specific to a division, a company or the group, enhances the transparency and efficiency of business processes. Group management sets the relevant standards and makes the fundamental decisions. Comprehensive compliance principles are currently being drafted at OVB Holding AG and will be implemented in the course of the 2008 financial year. The compliance principles will be supplemented by the Employment Code of Conduct (Kodex zum Arbeitsverhalten) and the Data Protection Directive and other directives, if applicable. Each subsidiary will be responsible for compliance monitoring and reporting, which is soon to be introduced.

Revision of the Corporate Governance Principles

OVB Holding AG revised and amended its Corporate Governance Principles after the Code was updated in June 2007. The major changes to the Code related to the recommendation to create a nomination committee of the Supervisory Board and the much discussed suggestion to limit severance payments. Given its size, the Supervisory Board of OVB Holding AG elected not to establish another committee, with the Supervisory Board as a whole addressing the relevant issues. The employment agreements with Executive Board members do not provide for severance payments. OVB Holding AG otherwise adhered to the Code's standards in this regard.

Declaration of conformity

Since the last declaration of conformity in March 2007, OVB Holding AG deviates from the Code's recommendations in relation to three issues, down from four in the previous declaration of conformity. Like last year, one deviation relates to the deductible under D&O insurance, and another relates to remuneration for chairing and being a member of Supervisory Board committees. The recommendation to obtain a statement of independence from the auditor prior to nominating the auditor to the Annual General Meeting was complied with for the first time. In the 2007 financial year OVB Holding AG also complied with the period recommended by the Code for publishing interim reports (45 days), although scheduling constraints will cause the Nine-Month Report in 2008 to be published 3 days late, and this will result in an additional deviation from the Code. When the Code was being revised, the establishment of a nomination committee was incorporated as a new recommendation. The Supervisory Board of OVB Holding AG did not follow this recommendation. This constitutes another deviation from the Code. OVB Holding AG also deviates from eight of the Code's suggestions.

Declaration of conformity

Section 161 AktG requires the executive board and the supervisory board of listed stock corporations to provide details every year of the extent to which the recommendations of the “Government Commission on the German

Corporate Governance Code" as published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette have been and are being complied with, or which recommendations are being or have been deviated from. The declaration must be made permanently available to shareholders. OVB Holding AG also indicates which suggestions are not being or have not been complied with.

The Executive Board and the Supervisory Board of OVB Holding AG declare that the recommendations and suggestions under the German Corporate Governance Code as amended on 14 June 2007, published by the Federal Ministry of Justice in the electronic Federal Gazette on 20 July 2007, have been complied with since the last declaration of conformity in March 2007 and will be complied with in the future, subject to the following deviations:

Recommendations:
Directors & officers (D&O) insurance (section 3.8 GCGC)
OVB Holding AG has not stipulated a deductible in the D&O insurance concluded for the members of the Executive Board and the Supervisory Board. OVB Holding AG does not believe that a deductible would have any noteworthy advantages in terms of encouraging the members of the Executive Board and the Supervisory Board to fulfil their duties properly.

Supervisory Board remuneration (section 5.4.7 GCGC)
Chairmanship or membership of committees is not taken into account when determining the remuneration of Supervisory Board members. The duties performed are adequately remunerated by the amount already received.

Nomination committee (section 5.3.3 GCGC)
The Supervisory Board of OVB Holding AG adheres to its view that no further committees are necessary besides the existing Audit Committee. The Supervisory Board as a whole addresses the matters which the Code recommends for the nomination committee.

Publication of interim reports (section 7.1.2 GCGC)
Since publication of the 2006 Annual Report, OVB Holding AG has complied with the deadline of 45 days for publishing interim reports. Due to scheduling constraints, however, this deadline will be exceeded by three days for the Nine-Month Report 2008.

Suggestions:
Proxies (section 2.3.3 GCGC)
The representative appointed by the Executive Board to exercise shareholders' voting rights will only be available up to and including the day before the Annual General Meeting, but not during the meeting.

Annual General Meeting online (section 2.3.4 GCGC)
There are no plans to make it possible for shareholders to follow the Annual General Meeting using modern communication media (e.g. internet). However, the minutes, the presentation and the written version of the Executive Board Chairman's speech will be available on the internet after the Annual General Meeting.

Long-term incentives (section 4.2.3 GCGC)
The total remuneration of Executive Board members does not include any long-term incentives containing risk elements such as stock options or phantom stock.

Committee to appoint Executive Board Members (section 5.1.2 GCGC)
Preparations for the appointment of Executive Board members and the stipulation of employment contract conditions including remuneration have not been delegated to a committee. Instead, the Supervisory Board of OVB Holding AG as a whole has assumed responsibility for these matters.

Chairman of the Audit Committee (section 5.2 GCGC)
Notwithstanding this suggestion, the Chairman of the Supervisory Board is also the Chairman of the Audit Committee.

Creation of other committees (section 5.3.3 GCGC)
The Supervisory Board has not delegated any other subjects to be handled by one or more committees other than the Audit Committee. Due to the Supervisory Board's size, it does not see any need to establish additional committees, rather it addresses these subjects at its ordinary meetings.

Election of the Supervisory Board (section 5.4.6 GCGC)
Supervisory Board members are not elected or re-elected at different dates and for different periods. This procedure

is disputed internationally and currently under discussion. If an united opinion emerges from the discussion, OVB Holding AG will review its election procedure as part of good corporate governance.

Supervisory Board remuneration (section 5.4.7 GCGC)
Apart from a share in net income for the year, the performance-based remuneration of Supervisory Board members does not include any long-term components.

Cologne, 18 March 2008

On behalf of the Executive Board

Michael Frahnert

Oskar Heitz

On behalf of the Supervisory Board

Wolfgang Fauter

Remuneration report

OVB Holding AG's remuneration system for the Executive Board and the Supervisory Board is based largely on the recommendations of the Code. A detailed description of the remuneration system and the remuneration paid to each individual Executive Board and Supervisory Board member is contained in the Management Report under “Remuneration of Executive Board and Supervisory Board members”(page 20 onwards).

Directors' dealings

Securities transactions are reported in accordance with section 15 a German Securities Trading Act (Wertpapierhandelsgesetz – “WpHG”) on OVB Holding AG's website (www.ovb.ag under Investor Relations).

Share ownership

As at 31 December 2007, no member of the Executive Board or of the Supervisory Board directly or indirectly held more than 1 percent of the shares issued by the company. Even combined, the members of the Executive Board and the Supervisory Board hold less than 1 percent of the company's share capital. A disclosure of share ownership as required by section 6.6 of the Code is therefore not necessary.

Corporate Governance of OVB Holding AG on the internet:

www.ovb.ag ➔ Investor Relations ➔ Corporate Governance

- Corporate Governance Principles
- Corporate Governance Report 2007
- Declaration of conformity
- Directors' dealings
- Members of the Executive Board and Supervisory Board
- OVB Holding AG's articles of association

Financial Calendar

26 March 2008	Press conference, analyst conference, Annual Report 2007, Publication of the annual financial statements for 2007, Frankfurt/Main
15 May 2008	Results for the first quarter of 2008
03 June 2008	Annual General Meeting, Cologne
14 August 2008	Results for the second quarter of 2008
18 November 2008	Results for the third quarter of 2008

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