Annual Report 2006

OVB's advisory services are based on confidence and expertise throughout the whole of Europe.

Financial Service Provider for Europe

OVB

OVB headquarters, Cologne

Börsenplatz, Frankfurt / Main

Key figures for the OVB Group

Key operating figures

	Unit	2005	2006	Change
Clients (31/12)	Number	2.30 million	2.44 million	+6.1%
Financial advisors (31/12)	Number	3,876	4,210	+8.6%
New business	Number of contracts	635,000	625,000	-1.6%
Total sales commission	Euro million	181.2	213.3	+17.7%

Key financial figures

	Unit	2005	2006	Change
Earnings before interest and taxes (EBIT)	Euro million	18.0	24.1	+33.8%
EBIT margin*	%	9.9	11.3	+1.4 % pts
Consolidated net income	Euro million	13.1	16.3	+24.2%

* Based on total sales commission

Key figures for OVB shares

	Unit	2005	2006	Change
Share capital (31/12)	Euro million	13.12	14.25	+8.6%
Number of shares (31/12)	Shares million	13.12	14.25	+8.6%
Earnings per share (undiluted/diluted)*	Euro	1.01	1.21	+19.8%
Dividend per share**	Euro	0.75	0.90	+20.0%

* Based on 12,962,952 (2005) and 13,531,046 (2006) shares
** For the respective financial year; proposed dividend for 2006

Financial service provider for Europe

OVB provides reliable and expert advice to its clients throughout the whole of Europe on all issues relating to private provision, asset generation and protection, and the acquisition of real estate. Almost 9,500 employees create value for our clients, our product partners and for OVB's shareholders.

Contents

OVB's international focus

OVB began developing its international activities 16 years ago. It has now evolved into a financial service provider for the whole of Europe, operating in 13 countries outside Germany. The focus of

OVB in Germany

Germany is the home and core market of the OVB Group. The company's successful business model has evolved here since 1970, and it was then applied at just the right time in the foreign markets in which OVB does business. OVB regards its sales agents, who are independent contractors, as joint venture partners. They are the basis of OVB's sales power. 2006 was a successful year for OVB Germany.

Central and Eastern Europe

The markets of Central and Eastern Europe are the focus OVB's international expansion. There are good reasons for this. The economies of Eastern Europe are growing by more than 5 percent on average, thus almost twice as fast as the countries in Western Europe. The income of private households is climbing rapidly, and the social security and pension systems are attributing more and more importance to private investment: this creates optimal conditions for OVB's advisory services, as is clearly evident from the successes achieved in 2006.

Southern and Western Europe

The Southern and Western Europe segment encompasses OVB's activities in France, Greece, Italy, Austria, Switzerland and Spain. Although OVB only recently entered the market in some of these countries (e.g. France), the foreign subsidiaries in this region performed extremely well overall in 2006. OVB's business model, which involves approaching clients via self-employed financial advisors with a comprehensive product portfolio, is highly attractive compared with other established sales channels.

OVB's international expansion is Central and Eastern Europe. In 2006 the foreign subsidiaries accounted for a total of 58 percent of sales performance and 75 percent of the OVB Group's earnings before interest and taxes (EBIT).

Key figures of OVB in Germany

	Unit	2005	2006	Change
Clients (31/12)	Number	645,000	669,000	+ 3.7 %
Financial advisors (31/12)	Number	1,362	1,299	- 4.6 %
Total sales commission	Euro million	85.8	89.9	+ 4.8 %
Earnings before interest and taxes (EBIT)	Euro million	3.9	7.8	+ 100.0 %
EBIT margin*	%	4.5	8.7	+4.2 % pts

*Based on total sales commission

Key figures for Central and Eastern Europe

	Unit	2005	2006	Change
Clients (31/12)	Number	1.41 million	1.50 million	+ 6.4 %
Financial advisors (31/12)	Number	1,969	2,329	+ 18.3 %
Total sales commission	Euro million	64.7	85.7	+ 32.5 %
Earnings before interest and taxes (EBIT)	Euro million	15.1	19.4	+ 28.5 %
EBIT margin*	%	23.3	22.6	- 0.7 % pts

*Based on total sales commission

Key figures for Southern and Western Europe

	Unit	2005	2006	Change
Clients (31/12)	Number	242,000	268,000	+ 10.7 %
Financial advisors (31/12)	Number	546	582	+ 6.6 %
Total sales commission	Euro million	30.7	37.7	+ 22.8 %
Earnings before interest and taxes (EBIT)	Euro million	2.8	3.8	+ 35.7 %
EBIT margin*	%	9.1	10.2	+ 1.1 % pts

*Based on total sales commission

Michael Frahnert
Chairman of the Executive Board

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

Ladies and gentlemen, shareholders,

OVB's financial advisors currently service over 2.4 million clients, three-quarters of whom live outside Germany. This high international quota distinguishes OVB from its competitors and is the product of many years' organic growth. Almost sixty percent of our sales performance and around three-quarters of our earnings before interest and taxes (EBIT) is generated in the markets of Central and Eastern Europe and in Southern and Western Europe. OVB has evolved to become a financial service provider for the whole of Europe.

Overall, 2006 was a good year for OVB. The OVB Group's total sales commission rose from Euro 181.2 million in 2005 to Euro 213.3 million in the 2006 financial year, an increase of 17.7 percent. Earnings before interest and taxes (EBIT) increased far more dramatically (by 33.8 percent) to Euro 24.1 million. We are continuing along a path of sustained profitable growth. The Executive Board and the Supervisory Board therefore propose to the Annual General Meeting that an increased dividend of Euro 0.90 per share (compared with Euro 0.75 per share in 2005) be distributed from consolidated net income for the year, which increased by 24.2 percent to Euro 16.3 million.

A milestone in OVB's development was undoubtedly the company's successful IPO in the summer of 2006. The IPO further enhanced our financial strength and the profile of the OVB brand name throughout Europe.

Today, OVB is in an outstanding position to meet the growing need for expert advice and financial service brokering. We will continue on our income-driven growth course and consolidate our position as financial service provider for Europe. One of our recent initiatives was to establish a new subsidiary in Ukraine. The market potential of the European countries in which we already operate is far from exhausted. We will also steadily expand our commercial activities in Europe. The anticipated consolidation of the financial services sector, triggered by the modified statutory standards applicable to financial advisors and the sale of financial products in Europe, will open up a whole new dimension of growth for the company.

OVB has great ambitions for the coming years. I would like to thank you for your trust and confidence in our work and look forward to the successful continuation of our partnership in the future.

Kind regards,

Michael Frahnert
Chairman of the Executive Board

Walter Riester, MdB
Former Federal Minister

Since 2002 Member of the Lower House of German Parliament

1998 – 2002
Federal Minister for Employment and Social Services

1988 – 2005
Member of the Executive Board of the German Social Democratic Party (SPD)

1970 – 1998
Various positions at DGB (German Association of Trade Unions) and IG Metall (Trade Union for the Metal Industry)

1957 – 1969
Worked as a tiler

OVB in Germany

Question: The number of retirement pension contracts concluded on the basis of the concept named after you increased dramatically in 2006. What were your expectations when the "Riester pension" was introduced?

Answer: »It had long been emphasised that the public pension could be safely relied on, so we did not expect government-subsidised private pension provision to be a hit from the start. But so-called Riester pensions grew at a rapid rate, particularly when the preferential tax treatment of endowment policies was abolished in 2005. This dynamic growth will continue in the coming years, for example because of increased child allowances.«

Question: Amendments to government-subsidised private pension provision are continually being discussed. Where do you see as a promising place to start?

Answer: »Many self-employed people and freelancers are not currently eligible for benefits. This ultimately constitutes discrimination, which above all hits small business owners very hard. This needs to be changed.«

Question: In your opinion, which areas of the social security system in Germany are in urgent need of attention?

Answer: »The areas of health care and the care of sick or disabled people. There is not enough transparency or competition in these areas. For example, compulsory long-term care insurance, which was only introduced in 1995, is likely to reach its financial limits more and more over the coming years.«

Question: How important do you think corporate pension provision is in Germany?

Answer: »The importance of corporate pension provision has grown markedly over the last few years. I estimate there are about 17 to 18 million people covered by corporate schemes at present. The postponement of the retirement age to 67 creates additional flexibility for corporate pension provision schemes, for example through provisions for semi-retirement schemes«

OVB in Germany

Germany is the home and core market of OVB. Since its formation in 1970, OVB has evolved into one of the leading sellers of financial products. 2006 was a successful year for OVB Germany.

The resolution of the German Lower House of Parliament on 9 March 2007 to gradually increase the official retirement age to 67 was yet another sign that the public pension system in Germany, which is unfunded and financed through compulsory contributions, is stretched to the limit. The pension reforms adopted in 2001 and the Retirement Income Act (Alterseinkünftegesetz), which commenced in 2005, substantially changed the way in which pension provision is viewed in Germany. Developments will continue in this direction in the future: in light of the lower level of public benefits available, individuals will need to make greater efforts to save if they want to maintain their standard of living in old age, or in the event of invalidity or inability to work. This gives rise to a great and growing need for advisory services for private households, which helps drive OVB's business.

Growing need for advisory services

The range of potential private provision options is hardly straightforward, and the structure of individual financial products is extremely complex. Government-subsidised products such as the Riester or Rürup pension, corporate pension schemes or other provision products such as asset investments or classic life insurance and pension insurance policies compete with one another for the funds of private households. These funds are limited, particularly in the case of the typical average to high-income earner, who represents the majority of the population. OVB's advisory services are predominantly directed at this target group. In our experience, people are increasingly seeking competent advice and reliable partners with whom they can implement a long-term financial plan.

In addition to providing advice to private households with average and high incomes, OVB regards corporate pension provision as a strategic growth area for its business activities in Germany. Here too, it focuses on the largest market segment in terms of size, i.e. businesses with sales of up to Euro 10 million, which represent over 98 percent of all enterprises. In 2006, corporate pension products already accounted for 10 percent of OVB's new business in Germany.

2006: a successful year

OVB is represented all over Germany with about 1,300 comprehensively trained financial advisors, who work full-time as OVB-affiliated agents on a contractor basis, and 580 offices. OVB's financial advisors service 669,000 clients, which is 24,000 more than a year ago. In 2006, unit-linked provision products were the focus of advisory and brokerage services; they accounted for a third of new business. By contrast, the popularity of classic life insurance policies fell. Sales of


Cologne, Germany

The market for financial advisory and brokerage services in Germany is a growth market, but competition is fierce.

government-subsidised Riester pension contracts surged. Private comprehensive and supplementary health insurance also shot up. The need for greater private provision in the area of health care will steadily increase as a result of the curtailment measures expected under the current health reforms. In total, OVB generated total sales commission of Euro 89.9 million from advisory and brokerage services in Germany in 2006, up 4.8 percent from the previous year. Earnings before interest and taxes (EBIT) doubled compared with 2005 to Euro 7.8 million, while the EBIT margin reached 8.7 percent. We see room for further improvement in this area.

Growth market facing a period of major change

The market for financial advisory and brokerage services in Germany is a growth market, but competition is fierce. New providers nudge their way onto the market and new distribution channels, such as the internet, seek a foothold. In addition, there are the stricter standards applicable to the activities of financial advisors. The EU Insurance Mediation Directive is soon to be transposed into German law in the form of the Insurance Broking Act (Gesetz für Versicherungsvermittlung), which will commence in May 2007. It prescribes uniform and strict training and qualification standards, comprehensive advisory and documentation duties, and generally increases the sector's administrative burden. In light of these developments, we expect consolidation in what is currently a highly fragmented market for financial advisory and brokerage services in Germany. Many smaller sales organisations and independent financial advisors will not be able to cope with the increased burden alone, and will seek to affiliate with larger market players. As one of the leading sellers of financial products in Germany, OVB will benefit from this development. It offers independent financial advisors a high-quality administrative platform, attractive products, the financial power of a listed company and, unlike many of its competitors, a co-operative relationship within the OVB Group network.

OVB in Central and Eastern Europe

The markets of Central and Eastern Europe are characterised by high economic growth, an increase in the income of private households and strong demand for provision and asset generation products. OVB has been operating in this growth region for fifteen years.

Central and Eastern Europe is the fastest growing region in the world after China and India. Macroeconomic performance is expected to increase by an average of 4.5 to 5.5 percent per year over the next five years. It is already clear today that certain countries will achieve the income levels of Western European countries in the medium term. As private income increases, so too does the financial flexibility of individuals to make private provision for old age and ill health, and to take the first steps towards asset generation. Take investment funds for instance: in some countries the total volume attributable to this type of investment in 2000 was less than 1 percent of national product. By 2005, this share had increased to an average of 7 percent. In the Euro-zone countries, the amount invested in funds is equivalent to 60 percent of national product, a fact that highlights the growth potential of private investment in Central and Eastern Europe. The situation is similar for private pension provision. Although the pension systems in certain countries have already been reformed (with a strong emphasis on private provision), the unfavourable demographic trend in the coming years will place considerable pressure on private households to increase the extent to which they have made their own provision for the future.

		Real economic growth		Average monthly income	
	Population (2006)	**2005**	**2010–2019 p.a.**	**2005**	**2020**
Croatia	4.4 million	4.3 %	4.2 %	844 Euro	2,100 Euro
Poland	38.2 million	3.4 %	4.2 %	591 Euro	1,600 Euro
Romania	21.6 million	4.1 %	5.1 %	264 Euro	1,100 Euro
Slovakia	5.4 million	6.1 %	5.0 %	448 Euro	1,600 Euro
Czech Republic	10.2 million	6.1 %	4.2 %	639 Euro	2,000 Euro
Hungary	10.1 million	4.1 %	3.8 %	638 Euro	1,600 Euro

Source: Raiffeisen Research, Scenario 2020; November 2006

Early involvement secures a strong market position

OVB established its subsidiaries in Poland, the Czech Republic and Hungary in 1992, followed by Slovakia in 1993, Croatia in 1998, Romania in 2002 and Ukraine in February 2007. In many cases OVB was the first financial service provider to offer comprehensive advisory services based on a diversified range of products. With every new subsidiary that was established, OVB's experience and its familiarity with Central and Eastern Europe markets grew. These are invaluable competitive advantages today. As a result of its early involvement, OVB holds a strong market position in the region. At the end of 2006, over 2,300 fully trained OVB financial advisors managed about 1.5 million clients in Central and Eastern Europe. With overall sales performance increasing to Euro 85.7 million, up 32.5 percent from 2005, the region almost matched the performance of our core market, Germany, in 2006. Earnings before interest and taxes (EBIT) generated by the six subsidiaries increased by 28.5 percent to Euro 19.4 million. The EBIT margin, which is largely unchanged at 22.6 percent, represents a peak figure both within the group and relative to OVB's competitors.

Praha, Czech Republic

As a result of its early involvement, OVB holds a strong market position in the region.

Uninterrupted rapid growth

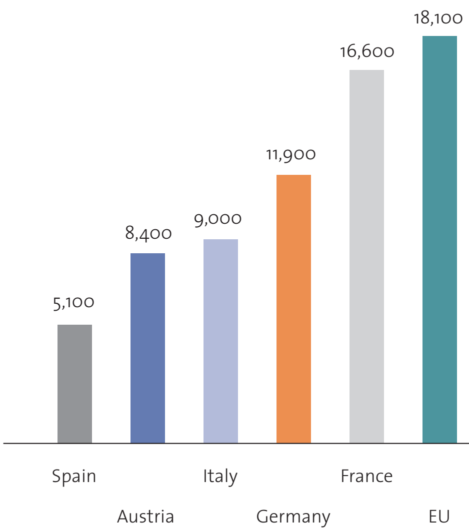
Central and Eastern Europe will continue to be a key driving force behind the growth of OVB's business over the coming years. Market penetration in all product categories is still low compared with the Western European markets. OVB's target client group continues to grow as incomes increase. A systematic expansion of OVB's product portfolio creates new business opportunities. Growth is further boosted by fundamental reforms to government social security systems, as planned, for example, in the Czech Republic and Romania in the next few years. OVB is also tactically expanding its business to new markets in the region as soon as the legal and economic conditions appear conducive to business activities that will be profitable within a foreseeable period. OVB is continuing with its successful strategy of international expansion.

OVB in Southern and Western Europe

Lower benefits under government pension systems necessitate greater private provision – all over Europe.

The macroeconomic conditions, government social security systems and market conditions for financial services vary greatly in the countries of Southern and Western Europe. In Spain, for example, the net public pension for the average earner is still 85 percent of his or her pre-retirement income. Accordingly, the value of private pension assets held by pension funds or insurers is low (Euro 5,100 per capita compared with an EU average of Euro 18,100). An extremely low birth rate is increasingly presenting problems for the public pension system in Spain. This gives rise to considerable business opportunities for OVB relative to the banks, which dominate the financial services sector. The bancassurances in France, in other words banks that have amalgamated with insurers, hold a similarly strong market position. The multi-tiered public pension system in France guarantees on average a net pension of 50 percent of most recent income, which makes additional saving for private provision absolutely essential. In general, the value of pension assets per insured under the public pension schemes varies greatly, ranging from Euro 127,000 in Greece to

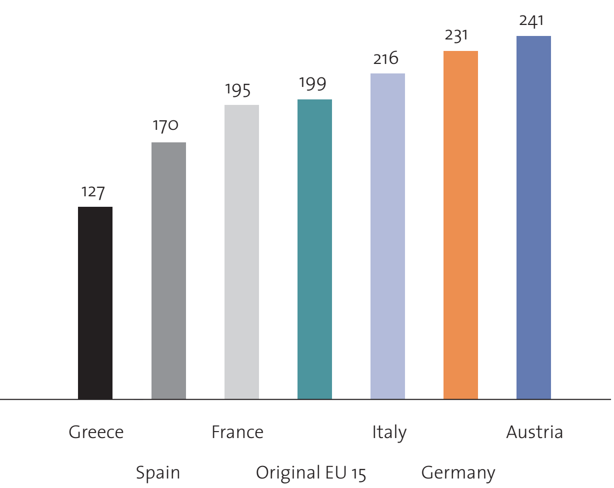
Private pension assets* per capita
In Euro



* Investments with pension funds and insurers 2004

Sources: Central Banks, Bureaus of Statistics, ICI

Pension assets per insured under public pension schemes
Euro thousand



Source: OECD

Verona, Italy

OVB's opportunity and its recipe for success are its flexibility, its all-embracing advisory approach and its ability to act as the single source for the products of various providers.

Euro 241,000 in Austria. Reforms to limit the increase of disbursements under public pension schemes are pending in a series of countries. Private provision has to compensate for the lower level of benefits available under the public pension systems. Private pension assets are expected to grow by around 7.5 percent per annum over the next ten years in the 15 original EU member states. OVB will use this as a springboard for its business activities in Southern and Western Europe.

The appeal of an all-embracing approach to advisory services

OVB is represented in Southern and Western Europe by well-established subsidiaries in Austria, Switzerland and Greece, as well as newer subsidiaries in Spain, France and Italy. In many cases, OVB has to deal with mature and consolidated market structures that dominate the sale of financial products to a large extent. But size often goes hand in hand with immobility. OVB's opportunity and its recipe for success are therefore its flexibility, its all-embracing advisory approach and its ability to act as the single source for the products of various providers. This strategy is used by OVB's nearly 600 full-time financial advisors in Southern and Western Europe to convince an increasing number of clients (about 268,000 in 2006). Almost half of product sales in this region are attributable to unit-linked provision products, while in certain markets such as Austria, the brokerage of investment products rose markedly in 2006. In 2006, total sales commission grew considerably in Southern and Western Europe to Euro 37.7 million, up 22.8 percent, while earnings before interest and taxes (EBIT) rose by around a third to Euro 3.8 million, and the EBIT margin increased to 10.2 percent. The conditions in this region are outstanding for the systematic consolidation and expansion of OVB's business.

Prof. Dr. oec. HSG Sebastian Wörwag

Rector of the FHS St. Gallen, University of Applied Sciences

Director of the European Exam Board for Financial Management (EBFM)

Founder of humanlogix AG

Founder of Synthegra AG

Co-owner and General Manager of KS Group

Studied business administration (Betriebswirtschaftslehre) at St. Gallen University (HSG)

Confidence and expertise

Question: What quality standards does the EU Insurance Mediation Directive set for the education and training of financial advisors?

Answer: »The aim of the EU Insurance Mediation Directive is to protect consumers and harmonise the insurance broker market. The interests of consumers are to be protected by professional accreditation requirements and the stipulation of disclosure and documentation duties on the part of brokers. In the future, financial advisors will have to demonstrate both personal and professional aptitude in order to practise. They will have to show that they have recognised professional qualifications (proof of expertise).«

Question: Global financial service providers must ensure that the training standards for their employees are uniform throughout all of the countries in which they operate. To what extent is this even possible and/or appropriate?

Answer: »It is definitely appropriate, because it ensures that the clients of a global financial service provider can receive the same high quality irrespective of where they live. And the provision of financial services is a people business, meaning that quality is largely determined by the qualifications of employees.«

Question: What skills or attributes do you regard as particularly important for a manager involved in the sale of financial products and services?

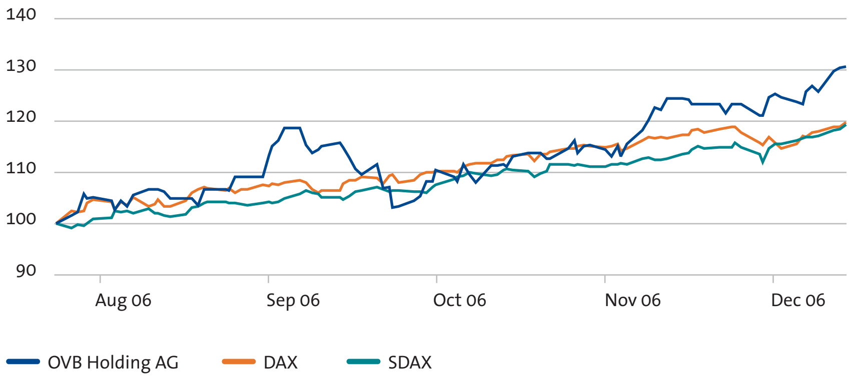
Answer: »Credibility is the key, and credibility comes from having sound knowledge of one's product, personality and personal integrity. Sales and managerial skills are also necessary for success, as are social skills, a good repertoire of methods and a willingness to continually develop professionally. Successful managers therefore always seek to further their education and training.«

OVB Shares and Investor Relations

After a successful debut on the Frankfurt Stock Exchange in the summer of 2006, OVB Holding AG shares appreciated by 21.4 percent over the course of the year. Shareholders are expected to participate in the success of the 2006 financial year with a total dividend of Euro 12.8 million. OVB shares – a valuable investment.

Successful IPO, significant appreciation
OVB Holding AG shares have been listed in the Prime Standard of the Frankfurt Stock Exchange since 21 July 2006. In the summer of 2006, the stock exchange climate was temporarily subdued. On several occasions in the period from May to July, the leading stock indices were down by more than 20 percent, and the capital market was critical in its assessment of new share issues. In light of these circumstances, OVB Holding AG's IPO was very successful. Due to the active interest of institutional investors both domestically and abroad, the issue price was fixed in the upper half of the book-building range at Euro 21 per share. As the greenshoe option was also exercised in full, a total of 3,030,514 shares were placed. The issue volume was thus about Euro 63.6 million. The funds raised from the IPO will serve as the basis for expanding OVB's international activities.

Share chart (indexed)

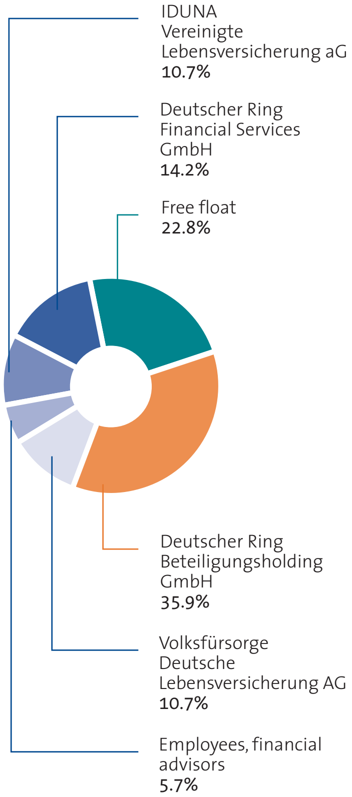


After the temporary slump in summer, the German share market recovered strongly over the further course of 2006. The DAX increased by about 1,000 points in the period from August to December, finishing on 6,600 (+18 percent), and the SDAX rose by 20 percent during this period. OVB shares outperformed both of these indices: the closing price at year-end was Euro 25.50, thus 21.4 percent higher than the issue

OVB share data

German securities identification code (WKN)	628656
ISIN CODE	DE0006286560
Ticker symbol	O4B
	Reuters: O4BG.DE
	Bloomberg: O4B:GR
Type	No-par value ordinary bearer shares
Number of shares	14,251,314
Issue price	Euro 21.00
Initial share price Xetra	Euro 21.40 (21/07/2006)
Xetra high (closing price)	Euro 27.65 (11/12/2006)
Xetra low (closing price)	Euro 21.10 (21/07/2006)
Closing price Xetra	Euro 25.50 (29/12/2006)

Shareholders of
OVB Holding AG
As at 31/12/2006



price on 21 July. The share reached an all-time high of Euro 27.65 on 11 December 2006. The average daily trading volume was about 8,000 shares in 2006. Seventy-four percent of that volume was traded via the electronic trading platform Xetra, and 26 percent was traded on the floor of the Frankfurt Stock Exchange. HSBC Trinkaus & Burkhardt and Sal. Oppenheim acted as the designated sponsors for Xetra trading.

Dividend increase

OVB Holding AG distributed a dividend of Euro 0.75 per share for the 2005 financial year. On the basis of the positive business performance and earnings trend in 2006, the Executive Board and the Supervisory Board propose to the Annual General Meeting that the dividend be increased to Euro 0.90 per share. This equates to an increase of 20 percent, with the total distribution amount reaching Euro 12.8 million, or 91.3 percent of net retained profits. The dividend yield calculated on the basis of the closing price at year-end is 3.5 percent.

OVB Holding AG has three main shareholders, Deutscher Ring, IDUNA and Volksfürsorge. Employees and financial advisors within the OVB Group held a total of 5.7 percent of the share capital at the end of 2006. A large proportion of these shares are subject to civil law lock-up agreements with the company. The free float accounted for 22.8 percent of voting rights at the end of 2006.

Constant communication with capital markets

OVB Holding AG ramped up its communication with capital markets even in the lead-up to the IPO. This communication included regular press releases on the course of business, a convincing Annual Report for 2005 and an evaluation of the information on the company's home page, www.ovb.ag. During the share placement, OVB established numerous new contacts with institutional investors both domestically and abroad. Since then, the company has maintained an open, credible and service-oriented dialogue with the financial community. Management explains OVB Holding AG's business model, strategy and future prospects to investors and financial analysts in one-on-one meetings, company presentations and conference calls. Six renowned banks and investment banks now regularly publish an analysis of OVB and OVB shares. OVB Holding AG will continue to develop its investor relations activities in 2007.

The first Annual General Meeting of OVB Holding AG as a listed company will take place on 31 May 2007 in Cologne. We cordially invite all shareholders to attend this event and look forward to seeing you there.

Employees are partners in determining the success of OVB

Almost 9,500 people work for OVB across Europe, most of them as independent contractors. Our employees generate value for OVB.

OVB's financial advisors manage over 2.4 million clients. The number of comprehensively trained full-time sales agents increased from 3,876 to 4,210 over the course of 2006, an increase of 8.6 percent. This is the result of the company's intensive and internationally uniform training program, but it also highlights OVB's appeal as a platform for experienced financial advisors who have been working independently for many years and have their own client base. Particularly remarkable was the growth of the sales force due to strong business performance in Central and Eastern Europe, where the number of financial advisors increased by 18.3 percent in 2006 to 2,329 employees. The financial advisors providing services to clients are supported by around 4,900 promising new recruits and part-time employees who concentrate on evaluating client data and initiating contact with potential clients. At the same time they undergo the first stages of OVB's training program and experience practical training on the job. The holding company and the central administrations of OVB's subsidiaries are traditionally very streamlined in structure. They perform management and planning tasks, look after the technical infrastructure, develop and implement central marketing campaigns and undertake administrative functions. The targeted development of expertise and stricter regulatory requirements led to an increase in support staff in 2006 from 340 to 380 employees.

Expertise instils confidence

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 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.

OVB's long-standing corporate culture sees its independent sales agents as joint venture partners

Financial services require the provision of advice

OVB is firmly of the view that the provision of financial services necessarily entails comprehensive client consultation first. The advice and service provided by OVB's employees is based on the individual needs of our clients. Our advice starts with an initial appraisal and analysis of the client's actual situation: financial situation, existing means of pension provision, risk hedging and asset generation, as well as the objectives and wishes of the client. Our financial advisors use this as a basis to develop a tailored provision and asset strategy that takes into account the individual's financial situation and financial capacity. OVB bases its product recommendations on the range offered by more than 100 well-known, established and high-quality product partners such as insurance companies, building societies and investment funds. 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. OVB aims to strike up long-term relationships with its clients, and these can only develop if the client is highly satisfied with the service he or she receives. The regular review and, if applicable, adaptation of the originally chosen provision and investment strategy to a client's changed circumstances contribute to client satisfaction.

Service mentality dictates success

The success of OVB's employees translates directly into success for OVB. This is why OVB encourages and supports its sales force through comprehensive continuing education and training courses, high-quality infrastructure, and by providing an attractive and competitive range of products. There are also various ways in which OVB promotes employee loyalty, such as providing protection against personal risks and a fair and transparent contract structure. OVB's long-standing corporate culture sees its independent sales agents as joint venture partners. This allows freedom, but also requires a great degree of responsibility – and the unconditional desire to achieve a great sales performance.

Consolidated Management Report of OVB Holding AG

General environment

Global economic growth surged in 2006. The euro-zone was a key driver of this growth, with real gross domestic product increasing by 2.7 percent, a level not seen since the beginning of the new millennium. Employment increased markedly on the back of strong demand for capital goods, which in turn sparked private consumption. The economies of France and Italy reported below average growth, while Spain maintained a high rate of expansion. Growth continued to gain momentum in Central and Eastern Europe, a region of particular significance for OVB's business: real gross domestic product in this region increased on average by 5.5 percent, following on from 4.6 percent in 2005. Of the larger countries in terms of territory in this region, the Czech Republic (+6.0 percent) and Slovakia (+6.5 percent) achieved particularly strong economic growth.

The price-adjusted growth of the German economy was 2.7 percent in 2006, and thus the highest in six years. This was attributable to growth impetuses both in Germany and from abroad. Gross capital investment in Germany increased particularly sharply by 5.6 percent. Again, significantly more was invested in plant and equipment than in the previous year, and even construction spending rose after an extended lull. Private consumption increased by 0.8 percent in 2006 after two years of remaining virtually stagnant, and the government increased its consumption spending by 1.8 percent. The upturn in private consumption was somewhat muted in 2006 by higher energy prices. On the other hand, however, private consumption benefited from the improved labour market situation. In the fourth quarter of 2006, 39.7 million workers contributed to economic performance, 1.2 percent more than the year before. The disposable income of private households increased by 1.7 percent in 2006, while their savings ratio declined for the first time since 2000, although only slightly from 10.6 percent in 2005 to 10.5 percent in 2006. Overall, the German economy exhibited its strongest upturn in 2006 since the boom in the year 2000.

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. 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 Retirement Income Act (Alterseinkünftegesetz), which came into effect in 2005, substantially redefined the notion of pension provision in Germany. Numerous studies show that the level of public provision will decline in the future. 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. It is now widely known in Germany that additional private pension provision is a necessity. By way of example, the number of new provision contracts under the Riester scheme increased dramatically by more than 2.4 million in 2006 to reach a current total of around 8 million contracts.

The high and growing need for products and services in the areas of pension provision, asset generation and asset preservation also requires an increasing number of well-trained financial advisors. The recruitment of suitable new talent and the further education and training of employees is a top priority for pan-European financial service providers such as OVB. There are also the stricter standards of the Insurance Mediation Directive, which were transposed in German law at the end of 2006. The Insurance Broking Act (Gesetz für Versicherungsvermittlung) will come into effect in May 2007 and prescribes, among other things, uniform training standards, comprehensive advisory and documentation duties and other administrative obligations. As a leading financial service provider, OVB has prepared itself well in advance for these changes in the legislative environment, but the new legislation poses major challenges for smaller sales organisations and independent financial advisors.

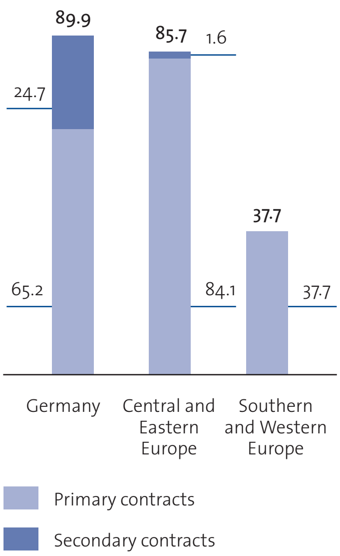
Business activities

Since its formation in 1970, OVB has developed into a leading financial service provider in Europe. Its business focuses on client-oriented advisory services for private households with average or high 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. Around 2.4 million clients across Europe place their trust in OVB's team of about 4,200 full-time financial advisors. They are supported by approximately 4,900 part-time employees, who assist in particular with evaluating client data and establishing contact with clients. Across Europe, around 380 employees at the headquarters of OVB subsidiaries look after the technical infrastructure and are responsible for marketing and administration.

Business management

One of OVB's key strengths is the power of its sales force. For this reason it places a great deal of importance on the comprehensive and prompt assessment, control and management of sales performance. The key operating variable in this regard 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. 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 and Central and Eastern Europe, the sales agents generate sales revenue through 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. This type of commission income and expense is not reported in the income statement.

Overall sales performance in 2006 broken down by region and contract type
Euro million, figures rounded



Organisation and structure

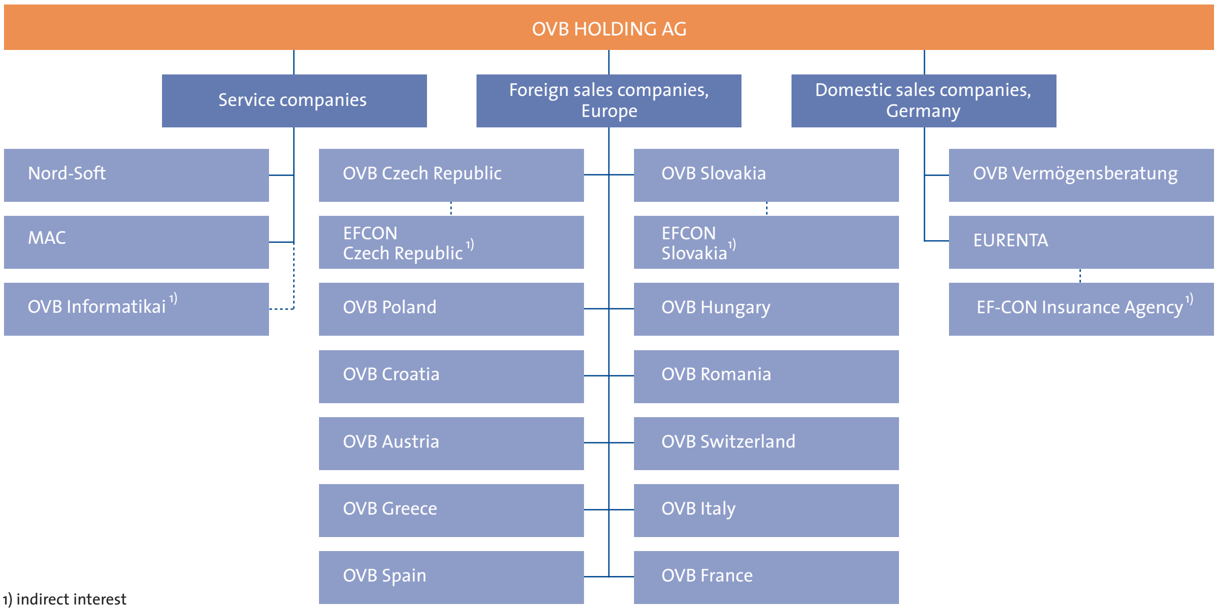
OVB Holding AG heads up the OVB Group as the management holding company. Its responsibilities include strategic, planning and controlling activities for the group. The independent financial advisors of OVB's subsidiaries, currently active in 13 countries - soon to be 14 once business activities get underway in the Ukraine as planned for the near future - 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.

Remuneration system for the Executive Board and the Supervisory Board

The Supervisory Board of OVB Holding AG confers and decides on the remuneration paid to members of the Executive Board. The remuneration package reflects the responsibilities and functions performed by an Executive Board member. It takes into account the result achieved and the company's financial situation. The current remuneration system includes fixed and performance-based components. The fixed, basic salary, which is paid in 12 monthly instalments, is based on industry practice and the relevant Executive Board member's area of responsibility. The annual bonus is a variable cash payment, which, having regard to the base salary, depends on the attainment of several internal targets, for example sales targets or net income for the year. The target figures are determined and given a weighting each year in advance based on the budget adopted by the Supervisory Board. The amount actually disbursed depends on the extent to which the targets are achieved. Full payment is made only if the target is exceeded.

Section 14 of the articles of association of OVB Holding AG governs the Supervisory Board's remuneration. It comprises a fixed annual component and a variable cash component. The fixed annual remuneration is Euro 5,000 per Supervisory Board member. The Supervisory Board Chairman receives double and the Deputy Chairman receives 1.5 times that amount. 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. The Supervisory Board Chairman receives 0.12 percent of this amount. Supervisory Board members also receive a reimbursement for value added tax payments incurred in connection with their work.

The OVB Group



1) indirect interest

IPO

The hallmark of 2006 for OVB Holding AG was the successful public offering of its shares. OVB's shares have been listed in the Prime Standard of the Frankfurt Stock Exchange since 21 July 2006. Despite a difficult market environment, 3,030,514 shares were successfully placed at an issue price of Euro 21 per share, with the share issue being almost three times oversubscribed. The company's share capital is now divided into 14,251,314 no-par ordinary bearer shares. Three key shareholders currently dominate ownership of OVB Holding AG's shares: the Deutscher Ring Group holds 35.9 percent of the share capital through Deutscher Ring Beteiligungs-holding GmbH and 14.2 percent through Deutscher Ring Financial Services GmbH, while IDUNA Vereinigte Lebensversicherung aG and Volksfürsorge Deutsche Lebensversicherung AG each hold 10.7 percent of voting rights. The free float according to the definition of Deutsche Börse AG was 22.8 percent of the share capital at the end of 2006. OVB shares closed the year at Euro 25.50, a 21.4 percent increase over the issue price.

Opportunities and goals

OVB faces great challenges as a European financial service provider: existing markets change and new markets must be tapped into. OVB has set itself the goal of consolidating and expanding its market position in Europe. Its growth strategy is firstly based on the continual expansion of its business in markets in which it is already established: an increasing number of sales staff can attract new clients and use existing client relationships to provide even better and more comprehensive advisory services. The second driver behind this expansion will be OVB's entry into promising new markets, particularly those in Central and Eastern Europe. This is where OVB can benefit from its many years' experience in establishing already successful foreign subsidiaries. OVB is also planning to grow both domestically and abroad by acquiring smaller competitors for whom OVB represents an attractive partner with its high-quality infrastructure and well-tailored product portfolio. The funds raised from the successful IPO will allow OVB to further expand its international business activities and thus provide the basis for sustainable and profitable growth.

Business development

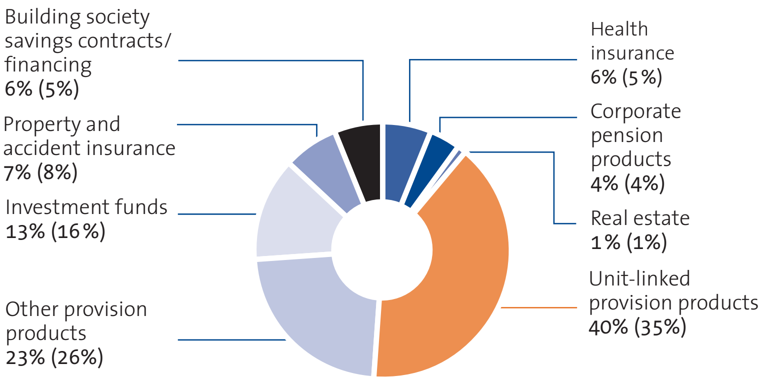
The financial year 2006 was a very successful year for OVB. The number of clients serviced by our financial advisors across Europe increased by 140,000 from the previous year to 2.44 million in 2006. Income from advisory and brokerage services (including Euro 26.3 million in commission forwarded to sales agents on behalf of product partners) grew by 17.7 percent across the group, from Euro 181.2 million in 2005 to Euro 213.3 million in 2006. As at 31 December 2006, OVB had concluded around 625,000 new contracts (after 635,000 in 2005), including insurance policies, investment fund savings plans and building society savings contracts. As at 31 December 2006, the number of applications that are not yet fully accounted for within certain subsidiaries due to the strong fourth quarter indicated growth of 8 percent over the previous year. Pension provision and asset generation products were the focus of the OVB Group's new business again in 2006. The group of unit-linked provision products, which includes unit-linked life insurance products and unit-linked pension policies, accounted for the largest share of new business (40 percent compared with 35 percent in 2005). The relative share attributable to other provision products decreased slightly from 26 percent in 2005 to 23 percent in 2006. Apart from Riester pensions, which are in high demand in Germany, other provision products primarily include classic life insurance and pension insurance policies. Thirteen percent of new business across the group was attributable to investment funds compared with 16 percent in 2005. This type of investment is popular among clients because it can be highly flexible and take into account the client's individual situation and return expectations.

Corporate pension products, which are particularly relevant in the German market, are already among the most important forms of additional pension provision and will become all the more important in the future. As in 2005, this product category accounted for 4 percent of new business across Europe in 2006. New business attributable to property and accident insurance (7 percent from 8 percent in 2005), health insurance (6 percent from 5 percent in 2005), building society savings contracts/financing (6 percent from 5 percent in 2005) and real estate (unchanged at 1 percent) complete OVB's European product range.

Germany

After a sluggish industry environment in 2005 as a result of legislative changes, OVB's business performance in its core market of Germany was very pleasing in 2006. Income generated in Germany from advisory and brokerage services, includ-

Breakdown of income from new business 2006 (2005)

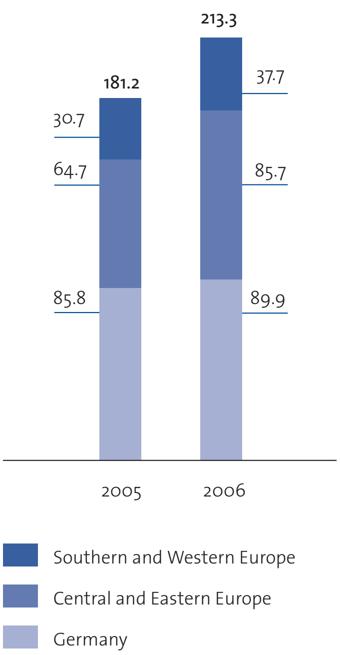


ing the commission forwarded to sales agents on behalf of product partners (Euro 24.7 million), increased by 4.8 percent from Euro 85.8 million in 2005 to Euro 89.9 million in 2006. At the same time, the number of full-time OVB sales staff dropped slightly from 1,362 at the end of 2005 to 1,299 at the end of 2006. This development reflects OVB's high standards with regard to the performance mentality of its sales staff and the quality of its customer service.

OVB's financial advisors look after 669,000 clients in Germany, 24,000 more than a year ago. In terms of the types of products sought by German clients, unit-linked provision products continued to dominate in 2006, despite the fact that they accounted for slightly less new business in 2006 (33 percent, down from 36 percent in 2005). In this respect, our clients see risk provision and hedging as linked with equity saving in the form of investment funds, and they appreciate the potential of these products to gain value over time. The share of new business attributable to other provision products decreased considerably from 28 percent in 2005 to 16 percent in 2006. Two opposing trends could be observed here: while the appeal of traditional life insurance products declined considerably, the sale of products such as Riester contracts increased dramatically, as evidenced by approximately 17,000 new contracts. Investment funds were also in higher demand, particularly in the second half of the year. The share of new business attributable to investment funds increased from 8 percent to 13 percent in line with the favourable development of the stock exchange.

OVB regards corporate pension provision as a strategic growth area. It accounted for 10 percent of new business in Germany in 2006. OVB is pursuing a dual approach in this area: apart from addressing business owners and management, it also offers all employees the option of a personal meeting to discuss corporate pension provision alternatives. OVB is systematically expanding this line of business with its broad base of specialist advisors throughout Germany and with the support of a central skills centre, which provides its extensive expertise to the sales force. The focus on small and medium-sized businesses, where corporate pension products are still relatively uncommon, presents OVB with huge potential for growth.

Income from advisory and brokerage services broken down by region
Euro million, figures rounded



Central and Eastern Europe

The region of Central and Eastern Europe is home to 1.5 million of OVB's 2.44 million clients, and 90,000 new clients were acquired in this region in 2006. OVB holds a particularly strong market position in the Czech Republic and Slovakia. OVB is also represented in this region by subsidiaries in Croatia, Poland, Romania and Hungary. A subsidiary was established in Ukraine on 22 February 2007. The number of full-time financial advisors in this region increased considerably over the course of 2006 from 1,969 to 2,329 employees, a gain of more than 18 percent. Unit-linked provision products were in greatest demand in the 2006 financial year, accounting for 39 percent of new business, up from 25 percent in 2005. Other provision products, particularly classic life insurance, accounted for 28 percent of new business, while investment funds accounted for 17 percent. With overall sales performance of Euro 85.7 million (Euro 1.6 million of which was commission forwarded to sales agents on behalf of product partners), the region almost matched the performance of our core market, Germany. Sales have more than doubled since 2004 (Euro 37.6 million), and the increase relative to 2005 (Euro 64.7 million) was 32.5 percent.

Southern and Western Europe

OVB continues to successfully develop and expand its business in Southern and Western Europe through its newer subsidiaries in Spain, France and Italy as well as its established subsidiaries in Austria, Switzerland and Greece. Income from advisory and brokerage services increased in this region by 22.8 percent to Euro 37.7 million, up from Euro 30.7 million in 2005. At the end of 2006, 582 financial advisors worked for OVB in countries from this region, up from 546 sales agents the year before. They manage around 268,000 clients. Unit-linked provision products continue to be the top seller, accounting for 49 percent of new business. OVB traditionally enjoys a strong market position in Austria, and business development in Spain and France was also particularly pleasing.

Employees

Almost 9,500 people were working for the OVB Group at the end of 2006. 9,100 employees alone advise and assist our clients in 13 countries. 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 in the field 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.

The number of full-time OVB sales agents increased in 2006 from almost 3,900 to 4,200, with the slight decline in Germany (from 1,362 to 1,299) being offset by an increased number of employees abroad. 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 with a role as a part-time financial trainee. The number of such part-time employees currently undergoing in-house training (which is subject to uniform criteria across Europe) to become certified financial consultants (CFC) increased over the course of 2006 from 4,800 to around 4,900.

Staff turnover among OVB managers is very low compared with other companies in the industry. There are various ways in which we promote employee loyalty, such as providing protection against personal risks and a fair and transparent contract structure.

Across Europe, an average of about 380 employees in the central administrations of our subsidiaries support our sales force by performing administrative tasks, providing the appropriate technical infrastructure or undertaking marketing campaigns. Although this number will increase in coming years in line with the group's growth strategy, we will generally adhere to a policy of streamlined administration.

Earnings situation

For the OVB Group, 2006 was another successful financial year. Income from advisory and brokerage services (including Euro 26.3 million in commission forwarded to sales agents on behalf of product partners) increased from Euro 181.2 million to Euro 213.3 million, up 17.7 percent. In this respect, secondary contracts, which are concluded between sales agents and product partners directly, become less and less significant. Income from brokerage services as reflected in the income statement increased by as much as 24.6 percent (from Euro 150.1 million to Euro 187.0 million).

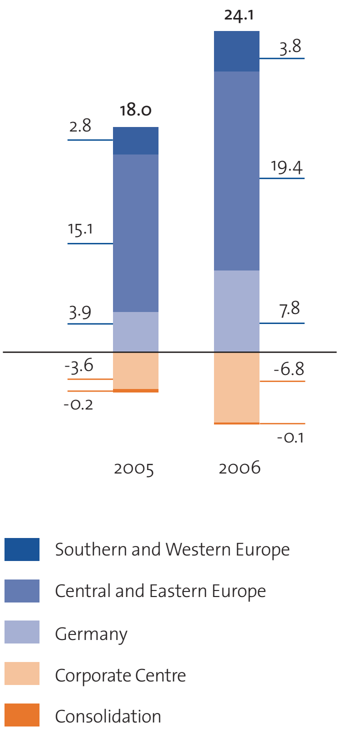
Other operating income increased by about a third in 2006 to reach Euro 11.6 million. This income primarily includes repayments by sales agents for modern hardware and software provided by OVB Holding AG on favourable lease terms. This item also includes repayments for seminars and course materials.

Brokerage expenses, which comprise directly performance-based and other commission paid to sales agents, increased in line with business expansion by 26.3 percent in 2006 to Euro 112.4 million (2005: Euro 89.0 million). By contrast, the commission forwarded to the sales force on behalf of product partners (secondary contracts) fell from Euro 31.0 million to Euro 26.3 million. Total selling expenses including forwarded commission was therefore Euro 138.7 million, up from Euro 120.0 million the previous year.

Personnel expenses for the group's employees increased by 13 percent in 2006 to Euro 18.3 million (2005: Euro 16.2 million). This increase is linked to the employment of additional staff in certain central administrations and at the holding company as a result of the continued targeted development of expertise and stricter regulatory requirements, as well as general salary increases. Depreciation and amortisation amounted to Euro 3.8 million in 2006, up from Euro 3.4 million in 2005. The significant 23.9 percent increase in other operating expenses from Euro 32.3 million to Euro 40.0 million is attributable to intensified marketing campaigns and the one-off expenses associated with the company's IPO.

Earnings before interest and taxes (EBIT) particularly highlight just how successful the 2006 financial year was of OVB. EBIT increased by 33.8 percent to Euro 24.1 million, up sharply from Euro 18.0 million in 2005.

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



The EBIT margin, calculated based on total sales commission, increased from 9.9 percent in 2005 to 11.3 percent in 2006. If the one-off expenses associated with the IPO (Euro 1.5 million) are disregarded, the EBIT margin based on total sales commission would have been 12.0 percent in 2006. Apart from Central and Eastern Europe, which continues to be a high-growth area and contributed Euro 19.4 million to EBIT (an increase of Euro 4.3 million over the previous year), the main reason for the EBIT increase was the pleasing earnings development in our core market of Germany. Germany's EBIT contribution was Euro 7.8 million in 2006, double the figure of Euro 3.9 million reported in 2005. Southern and Western Europe's EBIT contribution increased by a third from Euro 2.8 million in 2005 to 3.8 million in 2006.

Taking into account the positive financial result, earnings before taxes (EBT) reached Euro 25.7 million in 2006, up from Euro 19.2 million the previous year. Income taxes increased from Euro 6.1 million to Euro 9.3 million due to the outstanding business performance in all regions, particularly including Germany. Overall, OVB's consolidated net income for 2006 was Euro 16.3 million, a 24.2 percent increase over 2005 (Euro 13.1 million).

Undiluted earnings per share, based on 13,531,046 no-par value shares, amounted to Euro 1.21 in 2006, from Euro 1.01 in 2005 (based on 12,962,952 no-par value shares).

As a result of the positive earnings trend, the Executive and Supervisory Boards propose to the Annual General Meeting that a dividend of Euro 0.90 per no-par value share (20 percent higher than the dividend of Euro 0.75 paid in 2005) be distributed from net profits in 2006, and that remaining retained profits be carried forward.

Financial position, assets and liabilities

Financial position

The financial position and net worth of the OVB Group has continued to improve as a result of positive business performance and the funds raised from the IPO. Cash flow from current operations declined in 2006 from Euro 14.5 million to Euro -5.9 million, primarily because of increased short-term investments by virtue of the funds raised through the IPO. Disregarding short-term investments, cash flow from current operations would have increased to Euro 21.6 million.

Cash flow from investment activity fell from Euro -2.8 million to Euro -0.4 million.

Cash flow from financing operations was predominantly affected by the funds raised from the IPO and the dividend distribution to shareholders. It rose from Euro -10.2 million to Euro 12.3 million, largely because of the transfer to the holding company's equity of Euro 22.5 million and the dividend distribution of Euro 9.8 million.

Assets and liabilities

Positive business performance and the IPO and the associated transfer to equity had a notable effect on OVB Holding AG's balance sheet as at 31 December 2006. Total assets rose from Euro 100.7 million at the end of 2005 to Euro 138.9 million, with a good Euro 30 million on the liabilities side alone being attributable to the increased equity.

The OVB Group's asset allocation is mainly influenced by current assets. They accounted for 88.7 percent of total assets, up from 82.3 percent. The biggest asset is securities and other investments, which account for 39.4 percent of total assets, while cash and cash equivalents make up 16.8 percent of total assets. Cash and cash equivalents increased by Euro 6.7 million to Euro 23.3 million. Securities and other investments rose from Euro 27.3 million to Euro 54.8 million.

The share of total assets attributable to non-current assets decreased by 6.5 percentage points to 11.3 percent. Non-current assets include intangible assets (3.9 percent of total assets), tangible assets (3.9 percent of total assets) and deferred tax assets.

Other provisions also increased by around Euro 4 million in connection with the expansion of business activities, primarily to make allowance for the commission payable to financial advisors. The OVB Group has a very solid financial basis with an equity ratio of 59.1 percent (year-end 2005: 51.0 percent) and enjoys considerable financial flexibility.

Asset allocation and capital structure
Percent, figures rounded

Risk report

Commercial activity without risk is inconceivable. As the parent company of the group, OVB Holding AG consults with its subsidiaries to determine the OVB Group's pan-European business strategy and its associated willingness to enter into risks.

In accordance with section 91 (2) of the German Stock Corporation Act (Aktiengesetz – "AktG"), the Executive Board of OVB Holding AG took suitable measures designed to enable the early identification of any developments that may jeopardise the existence of the company. Risk management is seen as a fundamental responsibility of management and those responsible for processes and projects at the holding company and the group companies. Group controlling ensures that risks are identified and evaluated on an ongoing basis across all functions and processes. Group controlling assesses quarterly status reports prepared by the various departments of the holding company and the group subsidiaries and consolidates them in the form of regular or, if necessary, immediate reports to the Executive Board and the Supervisory Board. The measures for identifying risks early and containing and overcoming risks are reviewed and supplemented regularly. Flat hierarchies also enable the company to react quickly to internal and external developments.

OVB brokers financial products offered by third-party providers across Europe to its target group of private households with average to higher incomes and to small and medium-sized enterprises. 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 business success. OVB monitors the development of these factors, which comprise financial and non-financial indicators, with the help of special sales controlling instruments managed by the holding company as the parent of the group. Thresholds and reporting procedures were also defined in connection with risk reporting. This early risk identification system is complemented by consultations throughout Europe and regular co-ordination with OVB's financial advisors in the field. Specific measures have been established to secure the long-term commitment of our network of advisors.

Industry-specific risks and opportunities arise for the OVB Group as a result of potential changes to the tax framework, socio-political conditions in the individual countries and capital market influences. We monitor political, regulatory, financial and economic developments in the markets in which we operate und utilise the know-how of external experts and analysts to review our strategy and business direction in light of these developments.

We guard against legal risks by drawing on comprehensive advice both from internal specialists and external advisers 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.

We also keep a constant eye on the regulatory environment, such as the implementation of EU directives in the national law of the respective countries, and call on the advice of internal and external experts so that we can guarantee timely implementation in our training standards. The provisions of the EU Insurance Mediation Directive provide that at each client meeting, advice must be given by an appropriately qualified person and recorded in writing. In the future, the professional accreditation of insurance brokers is to be linked to proof of expertise and professional indemnity for financial advisors. We meet these new requirements by continually adapting our diverse continuing education programs through in-house training courses and topic-specific seminars, and by implementing regulations relating to internal organisation. We believe we are well prepared to guarantee our clients comprehensive product advice and minimise the risk of incorrect advice, which would be detrimental to our clients and the companies in the OVB Group.

Just as in other sectors, client demand in the European financial services industry is dependent on economic trends, stock market conditions and tax and social security legislation. The OVB Group responds to this firstly by setting up its business to cover a broad area within Europe, so that market risks and downturns in individual countries can be offset by opportunities in other markets, and secondly by diversifying its business activities across a wide range of products that facilitate asset generation and risk protection and are tailored to the situation in the relevant markets. Our product range is continually adapted across Europe to meet the requirements of our clients.

In connection with assuring the quality of the financial and provision products offered throughout Europe by our operating subsidiaries, we combat the risk of diminishing product appeal in all markets by continually monitoring client response and feedback. Established committees liaise with our external sales team and process their valuable experience and suggestions for improving our services. We apply strict criteria to the selection of renowned and internationally experienced product partners and maintain ongoing communication with them, and this is intended to ensure the quality and competitiveness of our product portfolio throughout Europe and establish the basis for long-term co-operation.

Standard market commission rates form the basis of the earnings and cash flow situation of our subsidiaries and of OVB Holding AG. We are able to identify negative developments early and combat them by continually analysing our margins and monitoring potential regulatory intervention that would affect the tax treatment of our sales model.

In various areas, know-how is exchanged from country to country in order to ensure the efficient and integrated management of the business activities of the subsidiaries in 13 different countries throughout Europe. Established committees regularly co-ordinate the market activities of management in the individual countries. At the same time, these measures allow OVB to diversify the risk of being sued under guarantees or letters of comfort provided for its subsidiaries.

Bad debt risks are countered by efficient accounts receivable management and the careful selection of product partners. Appropriate impairments are created for receivables that are currently considered doubtful. Cancellation risks are adequately covered by corresponding provisions.

With respect to operating risks, principles and procedural guidelines have been defined which enable the ongoing control of all workflows for processing and settling business transactions. Manual spot tests complement this system. Our IT systems are monitored by automatic security systems, as well as by internal and external security experts in order to prevent data loss and unauthorised access.

In 2007, we again plan to audit the existing risk management system and optimise it further.

The risk presented could have a negative impact on the projections referred to under "Outlook".

No risks arose in the 2006 financial year that could affect or jeopardise the existence of the company.

No events occurred after the balance sheet date that had a notable effect on the financial position and earnings situation of the group.

The OVB Group believes it is in a good position to profit from what we expect will be continually growing demand across Europe for advisory services in the area of provision and insurance.

The IPO of OVB Holding AG boosted the profile of the OVB brand name throughout Europe, and the entire group should benefit from this in the future.

Outlook

The economy in the euro-zone should carry much of its momentum into 2007. The continually improving labour market situation will boost private consumption, and the high utilisation of production capacity will improve investment demand. Nevertheless, economic growth of 2.7 percent last year is likely to drop to 2.1 percent in the current year. The reasons for this include an expected downturn in exports (because of the Euro's unfavourable exchange rate), tighter monetary policy and more restrictive fiscal policy, particularly in Italy and Germany. In all likelihood, the national economies in Central and Eastern Europe will continue their rapid growth of 5 percent on average over the coming years. The appeal of these markets and low wage costs stimulate foreign investment, which in turn boosts domestic demand.

The economic upturn in Germany, which accelerated and spread in 2006, is likely to continue in 2007. Private consumption will be burdened initially by the increase in the value added tax rate at the beginning of the year, however this will be partially offset by a continuing drop in the unemployment rate and lower energy prices. This will be accompanied by corporate investment, which will remain strong. Overall, real gross domestic product is expected to increase in 2007 by around 1.4 percent.

The improved income situation of private households in many European countries will enhance financial flexibility to invest more heavily in private pension provision and risk coverage. The need to make private provision for old age and ill health is now obvious to everyone. This is accompanied by even greater government subsidies for private provision and reform of the government social security systems, all of which is intended to encourage greater private investment. 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. For example, a subsidiary was established in Ukraine on 22 February 2007, and other opportunities for expansion are constantly being assessed. To achieve the desired expansion, the company is aiming for organic growth as well as the acquisition of smaller competitors. Generally speaking, we anticipate accelerated consolidation in the financial services sector, which will also be triggered by changes to the legislation governing financial advice and the sale of financial products. OVB believes it is in an outstanding position to profit from these developments. The successful public offering of OVB Holding AG shares in the summer of 2006 was an important step forward in this regard. The IPO permanently enhanced the company's financial strength and the profile of the OVB brand name throughout Europe. The company's improved reputation as a listed entity that satisfies strict transparency requirements benefits the domestic and foreign sales companies and each individual financial advisor in their dealings with clients.

In light of these circumstances, OVB expects the positive performance of the entire group to continue in the current financial year and in 2008. Provided the general conditions under which we operate do not substantially deteriorate (and we do not expect this to be the case), and provided no unforeseen events occur, we expect a 10 to 11 percent increase in total sales commission in 2007. In keeping with the brokerage expense ratio, brokerage expenses should increase largely in line with sales performance. For the current financial year, we expect EBIT and net income for the year to increase by between 11 and 13 percent. We anticipate a similar trend for 2008.

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.

Cologne, 26 February 2007

Michael Frahnert Oskar Heitz

Annual Financial Statements 2006

Consolidated balance sheet

of OVB Holding AG as at 31 December 2006, prepared in accordance with IFRS

Assets

Note	in Euro	31/12/2006	31/12/2005
	A. Non-current assets		
1	Intangible assets	5,377,206.30	6,315,990.21
2	Tangible assets	5,377,761.46	5,580,390.25
3	Real estate held as a financial investment	729,000.00	786,000.00
4	Financial assets	131,804.02	129,022.33
5	Deferred tax assets	4,047,909.97	5,046,768.87
		15,663,681.75	**17,858,171.66**
	B. Current assets		
6	Trade receivables	22,864,439.33	19,568,726.20
7	Receivables and other assets	17,544,539.33	16,150,286.41
8	Income tax receivables	4,709,537.03	3,152,047.77
9	Securities and other investments	54,776,713.73	27,346,584.09
10	Cash and cash equivalents	23,305,379.58	16,616,664.33
		123,200,609.00	**82,834,308.80**
	Total assets	**138,864,290.75**	**100,692,480.46**

Liabilities

Note	in Euro	31/12/2006	31/12/2005
	A. Equity		
11	Subscribed capital	14,251,314.00	13,116,314.00
12	Capital reserve	39,341,973.48	18,048,618.12
13	Own shares	0.00	-86,329.00
14	Revenue reserves	9,986,166.62	6,225,505.91
15	Other reserves	2,075,815.54	503,762.39
16	Minority interests	230,171.47	207,829.24
17	Net retained profits	16,163,704.38	13,373,649.84
	Total equity	**82,049,145.49**	**51,389,350.50**
	B. Non-current liabilities		
18	Liabilities to banks	692,676.87	1,206,565.44
19	Provisions	543,794.72	446,500.68
20	Other liabilities	35,721.46	48,232.46
21	Deferred tax liabilities	106,332.64	118,687.03
		1,378,525.69	**1,819,985.61**
	C. Current liabilities		
22	Provisions for taxes	2,064,752.45	23,389.00
23	Other provisions	21,742,011.92	17,526,292.30
24	Income tax liabilities	2,662,924.48	2,975,790.66
25	Trade payables	9,450,756.04	8,727,173.36
26	Other liabilities	19,516,174.68	18,230,499.03
		55,436,619.57	**47,483,144.35**
	Total equity and liabilities	**138,864,290.75**	**100,692,480.46**

Note

Consolidated income statement

of OVB Holding AG for the period from 1 January to 31 December 2006, prepared in accordance with IFRS

Note	in Euro	2006	2005
27	Brokerage income	186,982,067.41	150,098,167.86
28	Other operating income	11,614,525.17	8,752,147.68
	Total income	**198,596,592.58**	**158,850,315.54**
29	Brokerage expenses	-112,430,517.62	-89,026,319.74
30	Personnel expenses	-18,259,279.50	-16,161,335.63
31	Depreciation and amortisation	-3,816,238.83	-3,379,886.10
32	Other operating expenses	-39,967,566.52	-32,257,098.47
	Earnings before interest and taxes (EBIT)	**24,122,990.11**	**18,025,675.60**
	Disposal of long-term financial investments	1,034.09	0.00
	Finance income	2,113,467.21	1,436,071.88
	Finance expenses	-562,471.61	-226,503.41
33	Financial result	1,552,029.69	1,209,568.47
	Earnings before taxes	**25,675,019.80**	**19,235,244.07**
34	Taxes on income	-9,343,566.07	-6,084,244.30
35	Consolidated net income for the year	16,331,453.73	13,150,999.77
36	Minority interests	-22,342.23	-19,000.44
	Consolidated net income for the year	**16,309,111.50**	**13,131,999.33**
37	Earnings per share/undiluted	1.21	1.01

Note

Consolidated cash flow statement

of OVB Holding AG for the period from 1 January to 31 December 2006, prepared in accordance with IFRS

in Euro	2006	2005
Cash and cash equivalents Cash in hand/bank balances maturing in < 3 months	23,305,379.58	16,616,664.33
Net income/loss for the period (after minority interests)	16,309,111.50	13,131,999.33
+/- Write-downs/write-ups of non-current assets	3,840,977.85	3,704,879.96
-/+ Unrealised currency gains/losses	560,100.46	-176,766.63
+/- Increase/reversal of provision for impairment of receivables	2,104,592.20	2,786,395.04
-/+ Increase/decrease in deferred tax assets	998,858.90	790,912.04
+/- Increase/decrease in deferred tax liabilities	-12,354.39	-18,488.94
= Cash flow	**23,801,286.52**	**20,218,930.80**
- Finance income	-1,481,944.73	-772,128.14
- Interest income	-631,522.48	-663,943.74
+/- Increase/decrease in provisions	6,354,377.11	1,074,376.39
+/- Increase/decrease in available-for-sale reserve	65,689.26	95,007.92
+/- Expenses/income from the disposal of intangible and tangible assets (net)	125,218.33	205,309.47
+/- Decrease/increase in trade receivables and other assets	-35,782,177.15	4,755,082.02
+/- Increase/decrease in trade payables and other liabilities	1,683,881.15	-10,448,621.48
= Cash flow from operating activities	**-5,865,191.99**	**14,464,013.24**
+ Proceeds from the disposal of tangible assets	42,849.55	82,414.34
+ Proceeds from the disposal of financial assets	219,327.26	198,944.59
- Purchases of tangible assets	-1,320,501.02	-1,417,602.33
- Purchases of intangible non-current assets	-1,209,902.86	-2,909,986.16
- Purchases of financial assets	-207,781.03	-195,455.45
+ Finance income	1,481,944.73	772,128.14
+ Interest received	631,522.48	663,943.74
= Cash flow from investing activities	**-362,540.89**	**-2,805,613.13**
+ Proceeds from transfers to equity	23,835,000.00	0.00
- Equity transaction costs	-1,953,355.64	0.00
-/+ Purchase/sale of own shares	633,040.00	-295,229.50
- Distributions to the company's shareholders and minority interests (dividends, equity repayments, other distributions)	-9,758,396.25	-9,807,410.25
+/- Increase/decrease in minority interests	22,342.23	19,000.44
+/- Proceeds/expenses from the issue of bonds and (financing) loans	-513,888.57	-165,958.66
= Cash flow from financing activities	**12,264,741.77**	**-10,249,597.97**
Overview:		
Cash flow from operating activities	-5,865,191.99	14,464,013.24
Cash flow from investing activities	-362,540.89	-2,805,613.13
Cash flow from financing activities	12,264,741.77	-10,249,597.97
Exchange gains/losses on cash and cash equivalents	651,706.36	139,649.97
= Net change in cash and cash equivalents	**6,688,715.25**	**1,548,452.11**
+ Cash and cash equivalents at end of the prior year	16,616,664.33	15,068,212.22
= Cash and cash equivalents at end of the current year	**23,305,379.58**	**16,616,664.33**
Income tax paid	5,978,035.49	5,222,112.61
Interest paid	110,005.83	109,880.33

Consolidated statement of changes in equity

of OVB Holding AG as at 31 December 2006, 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 31/12/2005	13,116,314.00	-86,329.00	18,048,618.12	241,650.51	1,239,278.59	4,986,227.32
Consolidated profit				13,131,999.33		
Dividend relating to 2005				-9,758,396.25		
Own shares		86,329.00	546,711.00			
Capital measures	1,135,000.00		22,700,000.00			
Change in available-for-sale reserve						
Equity transaction costs			-3,394,031.14			
Proceeds from the sale of own shares			1,440,675.50			
Transfer to other reserves				-3,760,660.71	322,084.97	3,438,575.74
Change in currency translation reserve						
Net income prior to release of 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**

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
147,350.89	19,319.00	337,092.50	108,265.41	13,131,999.33	13,240,264.74	207,829.24	51,389,350.50
			-108,265.41	-13,131,999.33	-13,240,264.74		0.00
							-9,758,396.25
			0.00		0.00		633,040.00
							23,835,000.00
158,752.95	-93,063.69		65,689.26		65,689.26		65,689.26
							-3,394,031.14
							1,440,675.50
			0.00		0.00		0.00
		1,506,363.89	1,506,363.89	-343,403.52	1,162,960.37		1,162,960.37
			0.00	16,652,515.02	16,652,515.02	22,342.23	16,674,857.25
306,103.84	**-73,744.69**	**1,843,456.39**	**1,572,053.15**	**16,309,111.50**	**17,584,576.90**	**230,171.47**	**82,049,145.49**

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**

Segment reporting 2005
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	58,883,915.16	60,555,998.55	30,658,254.15	0.00	0.00	150,098,167.86
Other operating income	4,246,550.79	1,220,547.20	1,654,613.66	1,855,420.37	-324,164.36	8,652,967.66
Income from inter-segment transactions	943,566.31	70,831.88	277,987.95	2,051,628.59	-3,244,834.71	99,180.02
Total segment income	**64,074,032.26**	**61,847,377.63**	**32,590,855.76**	**3,907,048.96**	**-3,568,999.07**	**158,850,315.54**
Segment expenses						
Brokerage expenses						
- current commission for sales force	-23,506,918.38	-36,228,847.22	-19,394,781.10	0.00	0.00	-79,130,546.70
- other commission for sales force	-7,945,471.08	-1,317,189.31	-633,112.65	0.00	0.00	-9,895,773.04
Personnel expenses	-8,257,631.96	-2,350,446.64	-2,926,819.45	-2,626,437.58	0.00	-16,161,335.63
Depreciation/amortisation	-2,218,378.78	-348,447.48	-579,802.98	-237,285.42	4,028.56	-3,379,886.10
Other operating expenses	-18,208,985.48	-6,478,559.75	-6,255,095.30	-4,663,293.73	3,348,835.79	-32,257,098.47
Total segment expenses	**-60,137,385.68**	**-46,723,490.40**	**-29,789,611.48**	**-7,527,016.73**	**3,352,864.35**	**-140,824,639.94**
Segment result before financial result	**3,936,646.58**	**15,123,887.23**	**2,801,244.28**	**-3,619,967.77**	**-216,134.72**	**18,025,675.60**
Financial result	508,902.43	93,876.14	158,080.39	447,248.61	1,460.90	1,209,568.47
Segment result after financial result	**4,445,549.01**	**15,217,763.37**	**2,959,324.67**	**-3,172,719.16**	**-214,673.82**	**19,235,244.07**
Additional disclosures						
Investments in intangible and tangible assets	1,741,630.24	1,057,296.12	435,783.20	1,288,334.38	0.00	4,523,043.94
Other non-cash expenses	-3,660,316.16	-4,522,088.89	-940,341.96	-619,580.61	375,800.66	-9,366,526.96
Impairment expenses recognised in the income statement	2,106,427.23	516,283.38	296,107.68	327,228.53	0.01	3,246,046.83
Total segment assets	41,275,018.57	21,393,593.23	13,729,677.37	24,502,919.25	-208,727.96	100,692,480.46
Less deferred taxes and refund claims	-5,119,908.45	-973,893.82	-185,162.46	-1,919,851.91	0.00	-8,198,816.64
Segment assets	**36,155,110.12**	**20,419,699.41**	**13,544,514.91**	**22,583,067.34**	**-208,727.96**	**92,493,663.82**
Total segment liabilities	26,967,926.18	9,657,731.35	9,890,015.04	3,677,834.16	-890,376.77	49,303,129.96
Less deferred taxes and deferred tax liabilities	-959,882.00	-1,007,574.60	-1,072,361.20	-70,220.69	0.00	-3,110,038.49
Less loan commitments	0.00	0.00	0.00	-2,126,042.16	919,476.72	-1,206,565.44
Less capitalised lease obligations	0.00	0.00	-48,232.46	0.00	0.00	-48,232.46
Segment liabilities	**26,008,044.18**	**8,650,156.75**	**8,769,421.38**	**1,481,571.31**	**29,099.95**	**44,938,293.57**

Notes to the consolidated financial statements for financial year 2006

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 2006 were released for publication on 22 March 2007 pursuant to a resolution adopted by company management.

2. Summary of significant accounting policies

The consolidated financial statements for the financial year ending 31 December 2006 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).

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 2006 financial year, the group applied the following new and amended IFRS standards and interpretations. The application of these new or amended IFRS standards and interpretations had no impact on the consolidated financial statements, but additional disclosures were required.

- IAS 19 (Amendment) – Employee Benefits

The group applied the IAS 19 amendments for the first time as of 1 January 2006. Consequently, additional disclosures are made concerning trends affecting assets and liabilities under defined benefit plans and concerning the assumptions underlying the expense components of defined benefit plans. The application of the amended version of IAS 19 resulted only in additional disclosures for financial years 2005 and 2006. It did not result in any change to the accounting or valuation methods applied, since the group has decided not to avail itself of the new option to recognise actuarial gains and losses outside the income statement.

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.

In 2005, OVB acquired 100 percent of the shares in EF-CON Insurance Agency GmbH, Vienna, in return for consideration of Euro 200,000, and thus effective 1 July 2005 OVB took over control of this company and its subsidiaries, EFCON s.r.o., Brünn, and EFCON Consulting s.r.o., Bratislava. The acquired companies engage in the same core business as OVB. The acquisition gave rise to derivative goodwill of Euro 741,195.26, which is primarily attributable to the acquisition of the external sales agent infrastructure. The assets and liabilities acquired as part of the transaction are of secondary significance.

In the period from July to December 2005, the newly consolidated companies generated the following amounts of net income, which were included in consolidated net income for 2005:

	Euro
EF-CON Insurance Agency GmbH, Vienna	138,932.85
EFCON s.r.o., Brünn	44,842.25
EFCON Consulting s.r.o., Bratislava	-10,467.60

Apart from OVB Holding AG, the consolidated financial statements include the following subsidiaries:

Consolidated company in percent	Shareholding 2006	Shareholding 2005
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 Magyarorszagi A.P.K. Kft., Budapest	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
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, Athens	100	100
OVB (Hellas) Allfinanz Vermittlungs GmbH & Co. KG, Bankprodukte, Athens	100	100
OVB Hellas GmbH, Athens	100	100
OVB (Hellas) Allfinanz Vermittlungs GmbH, Athens	100	100
OVB Conseils en patrimoine France sàrl, Strasbourg	100	100

Consolidated company in Euro	Equity 31/12/2006	Net income for the year
Nord-Soft EDV-Unternehmensberatung GmbH, Horst	443,867.06	40,394.83
Nord-Soft Datenservice GmbH, Horst	20,188.73	4,650.39
Informatikai Kft., Budapest	50,888.08	8,783.50
MAC Marketing und Consulting GmbH, Salzburg	-94,442.50	141,014.64
EF-CON Insurance Agency GmbH, Vienna	698,473.60	-63,956.83
OVB Vermögensberatung AG, Cologne	20,488,151.90	5,256,905.34
OVB Allfinanzvermittlungs GmbH, Salzburg	3,921,240.26	2,697,734.72
OVB Vermögensberatung (Schweiz) AG, Baar	1,542,479.09	138,349.59
EURENTA Holding GmbH Europäische Vermögensberatung, Bonn	-4,161,944.53	-388,175.97
Advesto GmbH, Cologne	100,874.19	1,000.89
OVB Magyarorszagi A.P.K. Kft., Budapest	785,192.25	552,538.98
OVB Vermögensberatung A.P.K. Kft.(formerly: OVB Budapest A.P.K. Kft.), Budapest	14,133.61	-16,822.60
OVB Allfinanz a.s., Prague	7,643,658.87	5,515,091.56
OVB Allfinanz Slovensko s.r.o., Financne poradenstvo, Bratislava	11,522,564.30	8,548,751.19
OVB Allfinanz Polska Spolka Finansowa Sp. z.o.o., Warsaw	1,029,031.81	455,059.93
OVB Allfinanz Romania S.R.L., Cluj (Klausenburg)	-262,873.07	-103,037.22
OVB Imofinanz S.R.L., Cluj (Klausenburg)	22,188.05	-42,899.17
OVB Allfinanz Croatia d.o.o., Zagreb	754,492.82	247,419.47
OVB Allfinanz Zastupanje d.o.o., Zagreb	81,210.79	20,825.89
OVB-Consulenza Patrimoniale SRL, Verona	-249,583.70	-778,384.62
EFCON s.r.o., Brünn	151,772.19	92,907.38
EFCON Consulting s.r.o., Bratislava	139,313.44	113,028.48
OVB Allfinanz España S.L., Madrid	46,335.55	-145,338.46
OVB (Hellas) Allfinanz Vermittlungs GmbH & Co. KG, Athens	646,003.92	359,157.31
OVB (Hellas) Allfinanz Vermittlungs GmbH & Co. KG, Bankprodukte, Athens	-1,616,940.81	115,473.88
OVB Hellas GmbH, Athens	18,000.00	0.00
OVB (Hellas) Allfinanz Vermittlungs GmbH, Athens	18,000.00	0.00
OVB Conseils en patrimoine France sàrl, Strasbourg	505,223.82	166,626.04

The balance sheet date of all subsidiaries is 31 December 2006.

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 31/12/2006	Average rate 2006	Closing rate 31/12/2005	Average rate 2005
CHF	0.621600	0.63585	0.64180	0.64600
CZK	0.036450	0.03532	0.03453	0.03363
HUF	0.004001	0.0038	0.00397	0.00404
HRK	0.136200	0.13669	0.13600	0.13587
PLN	0.262626	0.25748	0.259428	0.24906
RON	0.295600	0.28480	0.270700	0.27860
SKK	0.02907	0.02694	0.026410	0.025960

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.

After their initial recognition in the accounts, financial instruments 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.

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

3.1 Loans and receivables

Loans and receivables are measured at amortised cost. Where necessary, loans and receivables are written down to fair value.

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 for such receivables and liabilities.

3.2 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.

3.3 Held-to-maturity financial investments

Non-derivative financial assets with fixed or at least calculable payments and a fixed maturity date are classified as held-to-maturity financial assets if the group intends and is able to hold these assets, which are quoted on an active market, until maturity. This category does not include financial investments intended to be held for an undefined period. Other long-term financial investments intended to be held to maturity (e.g. bonds) 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. Like premiums and discounts, fees and charges that are integrated in the effective interest rate are incorporated in the calculation of amortised cost.

3.4 Financial commitments

Financial commitments are generally stated at amortised cost.

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).

All of the necessary estimates and assessments in connection with accounting and valuation in accordance with IFRS correspond with the relevant standards. The estimates and assessments are continually revised and are based on experience as to future events, which appear plausible based on current circumstances. 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. Please refer to the explanatory notes to the individual balance sheet items.

The following is a presentation of the accounting, valuation and consolidation methods applied when preparing OVB's consolidated financial statements.

3.5 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, including financial instruments attributable to the discontinued business division.

in Euro	Carrying amount 2006	Fair value 2006	Carrying amount 2005	Fair value 2005
Investment property	729,000.00	729,000.00	786,000.00	786,000.00
Financial assets	131,804.02	131,804.02	129,022.33	129,022.33
Trade receivables	22,864,439.33	22,864,439.33	19,568,726.20	19,568,726.20
Receivables and other assets	72,321,253.06	72,468,603.95	43,496,870.50	43,568,532.47
Cash and cash equivalents	23,305,379.58	23,305,379.58	16,616,664.33	16,616,664.33

3.5.1 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 and 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.

3.5.2 Currency risks

The group generates 48.4 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.

3.5.3 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.

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.

4.2 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 38.21–23, 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 – 5 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 now 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.

4.3 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

4.4 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 62K was generated from investment properties (2005: Euro 62K). This income was offset by directly attributable operating expenses of Euro 30K (2005: Euro 21K).

Impairments of Euro 57K were recorded in respect of investment property in the period under review (2005: Euro 73K).

4.5 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.

4.5.1 Impairment

Assets within the meaning of IAS 36.1 are tested for impairment whenever events or changes in circumstances 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 4.2. 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.

4.6 Financial assets

Financial assets relate to long-term financial assets. They include securities, loans and other investments. Equity securities whose fair value cannot be reliably determined are recognised at cost, subject to charges for permanent impairments.

4.7 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.

Securities in the *“at fair value through profit or loss”* category are recognised at fair value in subsequent periods. Changes in value are reported in the income statement.

“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 when the gain or loss is incurred.

Debt instruments that are *"held to maturity"* and securities that are not quoted on an active market are stated at amortised cost.

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 amortised if substantial or sustained impairments arise.

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. The discount rate takes into account both a current assessment of the debtor's credit rating and the development of market interest rates. A standard market interest rate of 5 percent was used.

Given the incidental nature of OVB's investments, it only purchases securities that are available for sale or whose term to maturity corresponds with OVB's financial plan.

4.8 Loans and other investments

Loans and other investments are stated at amortised cost unless required to be recorded at a lower fair value due to impairment.

Loans that are subject to a standard market rate are recognised at cost, which normally corresponds with the nominal value. Non-interest bearing loans or loans at non-market rates are recorded at present value. The discount rate takes into account both a current assessment of the lender's credit rating and the development of market interest rates. A standard market rate of 5 percent was used.

4.9 Impairment

If, in a subsequent period, OVB's investments in "available-for-sale" or "held-to-maturity" 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).

If grounds for impairment exist, the impairment is applied against the fair value and reflected in the income statement.

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.

4.10 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.

4.11 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.

For the purpose of the consolidated cash flow statement, cash and cash equivalents include the cash and short-term deposits defined above.

5. Group liabilities

5.1 Non-current liabilities

Non-current liabilities are those that fall due more than 12 months after the balance sheet date or whose payment OVB can delay by at least 12 months from the balance sheet date, as well as liabilities outside the ordinary course of business.

5.2 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.

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

in percent	31/12/2006	31/12/2005
Discount rate	4.5	4.25
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 2006 based on the actuarial assessment:

in Euro	
Service cost	0.0
Interest cost	17,242.00

The liability reported in the balance sheet was Euro 359,269.00 as at 31 December 2006. This comprises a calculated present value of the defined benefit obligation (DBO) of Euro 383,147.00 and an actuarial loss of Euro 23,878.00.

in Euro	2006	2005
Development of defined benefit obligations:		
Defined benefit obligation at the beginning of the reporting period	271,335.00	211,993.00
Interest cost	16,200.00	14,010.00
Current service cost	0.00	0.00
Benefits paid	0.00	0.00
Refund for loss not yet recognised	71,734.00	45,332.00
Defined benefit obligation at the end of the reporting period	359,269.00	271,335.00
Changes in asset value:		
Fair value of plan assets at the beginning of the reporting period	354,402.95	269,436.10
Employer contributions	0.00	0.00
Benefits paid	0.00	0.00
Fair value of plan assets as at 31 December	359,269.00	354,402.95

5.3 Long-term 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.

5.4 Current liabilities / 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.

5.5 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.

5.6 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. Commissions are partially discounted and partially paid in instalments. In the case of commissions received in instalments, back-payments can usually be expected in subsequent years after conclusion of the relevant contract. Instalment-based commission arises almost exclusively in the "Central and Eastern European" segment.

The offsetting expense items are recognised on an accrual basis.

Overall sales performance firstly includes sales from primary contracts, which is generated based on direct contracts with the financial advisors working for OVB. Secondly, the sales agents generate commission income through additional contracts with product partners (secondary contracts).

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 and segment reporting is therefore based exclusively on geographic lines.

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

The “Central and Eastern Europe” segment encompasses OVB Magyarorszagi A.P.K. Kft., OVB Vermögensberatung A.P.K. Kft. (formerly: OVB Budapest A.P.K. Kft.), OVB Allfinanz a.s., OVB Allfinanz Slovensko s.r.o., Financne poradenstvo, OVB Allfinanz Polska Spolka Finansowa Sp. z.o.o., OVB Allfinanz Romania S.R.L., OVB Imofinanz S.R.L., OVB Allfinanz Croatia d.o.o., OVB Allfinanz Zastupanje d.o.o., EFCON s.r.o. and EFCON Consulting s.r.o.

The “Southern and Western Europe” segment covers the following companies: OVB Allfinanzvermittlungs GmbH, OVB Vermögensberatung (Schweiz) AG, OVB-Consulenza Patrimoniale SRL, OVB Allfinanz España S.L., OVB (Hellas) Allfinanz Vermittlungs GmbH & Co. KG, OVB (Hellas) Allfinanz Vermittlungs GmbH & Co. KG, Bankprodukte, OVB Hellas GmbH, OVB (Hellas) Allfinanz Vermittlungs GmbH and OVB Conseils en patrimoine France sàrl.

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

Contrary to the consolidated financial statements for the year ending 31 December 2005, the operations of OVB Holding AG, Nord-Soft EDV-Unternehmensberatung GmbH, Nord-Soft Datenservice GmbH, Informatikai Kft., MAC Marketing und Consulting GmbH and EF-CON Insurance Agency GmbH were allocated to a regional segment. Whereas their activities were not recognised separately under “Corporate Centre/Consolidation” last year, the assets, liabilities, income and expenses of OVB Holding AG and those of the aforementioned service companies as at 31 December 2006 were reported in the “Corporate Centre” column. This change in the manner of presentation compared with the 2005 consolidated financial statements is intended to improve the transparency of the presented information.

In order to ensure that the 2006 financial statements can be compared with those of the previous year, the figures as at 31 December 2005 were adjusted to the figures presented as at 31 December 2006. Compared with the figures reported in 2005, income in the consolidation column decreased by Euro 3,567K, expenses decreased by Euro 3,353K, assets fell by Euro 209K and liabilities by Euro 890K.

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

2006: Euro	**15,663,681.75**
2005: Euro	17,858,171.66

1

1 Intangible assets

2006: Euro	**5,377,206.30**
2005: Euro	6,315,990.21

in Euro	31/12/2006	31/12/2005
Software		
Software purchased from external third parties	1,819,591.06	2,218,780.56
Self-created software	1,484,332.84	1,681,866.05
Payments on account of software	129,026.06	494,760.69
Goodwill	1,675,094.56	1,551,336.26
Other intangible assets	269,161.78	369,246.65
	5,377,206.30	**6,315,990.21**

Goodwill is recognised in accordance with IFRS 3.

There were no impairments pursuant to IAS 36.

Changes in intangible assets in the 2006 financial year are presented in the asset schedule.

2

2 Tangible assets

2006: Euro	**5,377,761.46**
2005: Euro	5,580,390.25

in Euro	31/12/2006	31/12/2005
Land, land rights and buildings		
- Own-use property	2,253,687.58	2,266,381.39
Other equipment, office and operating equipment		
- Machinery, equipment, furniture, vehicles, other	2,040,519.66	2,053,411.71
- IT equipment	737,556.48	875,721.94
- Assets under finance lease	31,414.00	43,979.00
- Payments on account of tangible assets in progress	51,607.23	0.00
- Tenant fixtures and fittings	262,976.51	340,896.21
	5,377,761.46	**5,580,390.25**

A charge on real property for Euro 737,618.45 (2005: Euro 779,240.45) 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 41,781.00 (2005 Euro 73,959.44) was recorded in respect of tangible assets.

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

Finance leases

Leased and sub-leased assets that are required to be allocated to the reporting company in accordance with IAS 17 are apportioned across the individual asset categories as follows:

in Euro	31/12/2006	31/12/2005
Tangible assets		
IT equipment	0.00	0.00
Machinery, furniture, vehicles	31,414.00	43,979.00
Book amount	31,414.00	43,979.00
The amount of minimum lease payments due in subsequent periods is as follows:		
For the next year	15,450.96	12,573.00
Two through five combined	21,588.22	33,139.00
Total minimum lease payments	37,039.18	45,712.00
Present value of lease payments	35,721.46	41,687.10

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.

Leased vehicles valued at Euro 0.00 (2005: Euro 50,262.00) were added in the year under review. Depreciation on leased vehicles amounted to Euro 12,565.00 in 2006 (2005: Euro 6,283.00).

Please refer to the asset schedule for further information on the development of finance lease assets.

in Euro	2006	2005
Historical cost of IT equipment 01/01	0.00	1,600,727.70
Currency translation differences	0.00	0.00
Disposals	0.00	1,600,727.70
Historical cost of IT equipment 31/12	0.00	0.00
Cumulative depreciation of IT equipment 01/01	0.00	1,463,951.58
Currency translation differences	0.00	0.00
Additions	0.00	136,776.12
Disposals	0.00	1,600,727.70
Cumulative depreciation of IT equipment 31/12	0.00	0.00

Liabilities under finance leases

in Euro	2006	2005
Outstanding minimum lease payments	37,039.09	45,712.00
+ Unguaranteed residual values	0.00	0.00
Gross investment	37,039.09	45,712.00
- Unearned (outstanding) finance income	1,317.63	4,024.90
Net investment	35,721.46	41,687.10
- Present value of unguaranteed residual values	0.00	0.00
Present value of minimum lease payments	35,721.46	41,687.10

3

3 Investment property

2006: Euro	**729,000.00**
2005: Euro	786,000.00

in Euro	2006	2005
Rental income from investment properties amounted to	61,958.76	61,958.76
Operating expenses excluding depreciation amounted to	29,714.23	20,673.66
Net gains or losses from adjusting to fair value amounted to	-57,000.00	-73,000.00

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 57,000.00.

A land charge for Euro 920,325.39 (2005: 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 6 December 2006.

4

4 Financial assets

2006: Euro	**131,804.02**
2005: Euro	129,022.33

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

5

5 Deferred tax assets

2006: Euro	**4,047,909.97**
2005: Euro	5,046,768.87

Deferred tax assets can be broken down as follows:

in Euro	31/12/2006	31/12/2005
Goodwill	0.00	131,670.00
Tangible and intangible assets	11,883.17	7,855.67
Financial assets	877.76	2,369.45
Financial instruments	7,493.73	20,546.38
Other assets	3,867.17	23,662.23
Provisions	1,018,965.18	482,704.32
Liabilities	711,785.88	864,933.94
Tax loss carry-forwards	172,124.06	146,765.39
	1,926,996.95	**1,680,507.38**
Net of deferred tax liabilities	-917,250.59	-771,193.37
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:	3,038,163.61	4,137,454.86
	4,047,909.97	**5,046,768.87**

Deferred tax liabilities of Euro 73,744.69 (2005: Euro 19,319.00) were directly recognised in equity as at 31 December 2006.

Overall, no deferred taxes were recognised on loss carry-forwards of Euro 23,335K for the subsidiaries or OVB Holding AG. This would have given rise to deferred tax assets of Euro 8,683K.

Of the loss carry-forwards, Euro 1,437K can be used over a period of 5 to 15 years. Euro 21,898K 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.

Schedule of group non-current assets

of OVB Holding AG as at 31 December 2006

	Intangible assets					
	Software			Goodwill	Other intangible assets	Total
in Euro	Purchased software	Self-created software	Payments on account			
Historic cost						
At 31/12/2005	15,713,295.87	3,383,585.75	606,878.92	10,967,032.88	649,402.79	31,320,196.21
Currency translation differences	23,302.43	28,747.63	9,885.87	123,758.30	2,311.76	188,005.99
At 31/12/2005	15,736,598.30	3,412,333.38	616,764.79	11,090,791.18	651,714.55	31,508,202.20
Change in consolidated group	0.00	0.00	0.00	0.00	0.00	0.00
Additions	647,025.23	293,733.73	165,631.60	41,553.00	61,959.30	1,209,902.86
Disposals	494,846.93	20,791.86	0.00	41,553.00	102,258.00	659,449.79
Transfers	211,726.89	310,274.49	-499,860.36	0.00	-22,141.01	0.01
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**
Accumulated depreciation/amortisation						
At 31/12/2005	13,494,515.31	1,701,719.70	112,118.23	9,415,696.62	271,637.14	24,995,687.00
Currency translation differences	12,418.12	15,947.91	-3,528.81	0.00	-131.40	24,705.82
At 31/12/2005	13,506,933.43	1,717,667.61	108,589.42	9,415,696.62	271,505.74	25,020,392.82
Change in consolidated group	0.00	0.00	0.00	0.00	0.00	0.00
Additions	1,268,121.93	814,341.04	44,920.55	0.00	142,330.32	2,269,713.84
Disposals	494,142.93	20,791.75	0.00	0.00	102,242.00	617,176.68
Transfers	**14,280,912.43**	**2,511,216.90**	**153,509.97**	**9,415,696.62**	**311,594.06**	**26,672,929.98**
Accumulated impairments						
At 31/12/2005	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 31/12/2005	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 31/12/2006	**0.00**	**0.00**	**0.00**	**0.00**	**8,519.00**	**8,519.00**
Book amount 31/12/2005	**1,819,591.06**	**1,484,332.84**	**129,026.06**	**1,675,094.56**	**269,161.78**	**5,377,206.30**
Book amount 31/12/2006	**2,218,780.56**	**1,681,866.05**	**494,760.69**	**1,551,336.26**	**369,246.65**	**6,315,990.21**

							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	3,093,013.95	5,136,623.62	3,384,588.09	50,262.00	1,329,642.54	0.00	14,095,048.99	171,407.00
0.00	95,832.99	59,593.98	19,538.09	0.00	1,575.39	0.00	176,540.45	17,264.02
1,100,918.79	3,188,846.94	5,196,217.60	3,404,126.18	50,262.00	1,331,217.93		14,271,589.44	188,671.02
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	3,368.67	764,426.40	498,653.58	0.00	2,445.14	51,607.23	1,320,501.02	130,103.95
0.00	0.00	704,080.76	244,141.03	0.00	20,086.30	0.00	968,308.09	141,650.18
0.00	0.00	-35,755.09	35,755.09	0.00	0.00	0.00	0.00	0.00
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**	**30,831,987.99**	**177,124.79**
354,432.64	826,632.56	3,077,174.24	2,508,044.36	6,283.00	988,746.33	0.00	7,761,313.13	0.00
0.00	12,465.37	34,132.92	11,360.17	0.00	302.73	0.00	58,261.19	0.00
354,432.64	839,097.93	3,111,307.16	2,519,404.53	6,283.00	989,049.06		7,819,574.32	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15,219.00	99,430.10	679,200.91	642,764.36	12,565.00	81,636.50	0.00	1,530,815.87	0.00
0.00	0.00	616,268.26	205,475.83	0.00	20,085.30	0.00	841,829.39	0.00
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**
-39,513.85	0.00	6,037.67	821.79	0.00	0.00	0.00	-32,654.39	42,384.67
0.00	0.00	11.01	6.42	0.00	0.00	0.00	17.43	4,268.96
-39,513.85	0.00	6,048.68	828.21	0.00	0.00	0.00	-32,636.96	46,653.63
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
41,781.00	0.00	0.00	0.00	0.00	0.00	0.00	41,781.00	652.80
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,985.66
0.00	0.00	0.00	683.93	0.00	0.00	0.00	683.93	0.00
2,267.15	**0.00**	**6,048.68**	**144.28**	**0.00**	**0.00**	**0.00**	**8,460.11**	**45,320.77**
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**
786,000.00	**2,266,381.39**	**2,053,411.71**	**875,721.94**	**43,979.00**	**340,896.21**	**0.00**	**6,366,390.25**	**129,022.33**

B Current assets

2006: Euro	123,200,609.00
2005: Euro	82,834,308.80

6

6 Trade receivables

2006: Euro	22,864,439.83
2005: Euro	19,568,726.20

in Euro	31/12/2006	31/12/2005
Receivables from insurance brokerage	20,370,563.83	17,665,504.05
Receivables from other brokerage	1,574,545.26	1,434,961.77
Other trade receivables	919,330.24	468,260.38
	22,864,439.33	**19,568,726.20**

Trade receivables relate primarily to claims for commission against third parties as at the balance sheet date, which are largely based on commission accounts issued in December of the year under review. Receivables from insurance companies are reported under receivables from insurance brokerage. Receivables from other brokerage include all receivables from product partners that do not qualify as insurance companies or affiliated companies.

7

7 Receivables and other assets

2006: Euro	17,544,539.33
2005: Euro	16,150,286.41

in Euro	31/12/2006	31/12/2005
1. Receivables from affiliated companies - from insurance brokerage	**1,569,328.51**	**2,769,005.71**
2. Receivables from financial advisors	11,589,292.38	10,375,184.11
3. Receivables from employees	216,155.18	223,874.59
	11,805,447.56	**10,599,058.70**
4. Other receivables	319,613.60	327,672.15
5. Accrued investment income	1,580.17	1,353.11
6. Prepaid expenses	643,415.31	1,015,033.59
7. Advertising and office supplies	822,601.98	760,693.09
8. Payments on account	1,723,561.08	130,422.06
9. Other taxes	153,123.52	155,728.10
10. Other assets	505,867.60	391,319.90
	4,169,763.26	**2,782,222.00**
	17,544,539.33	**16,150,286.41**

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.

2. Receivables from financial advisors:

Receivables from financial advisors primarily relate to advance commission payments and claims for commission refunds. 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.

Impairments amounting to Euro 5,873,659.40 (2005: Euro 5,181,062.31) are shown under receivables from financial advisors. The impairment expense recognised in the income statement for the period under review was Euro 2,104,592.20. An impairment loss reversal of Euro 12,052.59 was recorded in the income statement at the same time.

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.

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 295,164.64 (2005: Euro 13,680.42) will fall due in over a year's time.

6. Prepaid expenses:

Prepaid expenses relate primarily to prepaid office rent for the month of January 2007, prepaid insurance premiums and commission that has already been paid but not yet billed.

8

8 Income tax receivables

2006: Euro	**4,709,537.03**
2005: Euro	3,152,047.77

Income tax receivables primarily relate to tax prepayments.

9

9 Securities and other short-term investments

Available-for-sale securities	Amortised cost		Market value	
in Euro	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Shares	8,113,631.89	0.00	8,189,127.80	0.00
Other investments	46,393,862.38	27,248,239.67	46,587,585.93	27,346,584.09
Impairments	-36,884.38	-68,325.47	-	-
	54,470,609.89	**27,179,914.20**	**54,776,713.73**	**27,346,584.09**

	Market value	
in Euro	**31/12/2006**	**31/12/2005**
Shares	8,189,127.80	0.00
Other investments	46,587,585.93	27,346,584.09
	54,776,713.73	**27,346,584.09**

Realised capital gains of Euro 28,799.29 (2005: Euro 79,638.02) are included in the financial result.

Of this amount, unrealised gains of Euro 0.00 (2005: Euro 51,789.73) were taken out of the available-for-sale reserve.

In the year under review, the amortisation of investments totalled Euro 340,303.30 (2005: Euro 90,823.75).

Other short-term 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.

The decline in other short-term investments is due to the fact that a strong increase was reported in 2005 because of a substantial boost in new business in Germany in the second half of 2004.

10

10 Cash and cash equivalents **2006: Euro 23,305,379.58**
2005: Euro 16,616,664.33

in Euro	31/12/2006	31/12/2005
Cash	4,333,548.54	2,289,559.80
Cash equivalents	18,971,831.04	14,327,104.53
	23,305,379.58	**16,616,664.33**

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 **2006: Euro 82,049,145.49**
2005: Euro 51,181,521.26

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

11

11 Subscribed capital
Subscribed capital consists of ordinary shares and preferred non-voting shares.

Units	31/12/2006	31/12/2005
Ordinary shares	14,251,314	10,100,000
Preferred non-voting shares	0	3,016,314
	14,251,314	**13,116,314**

As at 31 December 2006, the subscribed capital (share capital) of OVB Holding AG was Euro 14,251,314.00. At the Annual General Meeting on 29 May 2006, the shareholders resolved to increase the share capital by Euro 1,135,000.00 against cash contributions. The authorisation granted to the Executive Board by the shareholders on 13 July 2006 to issue new shares against cash contributions with the Supervisory Board's consent was thus exercised in full.

At the Annual General Meeting on 29 May 2006, the shareholders resolved to authorise the Executive Board, subject to the Supervisory Board's consent, to increase the share capital by up to Euro 1,135,000.00 on or before 28 May 2007 by issuing new shares against cash contributions, and to place the new shares in connection with the Company's proposed IPO. Shareholders' subscription rights were excluded. Subject to the Supervisory Board's consent, the Executive Board is authorised to determine the further details of the capital increase and its implementation.

The shareholders resolved at the Annual General Meeting on 29 May 2006 to convert the existing registered shares to bearer shares, meaning there are no longer any restrictions on the ability to transfer shares.

The shareholders also resolved at the Annual General Meeting on 29 May 2006 to convert the existing preferred shares to ordinary voting shares. To achieve this, the shares' preferred status under section 22 of the articles of association was revoked.

Transactions in fully paid in shares were as follows:

Units	2006	2005
At 01/01	13,029,985	13,068,577
Plus additions from capital increases	1,135,000	0
Plus (2005: less) change in own shares	86,329	-38,592
At 31/12	**14,251,314**	**13,029,985**

12

12 Capital reserve

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.

In the single-entity financial statements, the capital reserve is subject to a prohibition on distribution pursuant to section 150 (3) AktG.

The transactions costs, which were treated in the period under review as a deduction from equity, were directly connected with the initial placement on the official market of Deutsche Börse AG and amounted to Euro 1,953,355.64.

13

13 Own shares (Treasury stock)

The number of own shares held by the Company changed as follows:

In Euro	Nominal	Premium	Total
At 01/01/2006	86,329.00	546,711.00	633,040.00
Change	18,790.00	114,993.50	133,783.50
At 30/06/2006	105,119.00	661,704.50	766,823.50
Change	-105,119.00	-661,704.50	-766,823.50
At 31/12/2006	**0.00**	**0.00**	**0.00**

	2006	2005
During the financial year	105,119	20,100
shares were sold at a price of Euro	2,207,499.00	160,800.00
The cost of the sold shares was Euro	766,823.50	142,740.00

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.

14

14 Revenue reserves

2006: Euro	**9,986,166.62**
2005: Euro	6,225,505.91

15

15 Other reserves

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	**2006: Euro**	**230,171.47**
	2005: Euro	207,829.24

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 income for the financial year.

17

17 Net retained profits	**2006: Euro**	**16,163,704.38**
	2005: Euro	13,373,649.84

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 29 May 2006, the shareholders passed the resolution concerning the appropriation of OVB Holding AG's net retained profits for financial year 2005.

The dividend was distributed to OVB Holding AG's shareholders on 30 June 2006.

A dividend of Euro 9,758,396.25 was distributed to shareholders in financial year 2005, which equates to a dividend of Euro 0.75 for each of the 13,011,195 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 2006:

in Euro	2006
Distribution to shareholders	12,826,182.60
Retained profits carried forward	1,224,440.59
Net retained profits	14,048,623.19

The distribution is equivalent to Euro 0.90 per share (2005: 0.75 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	**2006: Euro**	**1,378,525.69**
	2005: Euro	1,819,985.61

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:

Type of liability in Euro	Total amount	1 through 5	More than 5 years	Secured amount
Liabilities to banks	692,676.87	423,660.96	269,015.91	503,755.57
(2005)	1,206,565.44	749,415.33	457,150.11	963,253.34
Other liabilities	35,721.46	35,721.46	0.00	0.00
(2005)	48,232.46	48,232.46	0.00	0.00

18

18 Liabilities to banks

2006: Euro	**692,676.87**
2005: Euro	1,206,565.44

in Euro	31/12/2006	31/12/2005
The item **"Liabilities to banks"** includes two loans, one for	0.00	207,554.13
and one for to finance the property at Kieler Str. 438 in Hamburg.	0.00	267,454.74
Other long-term bank loans of were taken out to set up the businesses of two subsidiaries.	692,676.87	731,556.57
	692,676.87	**1,206,565.44**
Repayments on the first loan in the year under review were:	207,554.13	23,483.10
Repayments on the second loan in the year under review were:	267,454.74	30,260.40
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

2006: Euro	**543,794.72**
2005: Euro	446,500.68

in Euro	31/12/2006	31/12/2005
Provisions for pensions	359,269.00	271,335.00
Long-term provisions for employees	176,100.51	168,731.31
Other long-term provisions	8,425.21	6,434.37
	543,794.72	**446,500.68**

in Euro	01/01/2006	Exchange differences	Increase in provisions	Used	Provisions released	31/12/2006
1. Provisions for pensions	271,335.00	0.00	87,934.00	0.00	0.00	359,269.00
2. Long-term provisions for employees	168,731.31	0.00	25,588.50	18,219.30	0.00	176,100.51
3. Other long-term provisions	6,434.37	0.00	4,191.14	2,848.37	0.00	8,425.20
	446,500.68	**0.00**	**117,713.64**	**21,067.67**	**0.00**	**543,794.71**

1. 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.

Provisions for pensions under IAS 19 have changed as follows:

in Euro	2006	2005
Provisions for pensions under IAS 19 as at 01/01	271,335.00	211,993.00
+ pension costs in the financial year	87,934.00	59,342.00
Provisions for pensions under IAS 19 as at 31/12	359,269.00	271,335.00
The calculations were based on as assumed interest rate of	4.50 %	4.25 %

Pension costs in financial year 2006 comprise the following:

in Euro	2006	2005
Actuarial interest	16,200.00	14,010.00
Repayment amount for unrecognised loss/profit (+/-)	71,734.00	45,332.00
Pension costs	**87,934.00**	**59,342.00**

No pension benefits are currently being paid.

During the period when employees are eligible to receive a pension, 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 plan:

in Euro	31/12/2006	31/12/2005
Present value of allocated commitment	383,147.00	381,188.00
Unrecognised actuarial gains/losses	23,878.00	109,853.00
Provisions for pensions	**359,269.00**	**271,335.00**

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

The pension plan assets are valued at Euro 370,980.76 (2005: Euro 354,402.95) and consist of a life insurance policy.

20

20 Other liabilities

	2006: Euro	**35,721.46**
	2005: Euro	48,232.46

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

21

21 Deferred tax liabilities

	2006: Euro	**106,332.64**
	2005: Euro	118,687.03

Deferred tax liabilities consist of the following items:

in Euro	31/12/2006	31/12/2005
Goodwill	333,202.45	161,615.08
Tangible and intangible assets	43,880.06	106,719.77
Financial instruments	476.11	0.00
Other assets	84,227.10	56,999.03
Provisions	560,438.70	561,844.00
Liabilities	1,358.82	2,702.53
	1,023,583.23	**889,880.41**
Net of deferred tax assets	-917,250.59	-771,193.38
	106,332.64	**118,687.03**

C Current liabilities

2006: Euro	**55,436,619.57**
2005: Euro	47,483,144.35

22

22 Provisions for taxes

2006: Euro	**2,064,752.45**
2005: Euro	23,389.00

in Euro	31/12/2006	31/12/2005
Income tax provisions	2,002,711.45	15,560.80
Other tax provisions	62,041.00	7,828.20
	2,064,752.45	**23,389.00**

Provisions for taxes have developed as follows:

in Euro	01/01/2006	Exchange differences	Increase in provisions	Used	Provisions released	31/12/2006
	23,389.00	-121.20	2,064,752.45	23,267.08	0.72	2,064,752.45

23

23 Other provisions

2006: Euro	**21,742,011.92**
2005: Euro	17,526,292.30

in Euro	31/12/2006	31/12/2005
1. Cancellation risks	12,266,243.15	11,698,102.82
2. Unbilled liabilities	7,543,707.92	3,956,989.14
3. Legal claims	323,207.90	487,218.00
	20,133,158.97	**16,142,309.96**
4. Other		
- Liabilities to employees	463,257.30	371,729.90
- Costs relating to the annual financial statements/audit costs	726,222.82	799,862.87
- Other obligations	419,372.83	212,389.57
	1,608,852.95	**1,383,982.34**
	21,742,011.92	**17,526,292.30**

in Euro	01/01/2006	Exchange differences	Increase in provisions	Used	Provisions released	31/12/2006
1. Cancellation risks	11,698,102.82	100,827.89	2,874,884.79	2,387,262.85	20,309.50	12,266,243.15
2. Unbilled liabilities	3,956,989.14	93,128.67	6,871,866.20	2,993,512.71	384,763.38	7,543,707.92
3. Legal claims	487,218.00	1,152.00	156,107.90	218,381.22	102,888.78	323,207.90
4. Other	1,383,982.34	8,144.17	1,592,790.92	1,300,066.22	75,998.26	1,608,852.95
	17,526,292.30	**203,252.73**	**11,495,649.81**	**6,899,223.00**	**583,959.92**	**21,742,011.92**

The increase in provisions includes interest of Euro 0.00 (2005: Euro 3,784.38).

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 the estimated amount of commission refund claims based on past experience.

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, e.g. where commission received by OVB has not yet been billed because of the lack of certain details. If specific details cannot be provided in the individual case, the provisions are valued at the average amount of commission usually attributable to the relevant employee.

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.

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.

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	**2006: Euro**	**2,662,924.48**
	2005: Euro	2,975,790.66

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

25

25 Trade payables	**2006: Euro**	**9,450,756.04**
	2005: Euro	8,727,173.36

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.

26

26 Other liabilities

2006: Euro	**19,516,174.68**
2005: Euro	18,230,499.03

in Euro	31/12/2006	31/12/2005
1. Retained security	16,522,851.69	15,390,304.82
2. Liabilities based on other taxes	563,244.49	631,929.45
3. Liabilities to employees	513,820.07	306,528.68
4. Liabilities to partner firms	678,249.85	256,635.44
5. Liabilities to banks	11,557.23	136,742.06
6. Other liabilities to external sales staff	178,110.93	51,731.97
7. Other liabilities	1,048,340.42	1,456,626.61
	19,516,174.68	**18,230,499.03**

1. Retained security:

Retained security includes the financial advisors' cancellation reserve. This security is retained in order to cover anticipated commission refund claims and is stated at nominal value.

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.

III. Explanatory Notes on the Consolidated Income Statement

27

27 Brokerage income

2006: Euro 186,982,067.41
2005: Euro 150,098,167.86

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

2006: Euro 11,614,525.17
2005: Euro 8,752,147.68

in Euro	2006	2005
Refunds from financial advisors	5,392,843.11	3,999,019.27
Income from the release of provisions	581,208.79	646,470.94
Own work capitalised	293,733.73	512,684.81
Income from the cancellation of expired liabilities	924,102.27	363,262.58
Rental income from sub-leases	100,840.07	198,680.02
Refunds from group companies	0.00	99,180.02
Income from the disposal of tangible and intangible assets	42,849.55	82,414.34
Impairment loss reversal	12,052.59	12,487.25
Other	4,266,895.06	2,837,948.45
	11,614,525.17	**8,752,147.68**

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	2006	2005
The reversal of impairment losses relates to fixed assets	0.00	0.00
and other assets	12,052.59	12,487.25
	12,052.59	**12,487.25**

29

29 Brokerage expenses

2006: Euro -112,430,517.62
2005: Euro -89,026,319.74

in Euro	2006	2005
Current commission	-101,065,354.15	-79,130,546.70
Other commission	-11,365,163.47	-9,895,773.04
	-112,430,517.62	**-89,026,319.74**

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

2006: Euro -18,259,279.50
2005: Euro -16,161,335.63

in Euro	2006	2005
Wages and salaries	-15,125,202.01	-13,377,499.96
Social security	-2,670,961.16	-2,300,603.48
Expenses in respect of old age pensions	-463,116.33	-483,232.19
	-18,259,279.50	**-16,161,335.63**

31

31 Depreciation and amortisation

2006: Euro -3,816,238.83
2005: Euro -3,379,886.10

in Euro	2006	2005
Amortisation of intangible assets	-2,260,790.90	-1,777,735.44
Depreciation of tangible assets	-1,555,447.93	-1,602,150.66
	-3,816,238.83	**-3,379,886.10**

Depreciation and amortisation in the 2006 financial year is shown in the asset schedule.

32

32 Other operating expenses

2006: Euro -39,967,566.52
2005: Euro -32,257,098.47

in Euro	2006	2005
Administrative expenses		
Legal costs, costs relating to the annual financial statements, advisors' costs	-4,459,304.55	-4,216,700.53
Costs relating to the maintenance and operation of premises	-2,331,993.44	-2,278,198.11
Communication costs	-1,437,911.67	-1,518,042.12
IT expenses	-1,717,622.55	-1,203,074.52
Vehicle expenses	-913,562.18	-983,349.41
Rent for furniture and equipment	-870,764.13	-738,011.75
Other administrative expenses	-4,427,293.06	-3,334,468.30
	-16,158,451.58	**-14,271,844.74**
Sales and marketing costs		
Seminars, competitions, functions	-8,558,106.90	-5,881,014.26
Advertising costs, public relations	-3,584,812.61	-1,930,110.71
Other sales and marketing costs	-3,858,530.55	-3,257,423.12
	-16,001,450.06	**-11,068,548.09**

in Euro	2006	2005
Other operating expenses		
Depreciation/amortisation, impairment of receivables	-2,104,592.20	-2,786,395.04
Foreign currency losses	-509,602.03	-294,886.58
Supervisory Board remuneration	-357,066.91	-203,346.81
Losses from asset retirement	-84,612.23	-83,641.10
Other expenses	-2,998,897.15	-1,717,016.80
	-6,054,770.52	**-5,085,286.33**
Non-income-based taxes		
Value added tax on purchased goods/services	-1,614,229.76	-1,676,658.85
Other non-income-based taxes	-138,664.60	-154,760.46
	-1,752,894.36	**-1,831,419.31**
	-39,967,566.52	**-32,257,098.47**

Operating leases

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

in Euro	31/12/2006	31/12/2005
For the next year	2,480,996.86	2,285,974.75
Two through five combined	3,309,239.31	1,936,303.42
	5,790,236.17	**4,222,278.17**

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 5,354,799.82 (2005: Euro 3,978,942.26).

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

in Euro	2006	2005
Amount of minimum lease payments	484,617.00	578,525.38
Contingent rent	43,903.21	36,610.45
Payments under sub-leases	-169,695.80	-171,806.34
	358,824.41	**443,329.49**

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

2006: Euro	**1,552,029.69**
2005: Euro	1,209,568.47

in Euro	2006	2005
Disposal of long-term financial investments	**1,034.09**	**0.00**
Finance income		
Bank interest	734,992.89	440,735.80
Income from securities	590,405.62	220,710.63
Reversal of impairment charges on investments	112,105.46	41,431.43
Income from investment property	32,244.53	41,285.10
Income from loans	12,196.23	27,965.18
Other interest and similar income	631,522.48	663,943.74
	2,113,467.21	**1,436,071.88**
Finance expenses		
Interest and similar expenses	-160,205.51	-135,679.66
Impairment charges on investments	-402,266.10	-90,823.75
	-562,471.61	**-226,503.41**
Financial result	**1,552,029.69**	**1,209,568.47**

Interest income and expense are recognised on an accrual basis.

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

34

34 Taxes on income

2006: Euro	**-9,343,566.07**
2005: Euro	-6,084,244.30

in Euro	2006	2005
Actual income taxes	-8,345,558.79	-5,248,024.59
Deferred income taxes	-998,007.28	-836,219.71
	-9,343,566.07	**-6,084,244.30**

Tax expenses include foreign current taxes amounting to Euro 5,962,878.71 (2005: Euro 4,579,834.44) and foreign deferred tax income of Euro 194,937.41 (2005: Euro 397,366.14).

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 25.0 percent, the solidarity surcharge of 5.5 percent and an average trade tax rate of 18.4 percent.

In addition to the amount recognised in the consolidated income statement, deferred taxes of Euro 73,744.69 (2005: Euro 19,319.00), 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 32.5 percent (2005: 27.3 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	2006	2005
Net profit before income taxes according to IFRS	25,675,019.80	19,235,244.08
Consolidated income tax rate	40.0 %	39.9 %
Theoretical income tax expense in the financial year	**-10,270,007.92**	**-7,674,862.39**
Taxes based on non-deductible expenses (-) / tax-free income (+)	-819,382.92	-854,752.82
Effect of other tax rates applicable to domestic and foreign operating subsidiaries	4,430,819.43	3,364,521.01
Income taxes unrelated to the accounting period	-9,876.70	355,500.35
Tax change based on temporary differences and tax losses for which no deferred tax assets were created	-2,675,117.96	-1,263,015.39
Other	0.00	-11,633.62
Taxes on income	**-9,343,566.07**	**-6,084,242.86**

35

35 Consolidated net income for the year

2006: Euro	**16,309,111.50**
2005: Euro	13,131,999.33

36

36 Minority interests

2006: Euro	**-22,343.23**
2005: Euro	-19,000.44

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	2006	2005
Net income		
Basis for undiluted/diluted earnings per share (share of net income for the period attributable to shareholders of the parent company)	16.309.111,50	13.131.999,33

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.

	2006	2005
Number of shares		
Weighted average number of shares for undiluted/diluted earnings per share	13,531,046	12,962,952
Undiluted/diluted earnings per share in Euro	**1.21**	**1.01**

IV. Other Information

Contingent liabilities

Guarantees and the 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 5,148K 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 group's financial position.

Average number of employees

The group employed an average of 380 commercial staff during the year under review, of which 36 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

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 the Deutscher Ring insurance companies (Vice-Chairman)
- Dr. Joachim Lemppenau, Chairman of the Executive Board of the Volksfürsorge companies
- 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
- Uwe Neubüser, Managing Director of Deutscher Ring Financial Services GmbH (until July 2006)
- Christian Graf von Bassewitz, Bankier a.D. (since August 2006)

Remuneration paid to the Supervisory Board and the Executive Board

The total remuneration paid to the members of the Supervisory Board in the 2006 financial year was Euro 139,922.34.

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

in Euro	Michael Frahnert	Oskar Heitz
Fixed component	569,330.71	238,036.59
Variable component	349,770.80	188,872.00
Total remuneration	**919,101.51**	**426,908.59**

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 in 2006. 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 2006.

Pension obligations to former members of management amounted to Euro 359,269.00 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 303,893.27. The auditor's fee comprised the following in the 2006 financial year:

in Euro	2006
Audit costs	108,092.65
Cost of preparing auditor's opinion and valuation services	195,800.62
Cost of tax advice	0.00
Cost of other services	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 2006, Deutscher Ring Beteiligungsholding GmbH and Deutscher Ring Financial Services GmbH held shares in OVB Holding AG carrying 50.2 percent and 19.8 percent of voting rights respectively. These companies belong to the Basler Group, which is headed by Bâloise Holding AG.

As at 31 December 2006, Volksfürsorge Deutsche Lebensversicherung AG held shares in OVB Holding AG carrying 15 percent of voting rights. This company is part of the Generali Group, which is headed by AMB Generali Holding AG.

As at 31 December 2006, IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe held shares in OVB Holding AG carrying 15 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 28,087K (2005: Euro 29,525K).

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

in Euro	31/12/2006	31/12/2005
Receivables	1,569,328.53	2,769,007.11
Liabilities	0.00	0.00

Contracts with companies in the SIGNAL IDUNA Group contributed Euro 6,828K to sales (2005: Euro 4,967K), 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	31/12/2006	31/12/2005
Receivables	251,103.48	1,284,874.96
Liabilities	0.00	2,170.66

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 20,723K to sales (2005: Euro 14,068K).

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

in Euro	31/12/2006	31/12/2005
Receivables	7,995,198.70	7,681,106.10
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.

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 2006 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 § 161 AktG

The Executive Board and the Supervisory Board of OVB Holding AG have issued the statement required under § 161 AktG for 2006 and have made such statement permanently available to shareholders.

Cologne, 26 February 2007

Michael Frahnert

Oskar Heitz

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 2006. 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 they apply 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 net assets, financial position and operating results 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 net assets, financial position and operating results 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, 5 March 2007

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Hofmann	Peters
Auditor	Auditor

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

Report of the Supervisory Board

Dear shareholders,

The 2006 financial year for OVB Holding AG was marked by very successful business performance and a milestone in the company's history: the IPO 21 July 2006 set the course for a corporate strategy geared towards long-term growth and sustained appreciation. The financial results achieved in 2006 emphatically confirm the path taken by OVB Holding AG.

The Supervisory Board and the Executive Board worked closely over the course of the financial year for the good of the company. In keeping with the principles of good corporate governance, the Supervisory Board monitored and advised the Executive Board in relation to company management in accordance with the applicable statutory requirements, the articles of association and the Supervisory Board's rules of procedure. The Executive Board always kept the Supervisory Board up-to-date with comprehensive reports. The Supervisory Board regularly participated in decisions of particular significance.

The Supervisory Board convened for four ordinary meetings with the Executive Board in the 2006 financial year (7 April, 29 May, 10 September and 8 December). The Supervisory Board meeting on 7 April 2006, at which the annual financial statements were adopted, was also attended by the auditor. All members of the Supervisory Board attended all meetings, except for the meeting on 10 September 2006, which Dr. Lemppenau and Graf von Bassewitz could not attend because of urgent prior commitments. Outside of these meetings, the Supervisory Board Chairman was in continuous contact with the Executive Board and was kept up-to-date on the current state of the business and material transactions, developments and decisions. The Supervisory Board Chairman was immediately informed of important events of crucial significance for assessing the situation and performance of the company and for company management. The Executive Board's reports to the Supervisory Board were so detailed and regular that there was no need to call an extraordinary Supervisory Board meeting or undertake any other special reviews.

Matters addressed during Supervisory Board meetings
Receiving reports on the business performance and sales and earnings development of the group and its segments were regular items on the agenda of Supervisory Board meetings. The Supervisory Board also regularly addressed the financial situation, implementation of the pan-European strategy, employee developments, the company's strategic alignment as well as risk management and medium-term corporate planning. The foregoing particularly included reports on the preparations being made for entry into the Ukrainian market. The focus of meetings in the first half of the year was approval of the IPO and its implementation. The IPO was also discussed in the context of corporate governance, and it was decided that a process for necessary changes should be introduced for the further course 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 first declaration of compliance in accordance with section 161 AktG was made in July 2006 in the course of the IPO. The Supervisory Board and the Executive Board set themselves the common goal of consistently following the guidelines of good company management. It was for this reason that a decision was made at the meeting on 8 December 2006 to establish an Audit Committee. The Supervisory Board also proposed that specific corporate governance principles be developed for OVB Holding AG and thereby highlighted its commitment to good corporate governance.

The principles developed jointly by the Supervisory Board and the Executive Board were published together with the updated declaration of compliance on 22 March 2007. The declaration of compliance contains four deviations from the recommendations of the German Corporate Governance Code. Further information in relation to corporate governance at OVB Holding AG can be found in the Corporate Governance Report.

Deliberation and audit of the 2006 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 29 May 2006 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 report 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 and the Executive Board were also present. A report of these discussions was presented to the Supervisory Board. The auditors also participated in the deliberations of the Supervisory Board. In its review, 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 and approved the annual financial statements and the consolidated financial statements for 2006 at its meeting on 22 March 2007 and thus adopted the annual financial statements. At this meeting the Supervisory Board also agreed with the Executive Board's proposal for the appropriation of profits.

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."

We endorse all aspects of this unqualified opinion.

Changes in membership of the Supervisory Board

Uwe Neubüser left the Supervisory Board of OVB Holding AG on 4 July 2006. The Supervisory Board and the Executive Board wish to thank Mr Neubüser for his commitment and dedication over many years and his constructive co-operation as a member of the Supervisory Board. Graf von Bassewitz joined the Supervisory Board as Mr Neubüser's successor. His appointment will initially expire at the close of the Annual General Meeting on 31 May 2007. An election will be held at such time.

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 incredible commitment and performance in the eventful and successful year that was financial year 2006.

Cologne, 22 March 2007
The Supervisory Board

Wolfgang Fauter
Chairman

Corporate Governance

The Executive Board and Supervisory Board of OVB Holding AG are strongly committed to company management geared towards adding value. We welcome and stand by the standards created by virtue of the German Corporate Governance Code ("GCGC") relating to the management and supervision of listed companies. These standards enhance the transparency and efficiency of company management and instil confidence in international and national investors, clients, financial advisors and 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

As enshrined in the German Stock Corporation Act (Aktiengesetz), OVB Holding AG has an Executive Board and a Supervisory Board and thus a dual board system. The Executive Board consists of two members and is solely responsible for managing the company. The Supervisory Board performs a monitoring and advisory function. It consists of six members appointed from among the company's shareholders.

Corporate governance developments in 2006/2007

At the time of issuing the first declaration of conformity, which occurred in the course of the IPO in 2006, the company's corporate governance structures underwent a thorough review. It was decided at the Supervisory Board meeting on 8 December 2006 that a three-person Audit Committee should be established. The responsibilities of this committee include conducting a preliminary review of the annual and consolidated financial statements, the management report, accounting and risk management issues, the independence of the auditor, issuing the audit retainer and stipulating the audit parameters and fee agreements. Three Supervisory Board members, Wolfgang Fauter, Christian Graf von Bassewitz and Michael Johnigk, are on the Audit Committee, as well as Dr. Joachim Lemppenau as a substitute. Michael Fauter is the Chairman of the Committee. This is the first instance in which OVB Holding AG deviates from the suggestion under section 5.2 of the GCGC. In accordance with the GCGC, OVB Holding AG developed and adopted its own corporate governance principles at the beginning of 2007. These principles allow the greatest possible transparency in relation to the company's corporate governance structures and thus highlight the commitment of the Executive Board and the Supervisory Board to responsible corporate management. This year's declaration of conformity is also in line with this notion of transparency. We not only comment on the suggestions but also on the recommendations of the Code. For the first time the Corporate Governance Report also includes a remuneration report.

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 available to shareholders for an extended period. 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 12 June 2006 are being complied with, subject to the following deviations:

Recommendations:

Contrary to section 3.8 GCGC, the D&O insurance concluded for the members of the Executive Board and the Supervisory Board does not currently include a deductible. However, a suitable deductible is to be introduced for the current financial year.

Contrary to section 5.4.7 GCGC, chairmanship or membership of committees is not taken into account when stipulating the remuneration of Supervisory Board members.

Contrary to section 7.1.2 GCGC, the interim reports published after the IPO (Half-Year Report 2006 and Nine-Month Report 2006) were not accessible to the public within 45 days of the end of the reporting period. Efforts will be made to comply with the recommended publication deadlines for the 2006 Annual Report and the 2007 interim reports.

Contrary to section 7.2.1 GCGC, when the annual financial statements for 2006 were prepared, and prior to submitting a proposal for election, no statement was obtained from the proposed auditor stating whether, and where applicable, which business, financial, personal and other relationships exist between the auditor and its executive bodies and head auditors on the one hand, and the enterprise and the members of its executive bodies on the other hand, that could call its independence into question. Such a statement will be obtained for the current financial year and for all subsequent years.

Suggestions:

Contrary to 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.

Contrary to 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.

Contrary to 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.

Contrary to 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.

Contrary to section 5.2 GCGC, the Chairman of the Supervisory Board is also the Chairman of the Audit Committee.

Contrary to section 5.3.3 GCGC, the Supervisory Board has not delegated any other subjects to be handled by one or several committees. 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.

Contrary to 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 a united opinion emerges from the discussion, OVB Holding AG will review its election procedure as part of good corporate governance.

Contrary to 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, March 2007

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 largely follows the recommendations of the GCGC. One difference is the lack of long-term incentives containing risk elements for members of the Executive Board. In accordance with corporate governance principles, loans are not granted to members of the Executive Board or Supervisory Board. General information is provided below in relation to remuneration structure, but please refer to the Management Report for a more detailed explanation of the remuneration paid to members of the Executive Board and Supervisory Board. An itemised list of remuneration components can be found in the notes.

Executive Board remuneration

In addition to a basic salary, members of the Executive Board receive an annual performance-based cash bonus that depends on the attainment of several internal targets. 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 undertake to pay pensions, benefits or retirement annuities. 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 of the Executive Board in the period under review was approximately Euro 1.35 million.

Supervisory Board remuneration

The Supervisory Board's remuneration is governed by section 14 of OVB Holding AG's articles of association. In accordance with the recommendations of the Code, it includes a fixed annual salary for members of the Supervisory Board and a variable cash component, which is determined based on net income for the year. 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 for the 2006 financial year (Euro 15.4 million), the total remuneration paid to the Supervisory Board was about Euro 140,000.

Directors' dealings

The following transactions under section 15 a of the German Securities Trading Act (Wertpapierhandelsgesetz – “WpHG”) took place in the 2006 financial year:

Name	Date	Number	Rate	Purchase/sale
Oskar Heitz	18/08/2006	10,000	Euro 21.00	Sale (OTC for the purpose of exercising the greenshoe option in connection with the IPO)

Share ownership

No member of the Executive Board or of the Supervisory Board of OVB Holding AG directly or indirectly holds 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 issued shares. 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 2006
- Declaration of conformity
- Directors' dealings
- Members of the Executive Board and Supervisory Board
- OVB Holding AG's articles of association

Financial Calendar

26 March 2007	Publication of the annual financial statements for 2006
15 May 2007	Results for the first quarter of 2007
31 May 2007	Annual General Meeting
August 2007	Results for the second quarter of 2007
November 2007	Results for the third quarter of 2007

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Published by
OVB Holding AG
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Concept and editing
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Schmidtstraße 51 · D-60326 Frankfurt/Main

Design
Sieler Kommunikation und Gestaltung GmbH
Schubertstraße 14 · D-60325 Frankfurt/Main

Printing and processing
Adelmann GmbH, Frankfurt/Main

Our Annual Report is published in German and English

Financial service provider for Europe

As a leading financial service provider with a European slant, OVB provides reliable and expert advice to its clients on all issues relating to private provision, asset generation and protection, and the acquisition of real estate.

OVB Czech Republic

Charles-Bridge, Prague

Strong market position

As an “early mover”, OVB has worked hard since 1992 to achieve a leading market position in the Czech Republic. New opportunities now exist.

“OVB's comprehensive training system, which is uniform across all countries, gives the sales force a head start right from the word go.”

The Czech Republic traditionally belongs to Europe’s strong economic regions: its industry is developed, services already account for about 60 percent of economic performance, and the people are well educated. The economic dynamism has accelerated even further since the Czech Republic joined the European Union in May 2004. As the income of private households increases, the demand grows for financial products geared towards pension provision, risk hedging and asset generation. For OVB these are ideal conditions in which to expand its commercial activities. After 15 years in the Czech Republic, OVB has a presence in all areas of the country. OVB's full-time financial advisors are required to satisfy strict quality standards, and all of them without exception possess a national licence to broker insurance and investment products, thereby also satisfying the requirements of the EU Insurance Mediation Directive. OVB's comprehensive training system, which is uniform across all countries, plays a key role here, and gives the sales force a head start right from the word go.

OVB Czech Republic continued to perform successfully in 2006. Clients were primarily interested in unit-linked life insurance policies as a means of pension provision. Mortgage brokering also increased significantly. In 2007, OVB plans to expand its structures and, above all, improve sales support and service for its sales force. New challenges and opportunities have already presented themselves: the Czech Republic's new government has stated that it intends to reform the country's pension and health insurance system in the coming years. The three-stage pension reform is also specifically intended to encourage private pension provision. OVB will monitor these reform plans on an ongoing basis and be ready and waiting with attractive products and expert advice.

OVB France


Ponts Couverts, Strasbourg

Genuine value-add for our clients

A comprehensive approach to advisory services and the availability of a whole range of products of various providers from a single source was new to the French market. This approach forms the basis of OVB France's success.

"OVB France has been one of the fastest growing of the recently established subsidiaries since its inception in 2003."

With 61 million inhabitants earning comparatively high incomes based on international standards, France is a very appealing market for financial services. It is, however, subject to heavy regulation. The French pension system is largely unfunded and is broken down into a diverse range of individual systems. Which system people are in depends on whether they are employees, public servants or self-employed and, in addition, different systems exist for many industries and professions. Bancassurances, where banking and insurance is provided by the same corporate entity, are dominant players in the market.

In light of these circumstances, OVB's establishment of a subsidiary in France in the summer of 2003 could be described as a bold move. The solid position of OVB Schweiz in French-speaking Western Switzerland provided initial encouragement for this expansion. OVB's activities are focused in the regions of Alsace and Rhône-Alpes and are being systematically expanded. The product portfolio is also being expanded. Due to regulatory limitations, it was initially geared primarily towards individual provision products such as life insurance and supplementary health insurance, and was then expanded to include the brokering of real estate loans. Property insurance was added in 2006. Development in the area of investment products, particularly in investment funds, is planned for 2007.

OVB France has been one of the fastest growing of the recently established subsidiaries since its inception in 2003: it generated a surplus as early as 2004 and made a positive contribution to consolidated net income already in 2006. The key to its success is the combination of comprehensive advisory services and a product portfolio encompassing the products of several different providers. French clients are not used to receiving this service from their banks, which only sell the bank's products. Also new was OVB's approach of beginning with a broad analysis of the client's financial situation and then recommending certain products on the basis of that analysis. OVB's approach adds genuine value in the eyes of its clients. This is the basis of OVB France's success.

Financial Service Provider for Europe

Germany
OVB Holding AG
Cologne
www.ovb.ag

OVB Vermögensberatung AG
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www.ovb.de

Eurenta Holding GmbH
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