Report of the Managing Board on item 5 on the agenda of the Annual General Meeting of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe to be held on 24 May 2019

Report of the Managing Board pursuant to Section 153 (4) in conjunction with Sections 170 (2) and 65 of the Austrian Stock Corporation Act (Aktiengesetz – AktG)

At the 28th Annual General Meeting of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe it is planned that the Managing Board will be authorised to acquire no-par-value bearer treasury shares pursuant to Section 65 (1) No. 4 and No. 8 and (1a) and (1b) AktG to the maximum extent permissible by law during a period of 30 months from the date the resolution is passed by the Annual General Meeting. The equivalent to be paid upon redemption must not be lower than a maximum of 50% of the unweighted average closing price of the ten trading days preceding redemption and not higher than a maximum of 10% of the unweighted average closing price of the ten trading days preceding redemption. At the Managing Board's option, the shares may be acquired via the stock exchange or a public offering or in any other expedient manner that is permitted by law.

The Managing Board shall also be authorised to sell the acquired treasury shares in a way other than via the stock exchange or a public offering without excluding the shareholders' subscription rights (pre-emption rights) or with excluding them in whole or in part for a maximum period of five years from the resolution.

Since the authorisation also includes the option of excluding shareholder subscription rights, the Managing Board submits the present report in accordance with Section 153 (4) in conjunction with Sections 170 (2) and 65 AktG.

The proposed authorisation for exclusion of the subscription rights for selling treasury shares that were acquired previously pursuant to Section 65 (1) AktG in a way other than via the stock exchange or a public offering is in the interest of the Company and its shareholders.

1. When selling treasury shares, there shall be a possibility to offer shares, preferably to employees, executive employees and members of the Managing Board of the Company or the entities affiliated with it, under employee share option schemes. For this purpose, the subscription rights shall be excluded to the extent necessary. The group of eligible persons, the number of shares to be issued from time to time, the offering price and other offering terms will be defined by the Managing Board with approval from the Supervisory Board. The sale price shall be fixed in accordance with the stock market price of the share applicable from time to time including a reasonable discount. All treasury shares under an employee share option scheme must be capable of being sold. Pursuant to Section 153 (5) AktG preferential issuing of shares to the

group of persons stated above constitutes a sufficient reason for exclusion of subscription rights.

2. Treasury shares can be used to service conversion rights and/or subscription rights arising from convertible bonds issued based on the Annual General Meeting resolution of 12 May 2017. When servicing conversion rights and/or subscription rights arising from convertible bonds, if existing treasury shares are used for the conversion rights and/or subscription rights arising from convertible bonds then no additional capital measures (such as a capital increase from contingent capital) are needed. Consequently, no new shares need to be created (from, for instance, contingent capital) to service conversion rights and/or subscription rights, thereby avoiding the dilution effect typical for capital increases.

3. In the past, the Company has consistently realised its strategic objective of expanding its business in countries of Central and Eastern Europe. The requested authorisation to exclude subscription rights for the sale of treasury shares must also be seen in this context. The authorisation to exclude the subscription rights is intended to grant the Managing Board the necessary flexibility to implement its acquisition strategy by also using treasury shares as (part of the) purchase price for acquisitions if needed. This is often requested by the seller, protects the Company's liquidity and strengthens solidarity in the case of joint ownership of the subject matter of acquisition. The detailed structure of such transactions will be defined on a case-by-case basis in accordance with the Articles of Association and the internal rules of procedure for the Supervisory Board and the Managing Board in agreement with the Supervisory Board.

Considering all circumstances set forth above, it can be said that the authorisation to exclude subscription rights within the limits described above is necessary, appropriate, reasonable and objectively justified and required in the interest of the Company. Issuing shares to employees, servicing conversion rights and/or subscription rights arising from convertible bonds, or acquiring interests or other assets or special transaction structures in the interest of the Company and its shareholders might require the issue of new ordinary bearer shares or the sale of treasury shares with the exclusion of subscription rights. If the Managing Board exercises the authority granted to it to exclude subscription rights, the Managing Board shall prepare another written report on the reason for exclusion of subscription rights and publish the same pursuant to Section 65 (1b) in conjunction with Section 171 (1) AktG. In that report the Managing Board shall, in particular, also state with respect to acquisitions the reason for the sale price for the purchase of the issued new shares with contributions in kind (receipt of tangible assets) to comply with the principle of proportionality.

Pursuant to Section 65 (1) AktG the authorisation to purchase treasury shares can be limited to a maximum of 30 months. Pursuant to Section 65 (1b) AktG in conjunction with Sections 169-171 AktG, the authorisation to sell treasury shares can be limited to a maximum of 5 years. These time periods are fully used by the proposed resolution.

The proposed authorisation to exclude subscription rights is objectively justified by the envisaged goals, i.e. (i) to use internationally competitive performance-related types of remuneration to recruit and motivate capable managers and gain their long-term loyalty to the Company; (ii) to not require any additional capital measures (for instance contingent capital) when conversion rights and/or subscription rights arising from convertible bonds are exercised; and (iii) to provide flexibility during implementation of the acquisition strategy, thereby ensuring that the Company's competitive position is further strengthened and improved in the interests of the Company and shareholders.

The exclusion of subscription rights is a suitable and customary measure to achieve these goals. The Company's Managing Board expects that all shareholders will benefit from the Company's advantage resulting from the sale of treasury shares that were acquired previously pursuant to Section 65 (1) AktG in a way other than via the stock exchange or a public offering and that the Company's interest therefore outweigh the disadvantage for the shareholders resulting from the exclusion of subscription rights.

In summary and considering all circumstances set forth above it can be said that the authorisation to exclude subscription rights within the limits described above is necessary, appropriate, reasonable as well as objectively justified and required in the interest of the Company.

Vienna, March 2019

The Managing Board