

ARTICLES OF ASSOCIATION

2011

VIENNA INSURANCE GROUP AG
Wiener Versicherung Gruppe



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TRANSLATION FROM GERMAN ORIGINAL
IN CASE OF DOUBT THE GERMAN VERSION PREVAILS

I. General Provisions

Article 1 Corporate Name, Registered Office

1. The corporate name of the Company is VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe.
2. The Company's registered office shall be in Vienna, Austria.

Article 2 Purpose and Corporate Objects of the Company, Operating Area

1. The Company has the strategic leadership and takes over the central service functions of the group including infrastructure. Furthermore, the Company carries on the casualty insurance business as well as the property insurance business (property damage insurance and pecuniary loss insurance) as well as the reinsurance business in those branches for which it has the approval of the "*Versicherungsaufsichtsbehörde*" (Insurance Supervision Authority).

2. As far as they relate directly to the insurance business, the corporate objects of the Company shall be:

- a) to participate in other enterprises;
- b) to pursue the activity of insurance brokerage;
- c) to pursue the activity of consulting in matters relating to insurance;
- d) to broker mortgage loans and personal loans as well as to broker the acquisition and disposal of securities to the extent that such activities relate to the insurance business;
- e) to broker home saving contracts;
- f) to perform services in automatic data processing and information technology;
- g) to set up and provide organisational facilities for enterprises in which the Company holds shares or interests or with which it has entered into cooperation agreements;
- h) to perform administration tasks for enterprises in which the Company holds shares or interests or with which it has entered into cooperation agreements;
- i) to operate private hospitals in the form of company outpatient clinics to provide medical services for the employees of the Company.

3. The Company may do business in Austria and abroad.

Article 3 Announcements

Announcements of the Company shall, where and as long as legally required according to the Austrian Stock Corporation Act (*Aktiengesetz*), be published in the Official Gazette *Amtsblatt zur Wiener Zeitung*. Otherwise announcements shall be published according to applicable legal requirements.

II. Share Capital and Shares

Article 4 Share Capital, Share Certificates, Calling-in of Share Capital

1. The share capital of the Company amounts to EUR 132,887,468.20. It is divided into 128,000,000 voting no-par value bearer shares, each representing an equal portion of the share capital.

2. The Management Board is authorized to increase, by 28 June 2015, at the latest, the share capital of the Company – also in several tranches – by a nominal value of EUR 66,443,734.10 by issuing 64,000,000 no-par value shares in registered or in bearer form against contributions in cash or in kind. The Management Board, with the consent of the Supervisory Board, shall decide on the contents of the rights granted with each share, on the exclusion of subscription rights and on all other conditions of the issuance of shares. In that connection, non-voting preference shares may be issued which grant the same rights as previously issued preference shares. The issue price of ordinary shares and of preference shares may differ.

3. The share capital has been increased, on a conditional basis, in accordance with Section 159 (2) 1 of the Austrian Stock Corporation Act (*Aktiengesetz*) by up to EUR 31,145,500.36, by issuing of up to 30,000,000 voting no-par value bearer shares. The conditional capital increase shall be carried out only to the extent that owners of convertible bonds issued on the basis of the resolution of the Annual General Meeting of 29 June 2010 exercise their subscription rights or conversion options. The issue amount and the conversion ratio shall be determined in a recognized pricing procedure, using recognized financial mathematical methods and making reference to the price of the ordinary shares of the Company (basis of calculation of the issue amount); the issue amount must not be lower than the *pro rata* portion of the share capital. The Management Board is authorized to determine, with the consent of the Supervisory Board, the further details of the performance of the conditional capital increase, such as the entitlement to dividend payments for the new shares to be issued under the conditional capital increase.

4. In the event of any capital increase and of resolutions on the creation of additional authorized capital, the Company may provide for the issue of new preference shares to the extent permitted by law without the consent of the owners of preference shares.

5. One share certificate may be issued for several shares. The shareholders are not entitled to the issuance of share certificates representing their stakes.

6. The form and contents of the share certificates as well as of the dividend and renewal coupons shall be determined by the Management Board. The same shall apply to interim certificates.

7. With the consent of the Supervisory Board, the Management Board may call in from the shareholders any portions of the share capital that have not yet been paid in. Such call-in shall be published. The payment period shall be six weeks from the date of publication.

Article 5 Bearer Shares

1. Bearer shares must not be issued until all contributions on such shares have been fully paid in. However, the Company may issue a registered interim certificate to the shareholder; the amount of the portion already contributed shall be mentioned on such certificate.

2. If, in the event of an increase in capital, the resolution relating to that increase does not specify whether the shares are to be issued in bearer or in registered form, they shall be made out to bearer.

Article 6 Registered Shares

1. If shares are issued in registered form, any transfer of registered shares to another owner shall be subject to the consent of the Company. The Management Board shall grant such consent following the prior approval by the Supervisory Board.

2. The transfer shall be entered into the share ledger of the Company.

III. Constitution and Management

Article 7 Corporate Bodies

The corporate bodies of the Company shall be

1. the Management Board
2. the Supervisory Board
3. the General Meeting

1. The Management Board

Article 8 Duties of the Management Board, Number of Members, Rights of the Chairman

1. The Management Board shall, under its own responsibility, manage the Company in accordance with the statutory provisions, the Articles of Association and its by-laws as approved by the Supervisory Board, in such manner as the benefit of the Company requires, taking into consideration the interests of the shareholders and the employees.

2. The Management Board shall consist of at least three, at most seven members. The appointment of deputy members of the Management Board shall be permitted. If a member of the Management Board has been appointed chairman of the Management Board, such member shall have the casting vote in case of a tie.

Article 9 Representation, Signing Authority

1. The Management Board shall represent the Company both in and out of court.

2. Two members of the Management Board jointly or one member of the Management Board together with a "*Prokurist*" (individual with special powers of attorney vested in him/her by statutory provisions) are authorized to issue declarations of intent and sign for the Company. Subject to the statutory conditions and limitations, two "*Prokuristen*" each are also authorized to jointly issue declarations of intent and sign for the Company. Any granting of single representation authority for the entire business shall be excluded.

2. The Supervisory Board

Article 10 Duties, Number of Members, Term of Office

1. The Supervisory Board shall supervise the management of the Company.

2. The Supervisory Board shall consist of at least three, at most ten members elected by the General Meeting (shareholder representatives).

3. The shareholder "WIENER STÄDTISCHE Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group", FN 101530 i, is authorized to delegate up to one third of the members to the Supervisory Board. This delegation right is applicable, if the shareholder "WIENER STÄDTISCHE Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group" holds not more than 50 per cent of shares with voting rights in the Company. If the shareholding of the shareholder "WIENER STÄDTISCHE Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group" exceeds 50 per cent of the shares with voting rights, the delegation right is suspended and is only revived if the shareholding of the shareholder "WIENER STÄDTISCHE Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group" in the Company does not exceed 50 per cent of the shares with voting rights. This applies continuously. The provisions according to Section 88 of the Stock Corporation Act as amended from time to time are applicable for delegated members.

4. Vacant offices of members of the Supervisory Board are, if the delegation right pursuant to Article 10 paragraph 3 of these Articles of Association is applicable, to be assigned up to the maximum number preferably to delegated members pursuant to Article 10 paragraph 3 of these Articles of Association.

Article 11 Vacancies before End of Term, Election of a Substitute

1. The election as member of the Supervisory Board by the General Meeting may be revoked by the General Meeting before the expiration of the member's term of office. Such resolution requires a majority of at least three fourths of the votes cast.

2. Every member of the Supervisory Board may resign from office subject to a notice period of four weeks by registered letter to be directed to the chairman of the Supervisory Board.

3. If the office of a member of the Supervisory Board becomes vacant before the end of his/her term, the election of a substitute - by a General Meeting to be called as soon as possible - is only required, if the vacant office is not assigned to a member delegated pursuant to Article 10 paragraph 3 of these Articles of Association or if the number of the members of the Supervisory Board both elected by the General Meeting and delegated pursuant to Article 10 paragraph 3 of these Articles of Association together has fallen below three. A substitute shall be elected only for the remaining term of office of the member of the Supervisory Board whose office became vacant.

Article 12 Chairman, By-laws, Representation *vis-à-vis* Third Parties

1. Following the General Meeting at which all members of the Supervisory Board to be elected by such General Meeting have been newly elected, the Supervisory Board shall elect a chairman and a deputy chairman from among its members at a meeting for which no separate notice of meeting is required. If possible, the chairman and the deputy chairman shall be elected out of the delegated members of the Supervisory Board pursuant to Article 10 paragraph 3 of these Articles of Association. The election shall be repeated as soon as one of these offices becomes vacant or as soon as delegated members pursuant to Article 10 paragraph 3 of these Articles of Association are assigned to the Supervisory Board and thus – observing the second sentence of the paragraph – the chairman and the deputy chairman are elected out of the delegated members.

2. The Supervisory Board shall adopt its own by-laws. The Supervisory Board is entitled to set up committees from among its members, and it may assign certain competencies to such committees or to individual members.

3. The chairman or the deputy chairman shall represent the Supervisory Board *vis-à-vis* third parties.

Article 13 Convocation, Resolutions, Representation

1. Meetings of the Supervisory Board shall be called by the chairman or the deputy chairman in writing, by telephone, by telecopy or by e-mail. Sec. 94 of the Austrian Stock Corporation Act shall not be affected thereby.

2. The chairman or the deputy chairman shall preside at the meeting. The Supervisory Board shall have a quorum if at least half of its members, including the chairman or the deputy chairman are present and at least half of the delegated members are present, unless there are no delegated members.

3. The resolutions of the Supervisory Board may be adopted in writing, by telecopy or by e-mail if none of the members of the Supervisory Board objects to this procedure. Any votes cast by way of telecopy or e-mail must be confirmed in writing.

4. Each member of the Supervisory Board may authorize another member in writing to represent him/her at a particular meeting; the member so represented shall not be counted when determining whether there is a quorum at a meeting. The right to preside at a meeting cannot be delegated.

5. Resolutions of the Supervisory Board shall be adopted by a simple majority of the votes of the members present or represented, with the additional requirement for a valid resolution that the present delegated members pursuant to Article 10 paragraph 3 of these Articles of Association consent to it, unless there are no delegated members. In case of a tie, the chairman or the deputy chairman shall have the casting vote.

6. If the votes are cast in writing or by way of telecopy or e-mail, these provisions shall apply *mutatis mutandis*.

7. Minutes shall be taken on the debates and resolutions of the Supervisory Board which shall be signed by the chairman or the deputy chairman.

Article 14 Remuneration of the Supervisory Board

1. Apart from the reimbursement of the out-of-pocket expenses incurred in performing his/her tasks, each member of the Supervisory Board shall be granted a remuneration, the amount of which shall be determined by the Annual General Meeting.

2. Special taxes or charges for the remuneration of members of the Supervisory Board shall be borne by the Company.

Article 15 Responsibilities

1. The Supervisory Board shall be responsible for the tasks assigned to it under the law and these Articles of Association.

2. The following transactions shall be subject to the consent of the Supervisory Board:

- a) the acquisition and disposal of participations (sec. 228 of the "UGB" [Austrian Commercial Code]) as well as the acquisition, disposal and discontinuation of enterprises and business divisions;
- b) the acquisition, disposal and encumbrance of real property;
- c) setting up and closing down branch offices;

- d) investments which exceed certain investment costs in any given case or in the aggregate in any fiscal year;
- e) borrowings under any kind of loan or credit if such loans or credits exceed a certain amount in any given case or in the aggregate in any fiscal year;
- f) the granting of credits and loans, except for those that are granted in the ordinary course of business;
- g) introducing or abandoning lines of business;
- h) determining general principles of business policy;
- i) determining the principles on the granting of shares in profits or sales, and making pension commitments to executives pursuant to sec. 80 para. 1 of the Stock Corporation Act;
- j) the acceptance of an office as supervisory board member, management board member or managing director in companies outside the group as well as the performance of paid ancillary work, by the members of the Management Board; the appointment of "*Prokuristen*" as well as the conclusion or termination of employment contracts with "*Prokuristen*";
- k) the granting of options for shares in the Company to employees and executives of the Company or any of its affiliated companies as well as to management board members and supervisory board members of affiliated companies;
- l) the conclusion of agreements with members of the Supervisory Board, under which such members commit themselves vis-à-vis the Company or any of its subsidiaries, outside their work on the Supervisory Board, to render a performance for a consideration that is not merely trivial. This shall also apply to agreements with enterprises in which a member of the Supervisory Board has a substantial economic interest;
- m) the acceptance of a senior position in the Company within two years after execution of an audit opinion, by the auditor, by the group auditor, by the auditor of an affiliated major company, or by the certified accountant who signed the audit opinion or a person active for him, who has had a significant position in the audit, to the extent not prohibited pursuant to Article 271c UGB.

3. The Supervisory Board may set limits for the amounts involved in the transactions set forth under para. 2 subpara. a and b. It must set limits for the amounts involved in the transactions set forth under para. 2 subpara. d, e and f. If no limits have been set for the amounts involved, all the transactions set forth in these provisions shall require the consent of the Supervisory Board.

4. The Supervisory Board may also determine that certain other types of transactions may be carried out only with its consent.

5. The validity of legal transactions entered into by the Company shall not be affected by the provisions of paragraphs 2, 3 and 4 of this Article.

6. The Supervisory Board may resolve on amendments of the Articles of Association insofar as only their wording is affected.

3. The General Meeting

Article 16 Place

General Meetings shall be held in Vienna or in the capital of one of the federal provinces of Austria.

Article 17 Convocation

1. General Meetings shall be called by the Management Board; the notice of the meeting shall specify the agenda of the meeting. The notice of the meeting shall be published.

2. The notice of the meeting shall be published on the 28th day before the ordinary General Meeting, in case of an extraordinary General Meeting on the 21st day before the extraordinary General Meeting.

Article 18 Right to Attend

1. Only those shareholders shall have the right to attend the General Meeting who prove their qualification as shareholder on the Record Date, which is the end of the tenth day before the day of the General Meeting, in accordance with the statutory provisions.

2. The form of the proof of qualification as shareholder is determined in accordance with the statutory provisions.

3. The proof of qualification as shareholder has to be submitted timely to the Company, so that the Company receives the proof at least on the third working day before the General Meeting at the address published in the convening notice.

4. Account Confirmations (Depotbestätigungen) have to be in the German or the English language. Legally binding communication of shareholders or financial institutions with the Company has to be in the German or the English language. The language of the Annual General Meeting is German.

Article 19 Voting Right, Adoption of Resolutions

1. The voting right shall be exercised according to the number of no-par value shares.

2. The voting right may be exercised by proxies only if a written power of attorney has been issued, which must be retained by the Company.

3. If shares have not been paid up in full, the minimum contribution made on each share is deemed to grant one vote. In case of contributions higher than the minimum contribution, the votes shall correspond to the amount of the contributions made; fractions of votes shall be taken into account only if their sum results in one or more full votes for the shareholder having a right to vote.

4. Unless otherwise stipulated by mandatory provisions of law or these Articles of Association, the General Meeting shall adopt its resolutions by a simple majority of the votes cast; where a majority of the capital is required, the decisions shall be adopted by a simple majority of the share capital represented at the meeting.

Article 20 Chairmanship, Recordings

1. General Meetings shall be presided by the chairman or deputy chairman of the Supervisory Board. If none of them has come to, or is willing to preside at, the meeting, the notary public invited for certification purposes shall preside over the election of a chairman.

2. The chairman shall preside at the meeting and shall determine the sequence of the items on the agenda as well as the manner of voting.

3. The Company may record the General Meeting in sound and vision and publicly broadcast such recordings.

IV. Advisory Councils

Article 21 Formation, Tasks, Composition

1. The Management Board may appoint councils for the purpose of advising it with regard to certain regions or certain specialist areas.

2. The advisory councils shall, preferably, consist of not more than 20 persons each. The appointment shall be effected by the Management Board with the consent of the WIENER STÄDTISCHE Wechselseitiger Versicherungsverein - Vermögensverwaltung – Vienna Insurance Group.

3. The Management Board shall invite the advisory councils in accordance with the actual requirements.

4. The members of the advisory councils shall receive a remuneration for their work; such remuneration shall be determined by the Management Board with the consent of the WIENER STÄDTISCHE Wechselseitiger Versicherungsverein - Vermögensverwaltung – Vienna Insurance Group.

V. Annual Financial Statements and Distribution of Profits

Article 22 Fiscal Year, Annual Financial Statements

1. The fiscal year of the Company shall be the calendar year.

2. When preparing the annual financial statements, the Management Board shall form the provisions required by law and the principles of proper accounting. Provisions for performance-related premium refunds and/or for profit participation by insurance policy holders shall be formed taking into consideration the business performance, the business plans as well as the goals set forth in Article 2 para. 1, second sentence of these Articles of Association; such provisions may be used exclusively for premium refunds and/or profit participation of the insurance policy holders. The utilization of such provisions to cover losses shall be permitted in exceptional cases, subject to the approval of the Insurance Supervision Authority.

3. When preparing the annual financial statements, the Management Board may allocate all or part of the annual profit to the reserves.

4. Within the first five months of every fiscal year, the Management Board shall prepare the annual financial statements plus the Notes and the management report for the preceding fiscal year and, after the audit by the auditor, submit them together with its proposal for the distribution of profit to the Supervisory Board.

5. If the Supervisory Board approves the annual financial statements they will be deemed adopted, provided that the Management Board and the Supervisory Board do not opt for adoption by the General Meeting.

6. If the Management Board and the Supervisory Board opt for adoption by the General Meeting, or if the Supervisory Board fails to approve the annual financial statements, the Management Board shall immediately call a General Meeting for the purpose of adopting the annual financial statements.

Article 23 Annual General Meeting

1. The Annual General Meeting shall be held within six months as from the end of the fiscal year.

2. The Annual General Meeting shall resolve on the distribution of the profit resulting from the annual financial statements, on the grant of discharge to the members of the Management Board and Supervisory Board and, in the cases provided by law, on the adoption of the annual financial statements; furthermore, the Annual General Meeting shall resolve on the election of members of the Supervisory Board as well as on other matters assigned to the General Meeting for resolution under the law and on other motions which have been properly submitted.

Article 24 Profit

1. Unless the General Meeting resolves otherwise, the profit shall be distributed among the shareholders.

2. If non-voting preference shares have been issued, the profit shall be distributed as follows:

a) first, any arrears in dividends on preference shares shall be settled;

- b) then, the 15% dividend on preference shares shall be paid to the holders of preference shares relative to their share in the share capital;
- c) the profit remaining thereafter shall, for the first three full fiscal years following the issuance of preference shares, be distributed to all shareholders (holders of ordinary shares and holders of preference shares) such that, taking into account the dividend on preference shares, holders of preference shares receive a dividend which is at least 5% higher than the dividend received by holders of ordinary shares, relative to their share in the share capital; the profit of the fourth full fiscal year and of all subsequent fiscal years shall be distributed such that the holders of ordinary shares shall receive a dividend up to the amount of the dividend on preference shares, and the profit remaining for distribution thereafter shall be equally distributed among all shares, provided that the General Meeting does not resolve on a different distribution, including without limitation the payment of a surplus dividend to holders of preference shares in individual cases.

3. If shareholders' contributions are made during a fiscal year, profit shares shall be considered in proportion to the time elapsed since the contribution. If new shares are issued, different profit participation rights may be determined.

4. Shareholders' profit shares which are not withdrawn within three years as from the due date shall be forfeited in favor of the free reserves of the Company.

Last amended at the 20th Annual General Meeting on May 6, 2011 and approved by the Austrian Financial Market Authority (FMA)/Department Insurance and Pension Supervision by its Decree dated July 11, 2011, GZ. FMA-VU174.340/0001-VPR/2011