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Report
of the Management Board of
UNIQA Insurance Group AG
with its corporate seat in Vienna

on the Management Board's authorization

to issue new shares and to exclude subscription rights with the consent

of the Supervisory Board

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issue the following report of the Management Board of UNIQA Insurance Group AG with its corporate seat in Vienna to the 15th ordinary Annual General Meeting of UNIQA Insurance Group AG on 26 May 2014 pursuant to Section 170 (2) Stock Corporation Act ("AktG") in conjunction with Section 153 (4) AktG.

1. UNIQA Insurance Group AG with its corporate seat in Vienna and its business address at 1029 Vienna, Untere Donaustraße 21, registered under number 92933t in the companies register of the Vienna Commercial Court (hereinafter "UNIQA" or the "Company"), has currently issued 309,000,000 ordinary shares that represent a proportionate amount of EUR 1,00 per share of the share capital. The Company's share capital therefore amounts to EUR 309,000,000.

2. The 1st ordinary Annual General Meeting on 20 June 2000 decided to authorize the Company's Management Board to increase the share capital of then EUR 119,777,808 with the consent of the Supervisory Board until 30 June 2005 inclusive once or several times by a total of up to EUR 50,000,000 by issuing up to 50,000,000 bear shares or registered shares with voting rights against settlement in cash or other than cash and in this context to exclude the shareholders' subscription rights with the consent of the Supervisory Board.

3. The Management Board has not exercised its authorization pursuant to the resolution of the 1st ordinary Annual General Meeting to increase the share capital.

4. At the 6th ordinary Annual General Meeting on 23 May 2005, the Management Board's authorization adopted in the 1st ordinary Annual General Meeting was renewed. The Company's Management Board was therefore authorized to increase the share capital of then EUR 119,777,808 once or several times until 30 June 2010 inclusive (renewal of authorization).

5. On 29 October 2008 and on 14 November 2008, the Management Board decided to partly exercise its authorization granted by the 6th ordinary Annual General Meeting

and, with the consent of the Supervisory Board granted on those dates, increased the Company's share capital and issued 11,895,192 new no-par bearer shares with voting rights, thereby honouring the statutory subscription rights of the shareholders. After consummation of that capital increase, the Company's share capital amounted to EUR 131,673,000.

6. On 24 November 2009 and on 12 December 2009, the Management Board decided to partly exercise again its authorization granted by the 6th ordinary Annual General Meeting and, with the consent of the Supervisory Board granted on those dates, increased the Company's share capital and issued 11,312,217 new no-par bearer shares with voting rights, thereby honouring the statutory subscription rights of the shareholders. After consummation of that capital increase, the Company's share capital amounted to EUR 142,985,217.

7. At the 11th ordinary Annual General Meeting on 31 May 2010, the Management Board's authorization adopted in the 1st ordinary Annual General Meeting was renewed. The Company's Management Board was therefore authorized to increase the share capital of then EUR 142,985,217 once or several times until 30 June 2015 inclusive by issuing up to 71,492,608 bearer shares or registered shares with voting rights against settlement in cash or other than cash (renewal of authorization).

8. On 26 June 2012, the Management Board decided to partly exercise its authorization granted by the 11th ordinary Annual General Meeting and, with the consent of the Supervisory Board of that day, increased the Company's share capital and issued 47,619,048 new no-par bearer shares with voting rights exclusively against settlement in cash, thereby honouring the statutory subscription rights of the shareholders. After consummation of that capital increase, the Company's share capital amounted to EUR 190,604,265.

9. On 11 September 2012, the Management Board decided to partly exercise again its authorization granted by the 11th ordinary Annual General Meeting and, with the consent of the Supervisory Board granted on that day, increased the Company's share capital and issued 19,000,000 bearer shares and 4,643,635 no-par registered shares, in each case with voting rights, each share representing a proportional amount of EUR 1.00 in the share capital, against settlement other than cash, namely against contribution of 13,797,146 no-par voting shares in UNIQA Personenversicherung AG (now: UNIQA Österreich Versicherungen AG), to the exclusion of subscription rights of the

other shareholders. After consummation of that capital increase, the Company's share capital amounted to EUR 214,247,900. By resolution of the 14th ordinary Annual General Meeting on 27 May 2013, the 4,643,635 no-par registered shares were converted into bearer shares.

10. At the 14th ordinary Annual General Meeting on 27 May 2013, it was decided to revoke the Management Board's existing authorization to increase the share capital, which had been granted in the course of the 11th ordinary Annual General Meeting on 31 May 2010. Furthermore, it was decided at that 14th ordinary Annual General Meeting to again authorize the Management Board to increase the Company's share capital once or several times until 30 June 2018 by a total of up to EUR 107,123,950 by issuing up to 107,123,950 bearer shares or registered shares with voting rights, against settlement in cash or other than cash and, with the consent of the Supervisory Board, to exclude the shareholders' subscription rights in this context.

11. On 23 September 2013 and on 9 October 2013, with the consent of the Supervisory Board granted on 16 September 2013 and with the consent of the Supervisory Board's working committee granted on 23 September 2013, the Management Board decided to partly exercise its authorization granted by the 14th ordinary Annual General Meeting, and increased the Company's share capital by issuing 88,102,100 new no-par bearer shares with voting rights exclusively against settlement in cash, thereby honouring the statutory subscription rights of the shareholders; that capital increase constituted UNIQA's Re-IPO. After consummation of that capital increase, the Company's share capital amounted to EUR 302,350,000.

    Furthermore, by virtue of resolutions adopted on 23 September 2013, 9 October 2013 and 17 October 2013, with the consent of the Supervisory Board granted on 16 September 2013 and with the consent of the Supervisory Board's working committee granted on 23 September 2013, 9 October 2013, and 17 October 2013, the Management Board decided to partly exercise again its authorization granted by the 14th ordinary Annual General Meeting and increased the Company's share capital by issuing another 6,650,000 new no-par bearer shares with voting rights exclusively against settlement in cash, to the exclusion of subscription rights of the Company's shareholders; that capital increase was consummated to carry out the greenshoe option granted to the syndicate banks involved in the Re-IPO. After consummation of that greenshoe capital increase, the Company's share capital now amounts to EUR 309,000,000.

12. The Company's Management Board now intends to propose to the 15th ordinary Annual General Meeting to renew the Management Board's authorization to increase the Company's share capital once or several times by a total of up to EUR 81,000,000 by issuing up to 81,000,000 bearer shares or registered shares with voting rights, against settlement in cash or other than cash and, with the consent of the Supervisory Board, to exclude subscription rights of the shareholders (see proposal for Section 4 (3) (b) of the articles of association below). The Management Board's existing authorization to increase the capital with the consent of the Supervisory Board (authorized capital) (see Section 10. above) shall be revoked (in respect of the remaining amount of EUR 12,371,850).

In order to implement that authorization, Section 4 (3) of the Company's articles of association shall be amended to read as follows:

"The Management Board is authorized until 30 June 2019 inclusive

(a) to increase the share capital once or several times with the consent of the Supervisory Board by a total of not more than EUR 81,000,000 by issuing up to 81,000,000 bearer shares or registered shares with voting rights against settlement in cash or contribution in kind,

(b) to exclude the shareholders' subscription rights with the consent of the Supervisory Board, if the share capital

(b.a.) is so increased to implement an employee participation program, including for members of the management board and/or executives or exclusively for members of the management board and/or executives or a stock option plan for employees, including members of the management board and/or executives or exclusively for members of the management board and/or executives of the Company and of its affiliates, or

(b.b.) against contribution in kind, including, without limitation, undertakings, businesses, parts of businesses or shares in one or several companies in Austria or abroad, or

(b.c.) to implement a greenshoe option or

(b.d.) to offset fractional amounts,

and

(c) with the consent of the Supervisory Board, to determine the type of newly issued shares (bearer shares or registered shares), the issue price and the other terms of issue (authorized capital).

The Supervisory Board may adopt amendments of the Company's articles of association linked to the issue of shares from authorized capital."

13. The Management Board may issues shares from authorized capital, whether new shares against settlement in cash or in-kind or with or without exclusion of subscription rights, exclusively with the consent of the Supervisory Board. The Management Board may determine issue price, terms of issue and, if applicable, exclusion of subscription rights exclusively with the consent of the Supervisory Board.

14. The proposed authorized capital of EUR 81,000,000 can be utilized once or several times within the deadline ending on 30 June 2019; that date will certainly be within a period of five years from registration of the corresponding amendment to the articles of association. A total of up to 81,000,000 new shares at most can be issued from authorized capital.

Besides the option of issuing shares from authorized capital by maintaining statutory subscription rights (see, for example, the capital increases in 2008, 2009, in June/July 2012 and in September 2013), it shall be possible under certain circumstances to issue shares from authorized capital to the exclusion of subscription rights.

Subscription rights could be excluded *inter alia* in connection with an employee participation program.

An employee participation program may also be structured as stock option plan. An employee participation program or stock option program can also be eligible for members of the Management Board and/or executives. It is also possible to adopt an employee participation program or stock option plan exclusively for members of the Management Board and/or for executives. Employee participation programs or stock option plans can be introduced for members of the Management Board and/or executives and/or employees of the Company and/or the Company's affiliated entities.

The Company does not maintain an employee participation program or a stock option plan as described above. The employee program introduced in the course of the Re-

IPO allowed eligible employees (not including members of the Management Board) to subscribe to new shares from the capital increase without exclusion of their subscription rights. Members of the Management Board are awarded variable elements of compensation in the form of bonus agreements. These are awarded as single payments on the basis of the Company's profit or loss if certain requirements are fulfilled.

The Management Board's variable compensation scheme was modified as of the fiscal year 2013 in connection with the renewal of the members' terms of office. A Short Term Incentive (STI) grants a single payment on the basis of the Company's profit or loss and agreed individual targets for each fiscal year, provided that certain requirements are fulfilled. Simultaneously, a Long Term Incentive (LTI) linked to the performance of the UNIQA share, ROE and total shareholder return provides for single payments on the basis of annual virtual investments into UNIQA shares after a term of four years. Maximum limits have been agreed. It is planned to link LTI to an obligation for the members of the Management Board to invest into UNIQA shares on an annual basis and to retain these over a period of four years.

Should an employee participation program or a stock option plan be introduced, the following considerations apply:

An employee participation program or a stock option plan shall create an incentive for the participants to contribute to the UNIQA Group's future success and to allow them to share that success in the form of a potential increase in the price of UNIQA shares and dividend distributions. Furthermore, an employee participation program or stock option plan shall improve a sense of identification with the Company.

If an employee participation program or a stock option plan were introduced, the Management Board and the Supervisory Board - the latter especially if the Management Board itself were concerned - would determine the further details regarding the award of stock options and the issue of shares. These details include the conditions of technical implementation and the procedure for the award and exercise of stock options, the determination of the issue price, waiting periods, if any, and rules for the treatment of stock options in case of retirement, death or termination of employment and withdrawal from an entity of the UNIQA Group.

15. The possibility to issue new shares from authorized capital to the exclusion of subscription rights is in the Company's interest. It is in UNIQA's interest to anchor executives

and employees of the Group more firmly to the Company in which they work and to the UNIQA Group and to motivate executives and employees through the issue of shares. The sense of identification with a company grows once executives and employees are stakeholders. They will have a greater interest in the Company and the Group being economically successful.

UNIQA operates on an international level and faces competition on the international market for executives. Due to reasonable commercial considerations, UNIQA therefore has a great interest in attracting, motivating and anchoring efficient executives to the Company on a long-term basis by offering performance-linked compensations that are competitive on the international market. A stock option plan or comparable scheme is a suitable and internationally customary instrument to achieve that objective. A number of Austrian companies have introduced such stock option plans. Should UNIQA introduce an employee participation program (including a stock option plan), it would define the underlying objectives on a long-term basis in line with the principle of sustainability.

The possibility to issue new shares from authorized capital is necessary, because the Company must be able to introduce internationally customary compensation models in order to attract executives and employees for the Group in the future.

Pursuant to Section 153 (5) AktG, a (primary) issue of stock to employees, executives and/or members of the Management Board of the Company or any of its affiliates for the purpose of satisfying entitlements under employee participation programs (including stock options) is justified by law and constitutes sufficient reason for excluding subscription rights. This applies also in respect of shares which are issued in utilization of approved capital (Section 170 (1) AktG in conjunction with Section 153 (5) AktG).

16. Furthermore, new shares may be issued from authorized capital to the exclusion of subscription rights if the shares are issued in consideration for the acquisition of undertakings, businesses, parts of businesses or interests in one or several entities in Austria or abroad.

UNIQA intends to continue to grow selectively in Austria and abroad in consideration of a consequent risk-return approach; that growth will also take place by acquiring other undertakings or businesses. From a legal perspective, an acquisition of undertakings, businesses or parts of businesses may be consummated as a purchase of certain assets (and liabilities) of an undertaking, business or part of a business (so-called asset deal) or as a purchase of shares in an entity (so-called share deal). Both asset deal and share deal are hereinafter collectively referred to as "Acquisition".

The consideration for an Acquisition can be paid not only in the form of cash, but also (partly) in the form of shares which are granted by the acquiring entity. This can be in the interest of both UNIQA as buyer and also in the seller's interest.

If the seller contributes its undertaking (or the shares of that undertaking) to UNIQA as a consideration other than in cash against the award of new shares - in this case from authorized capital - UNIQA's share capital and thus its equity capital will be increased. While the purchase of an entity for a cash consideration can entail considerable liquidity outflow on the level of the Company, an acquisition for a consideration other than cash will not subject the buyer (UNIQA) to any liquidity outflow and, conversely, will result in an increase of equity.

An Acquisition which involves the contribution of an undertaking or of shares in an undertaking as a consideration other than in cash to the exclusion of subscription rights of the other shareholders is a generally recognized objective justification for excluding the subscription rights.

An exclusion of subscription rights in connection with an Acquisition is necessary because the Company, if an Acquisition takes place for a consideration other than cash, can only so ensure the purchase of the undertaking and, on the other part, because the seller will often be willing to transfer the undertaking or the shares in the undertaking only if he in turn receives an ad valorem equivalent participation in the Company. From UNIQA's perspective, strategic and organizational reasons may require the seller to be integrated as a shareholder into the Group. If an Acquisition takes place for a consideration other than cash, the seller can attain the desired participation only if the new shares are granted exclusively to the seller, because a seller desires to obtain a (percentage) stake in UNIQA which reflects the value of his business in proportion to the corporate value of UNIQA.

In view of the authorized capital's five-year term, no information can currently be given to the seller of an undertaking on the issue price of shares, as that price depends on both UNIQA's performance and on the performance of the UNIQA share.

As stated above, subscription rights may be excluded only with the consent of the Supervisory Board. In those cases, the UNIQA Management Board cannot make decisions independently.

17. Should UNIQA increase its capital, shares from authorized capital can be utilized also for a greenshoe option – such as the issue of 6,650,000 shares during the Re-IPO (see Section 11. above). A greenshoe option is inter alia linked to stabilization measures that are taken immediately after the start of trading of the newly issued shares. Those stabilization measures can be implemented according to the provisions of Commission Regulation (EC) No 2273/2003 of 22 December 2003 only within 30 calendar days from the date of commencement of trading. As a rule, between 8 % and not more than 15 % (see Art 11 (d) of Commission Regulation (EC) No 2273/2003 of 22 December 2003) of shares to be placed are additionally offered by the Company's existing shareholders to the issuing banks (usually as a bond) on a preliminary basis (actual greenshoe option). The greenshoe option allows the underwriting banks to acquire at most such a number of shares of the Company as corresponds to the original overallotment for the original offer price (issue price) of the new shares. The underwriting banks will exercise the greenshoe option such as is necessary for them to fulfill their obligations to retransfer shares from the above bond (the greenshoe option will regularly not be exercised if all or any of the underwriting banks purchase shares by virtue of stabilization measures). In general, also the greenshoe option can be exercised only within 30 calendar days from the allotment date.

    A greenshoe option may be awarded within the scope of Commission Regulation (EC) No 2273/2003 of 22 December 2003 and is an objective justification for an exclusion of subscription rights. It is a necessary measure and proportionate in view of time limit, a limitation of the number of shares and the exercise at the offer price (issue price). That was also acknowledged by the German Federal Court in a decision of 21 July 2008. The Company may finance the greenshoe option by issuing shares from authorized capital to the exclusion of subscription rights.

18. Increases in capital can create unfavourable subscription ratios, so-called share fractions, which can make it more difficult especially for those shareholders with lower interests to exercise their subscription rights. If the Company selects a round subscription ratio rather than a fractional and non-practicable subscription ratio, single shareholders might not be able to exercise subscription rights for all their shares, and subscription rights cannot be exercised for all issued shares. That partial exclusion of sub-

scription rights is objectively justified and generally recognized as a reason for partly excluding subscription rights.

19. In summary, the UNIQA Management Board concludes that the authorization of the Company's Management Board described herein to increase the Company's capital with the consent of the Supervisory Board in certain situations by issuing new shares from authorized capital and to exclude subscription rights in this connection is fully in line with legal provisions.

Vienna, April 2014

The Management Board of
UNIQA Insurance Group AG

Andreas BRANDSTETTER signed personally
born 23 June 1969
Chief Executive Officer

Hannes BOGNER signed personally
born 20 June 1959

Wolfgang KINDL signed personally
born 25 April 1966

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