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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 sell treasury shares other than via the stock exchange

or by public offer

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 16th ordinary Annual General Meeting of UNIQA Insurance Group AG on 26 May 2015 pursuant to Section 65 (1b) in conjunction with Section 170 (2) and Section 153 (4) Stock Corporation Act ("AktG") .

1. In view of the possibilities created by the Stock Repurchase Act (*Aktienrückerwerbsgesetz* - hereinafter "*AReG*") to purchase treasury shares, the Company's 1st ordinary Annual General Meeting held on 20 June 2000 decided that the Management Board shall be authorized, with the consent of the Supervisory Board, to purchase treasury shares pursuant to Section 65 (1) (9) and (1a) AktG (as amended prior to the entry into force of the AOG), whereas the Company may purchase not more than 11.977.780 share units of the Company, counted as a total together with other treasury shares already purchased and still held by the Company, that the authorization shall be valid until 20 December 2001 inclusive, and (after implementation of the stock split decided at this Annual General Meeting) that treasury shares may be purchased at an equivalent of at least EUR 5.00 and not more than EUR 15.00 per share unit and that the respective repurchase program (including its duration) must be published pursuant to the Publication Ordinance (Federal Law Gazette II 2000/5, as then amended) issued in reliance on Section 82 (9) Stock Exchange Act (*BörseG*).

   Since then, the authorization granted at the 1st ordinary Annual General Meeting of the Company to purchase treasury shares has been repeatedly renewed to take into account changes in legislation or changes in circumstances (for instance regarding minimum and maximum equivalent value and number of share units).

   In April 2004, the Management Board decided that UNIQA would resell already purchased treasury shares. The Company's Supervisory Board approved that decision and adopted a resolution to that effect. Pursuant to Sections 4 and 5 of the Publication Ordinance 2002 (Federal Law Gazette II 2002/112) UNIQA announced the proposed resale of its treasury shares (as well as the repurchase program).

Most recently, the authorization to purchase treasury shares at an equivalent of at least EUR 8.00 and not more than EUR 25.00 per share unit was renewed for the period from 28 May 2013 until 27 November 2015 inclusive by a resolution adopted by the Company's 14th ordinary Annual General Meeting held on 27 May 2013.

In consideration of shares purchased under share repurchase programs and resold treasury shares, UNIQA currently holds 819.650 treasury shares which represent 0.27% of the Company's share capital in the amount of EUR 309,000,000.

The Management Board will now propose to the Company's 16th ordinary Annual General Meeting to authorize the Management Board, with the consent of the Supervisory Board, to purchase treasury shares pursuant to Section 65 (1) (8) and (1a) and (1b) AktG, whereas the Company may purchase treasury shares equal to not more than a maximum of up to 10% of the share capital (even subject to the repeated use of the 10% threshold), counted as a total together with other treasury shares already purchased and held by the Company, both via the stock exchange as well as over the counter, to the exclusion of the shareholders' proportionate subscription rights, to grant that authorization from 28 November 2015 inclusive until 27 May 2018 inclusive, hence for 30 months, and to allow the Company to purchase treasury shares by virtue of this authorization at an equivalent of at least EUR 7.00 and not more than EUR 20.00 per share unit. That authorization to purchase treasury shares shall also include the purchase of the Company's shares by the Company's subsidiaries (Section 66 AktG).

It is proposed that the treasury shares purchased pursuant to Section 65 (1) (8) and (1a) and (1b) may also be sold other than on the stock exchange or by public offer within a period of five years from the grant of that authorization and subject to the consent of the Supervisory Board, namely (i) for the purpose of implementing an employee participation program, including a plan 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 affiliated companies, if any, or (ii) as consideration for the purchase of undertakings, businesses, parts of businesses or shares in one or several entities in Austria and abroad (iii) or to implement a greenshoe option or (iv) to offset fractional amounts.

The Management Board shall be authorized, with the consent of the Supervisory Board, to redeem purchased treasury shares without referring that matter to the Annual General Meeting, and the Supervisory Board shall be authorized to adopt amendments of the articles of association resulting from that redemption of shares.

In view of the possibility to sell treasury shares purchased pursuant to Section 65 (1) (8) and (1a) and (1b) AktG other than through the stock exchange or by public offer, the Management Board must submit a written report to the Annual General Meeting pursuant to Section 65 (1b) AktG in conjunction with Section 170 (2) AktG and Section 153 (4) AktG.

2. Pursuant to the Management Board's proposal, the Company's Management Board may purchase treasury shares only with the consent of the Supervisory Board and sell treasury shares purchased by the Company other than on the stock exchange or by public offer exclusively with the consent of the Supervisory Board.

3. Besides the possibility to sell purchased treasury shares on the stock exchange or by public offer, in which case an equal treatment of shareholders and the possibility for each UNIQA shareholder to subscribe to UNIQA shares will be guaranteed (Section 65 (1b) AktG), it shall also be possible, *inter alia*, to sell purchased treasury shares in certain cases other than on the stock exchange or by public offer, subject to the Supervisory Board's consent.

   The sale of treasury shares other than on the stock exchange or by public offer would, *inter alia*, be possible 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 plan 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 of the Company's affiliated entities.

   The Company has currently not adopted an employee participation program or a stock option plan as described above. The employee program introduced in the course of the Re-IPO in 2013 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 defined 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 defined 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 in UNIQA shares after a term of four years. Maximum limits have been agreed. LTI is linked to an obligation of the members of the Management Board to invest in UNIQA shares on an annual basis and to hold 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.

4. It is in the interest of the Company to introduce the possibility to purchase treasury shares and to sell these other than on the stock exchange or by public offer for the

purpose of implementing an employee participation program or a stock option plan as described in paragraph 3. above. 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 to the Company on a long-term basis efficient executives 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.

When implementing an employee participation program or a stock option plan through the purchase of treasury shares, it must be taken into account that treasury shares do not carry dividend rights (Section 65 (5) AktG), so that the non-payment of dividends will contribute to funding the stock option plan, also in view of waiting periods that apply from the commencement date until the exercise date.

The possibility sell treasury shares other than on the stock exchange or by public offer is necessary, because the Company must be able to introduce internationally customary compensation schemes in order to attract executives and employees for the Group in the future.

Pursuant to Section 65 (1b), last sentence, AktG, the funding of stock options is a legally permitted justification for selling treasury shares to employees, executives and/or members of the Management Board of the Company or of an undertaking affiliated with the Company; it is not necessary for the General Meeting to adopt a resolution on the possibility of selling treasury shares to these individuals (i.e. no separate authorization is necessary).

5. Furthermore, pursuant to Section 65 (1) (8) and (1a) and (1b) AktG, purchased treasury shares may be sold other than on the stock exchange or by public offer, if the sale of the shares represents the consideration for the acquisition of undertakings, businesses, parts of businesses or shares 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 can also take the form of acquisitions of 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 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. Besides the contribution of the target company as consideration other than in cash against the award of new shares (increase in share capital), there may be situations in which strategic considerations might make it necessary or suggest to grant the seller a consideration in the form of shares (an additional cash consideration might be payable as well), granting him an ad valorem participation in the Company; especially in those situations, the Company may use treasury shares purchased pursuant to Section 65 (1) (8) and (1a) and (1b) AktG. This approach is in the Company's interest especially whenever the Company has a strategic interest in the seller acquiring a small participation in UNIQA. Due to the limits which apply to purchases of treasury shares – i.e. a total limit (for virtually all cases pursuant to Section 65 AktG) of 10% of the Company's share capital, this approach does not allow a seller to acquire a material participation in UNIQA. If the Company has purchased the treasury shares earlier and stock prices are meanwhile higher, the Company can benefit from savings; when calculating the consideration of the Acquisition, the treasury shares to be granted as (part of the) consideration will regularly be recognized at the current (average) market value or higher intrinsic value, rather than at lower historic cost.

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. The same is true for the parallel case of granting the consideration in the form of treasury shares.

An Acquisition necessitates the sale of treasury shares other than on the stock exchange or by public offer, because the seller will often be willing to transfer his undertaking or shares only if he in turn receives a 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. In these situations, an Acquisition can take place only if UNIQA is able to legally guarantee - e.g. through a sufficient number of treasury shares held by UNIQA - that the mandatory consideration can be paid in the form of UNIQA shares.

The sale of treasury shares other than on the stock exchange or by public offer is proportionate, because UNIQA will regularly have a special interest in acquiring the undertaking concerned or the shares in the respective undertaking. The interests of existing shareholders are safeguarded by proportionate share awards – regularly after carrying out a valuation - in connection with the Acquisition. Furthermore, the existing shareholders will participate in the acquired undertaking's future profits, which the synergies with UNIQA should regularly increase.

Given the 30-month duration of the authorization to purchase treasury shares pursuant to Section 65 (1) (8) and (1a) and (1b) AktG, it is currently not possible to disclose the price for the issue of treasury shares to the seller of an undertaking, because that price depends on UNIQA's performance and the performance of the UNIQA share. In the situations described herein, it is not necessary and impossible to disclose the issue price upon grant of the authorization. In these situations, the issue price will be disclosed to the shareholders by separate public announcement.

As stated in paragraph 3. above, it should be noted that treasury shares may be sold other than on the stock exchange or by public offer only with the consent of the Supervisory Board. In those cases, the UNIQA Management Board cannot make decisions independently.

6. In case of a capital increase, UNIQA could use treasury shares purchased by the Company for a greenshoe option. 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 fulfil 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(s) 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 or the sale of treasury shares other than on the stock exchange or by public offer. 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 selling treasury shares to the underwriting banks (i.e. not via the stock exchange or by public offer).

7. 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 rather than a fractional and virtually 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 subscription rights is objectively justified and generally recognized as a reason for partly excluding subscription rights.

   In such a situation, the Company might offer its existing shareholders the purchase of the Company's treasury shares at the terms of issue (i.e. at the issue price) in order to fulfil non-fulfilled partial claims. In this situation, treasury shares would be sold other than on the stock exchange or by public offer in a way which is objectively justified.

8. In summary, the UNIQA Management Board concludes that the authorization granted to the Company's Management Board to sell treasury shares purchased pursuant to Section 65 (1) (8) and (1a) and (1b) AktG with the consent of the Supervisory Board other than on the stock exchange or by public offer is fully in line with the legal provisions.

Vienna, April 2015

The Management Board of
UNIQA Insurance Group AG

Andreas BRANDSTETTER personally signed
born 23 June 1969
Chief Executive Officer

Hannes BOGNER personally signed
born 20 June 1959

Wolfgang KINDL personally signed
born 25 April 1966

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