

Unofficial translation from the German language –
only the German language version is legally binding



Report of the Management Board of UNIQA Insurance Group AG with its registered office in Vienna

on the authorization of the Management Board
to issue new shares, excluding preferential rights, with the approval of
the Supervisory Board

Andreas BRANDSTETTER, born 23 June 1969

Chairman of the Management Board
c/o UNIQA Insurance Group AG
1029 Vienna, Untere Donaustrasse 21

Erik LEYERS, born 17 December 1969

Member of the Management Board
c/o UNIQA Insurance Group AG
1029 Vienna, Untere Donaustrasse 21

and

Kurt SVOBODA, born 12 April 1967

Member of the Management Board
c/o UNIQA Insurance Group AG
1029 Vienna, Untere Donaustrasse 21

herewith submit the following report of the Management Board of UNIQA Insurance Group AG, with its registered office in Vienna, to the 20th Annual General Meeting of UNIQA Insurance Group AG on 20 May 2019 pursuant to Section 170 (2) in conjunction with Section 153 (4) of the Stock Corporation Act (*Aktiengesetz – AktG*).

1. UNIQA Insurance Group AG with its registered office 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"), currently has 309,000,000 voting no-par-value bearer shares in circulation, each representing a proportionate amount of the share capital of EUR 1.00. The Company's share capital therefore amounts to EUR 309,000,000.
2. The 1st 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 approval of the Supervisory Board up to and including 30 June 2005 by not more than EUR 50,000,000.00 by issuing up to 50,000,000 bear shares or registered shares with voting rights once or in several tranches against payment in cash or contributions in kind and, where appropriate, to exclude the shareholders' preferential subscription rights with the approval of the Supervisory Board.
3. The Management Board did not exercise its authorization to increase the share capital granted by the resolution adopted by the 1st Annual General Meeting.
4. At the 6th Annual General Meeting on 23 May 2005, the authorization granted to the Management Board by the 1st Annual General Meeting was renewed. The Management Board of the Company was thus authorized to increase the share capital of then EUR 119,777,808.00 once or in several tranches up to and including 30 June 2010 (renewal of authorization).
5. On 29 October 2008 and on 14 November 2008, the Management Board decided, with the approval of the Supervisory Board given on the same dates, to partly exercise the authorization granted by the 6th Annual General Meeting and to increase the share capital of the Company by issuing 11,895,192 new no-par-value bearer shares with voting rights against payment in cash, thereby upholding the shareholders' preferential subscription rights. After the capital increase, the Company's share capital amounted to EUR 131,673,000.00.
6. On 24 November 2009 and on 12 December 2009, the Management Board decided, with the approval of the Supervisory Board given on the same dates, to again partly exercise the authorization granted by the 6th ordinary Annual General Meeting and to increase the share capital of the Company by issuing 11,312,217 new no-par-value bearer shares with voting rights, thereby upholding the shareholders' preferential subscription rights.

After the capital increase, the Company's share capital amounted to EUR 142,985,217.00.

7. At the 11th Annual General Meeting on 31 May 2010, the authorization granted to the Management Board by the 1st and 6th Annual General Meetings was renewed. The Management Board of the Company was thus authorized to increase the share capital of then EUR 142,985,217.00 once or in several tranches up to and including 30 June 2010 by issuing up to 71,492,608 new no-par-value bearer shares with voting rights against payment in cash or contributions in kind (renewal of authorization).
8. On 26 June 2012, the Management Board decided, with the approval of the Supervisory Board given on the same date, to partly exercise the authorization granted by the 11th Annual General Meeting and to increase the share capital of the Company by issuing 47,619,048 new no-par-value bearer shares with voting rights exclusively against payment in cash, thereby upholding the shareholders' preferential subscription rights. After the capital increase, the Company's share capital amounted to EUR 190,604,265.00.
9. On 11 September 2012, the Management Board decided, with the approval of the Supervisory Board given on the same date, to again partly exercise again the authorization granted by the 11th Annual General Meeting and to increase the share capital of the Company by issuing 19,000,000 bearer shares and 4,643,635 no-par-value registered shares, each share with voting rights and representing a proportionate amount of EUR 1.00 of the share capital, against contributions in kind, i.e. against the transfer of 13,797,146 no-par-value voting shares with voting rights to UNIQA Personenversicherung AG (now: UNIQA Österreich Versicherungen AG), excluding the preferential subscription rights of the other shareholders. After the capital increase, the share capital of the Company amounted to EUR 214,247,900.00. By resolution of the 14th Annual General Meeting on 27 May 2013, the 4,643,635 no-par-value registered shares were converted into bearer shares.
10. The 14th Annual General Meeting on 27 May 2013 decided to revoke the authorization of the Management Board to increase the share capital granted by the 11th Annual General Meeting on 31 May 2010. Furthermore, the 14th Annual General Meeting decided to again authorize the Management Board to increase the share capital of the Company once or in several tranches up to and including 30 June 2018 by issuing up to 107,123,950 bearer shares or registered shares with voting rights against payment in

cash or in contributions in kind and, where appropriate, to exclude the shareholders' preferential subscription rights with the approval of the Supervisory Board.

11. On 23 September 2013 and on 9 October 2013, the Management Board decided, with the approval of the Supervisory Board given on 16 September 2013 and the approval of the Working Committee of the Supervisory Board given on 23 September 2013, to partly exercise the authorization granted by the 14th Annual General Meeting and to increase the share capital of the Company by issuing 88,102,100 new no-par-value bearer shares with voting rights exclusively against payment in cash, thereby upholding the preferential subscription rights of the shareholders. This capital increase constituted UNIQA's re-IPO. After the capital increase, the share capital of the Company amounted to EUR 302,350,000.00.

Furthermore, by virtue of its resolutions adopted on 23 September 2013, 9 October 2013 and 17 October 2013, the Management Board decided, with the approval of the Supervisory Board given on 16 September 2013 and the approval of the Working Committee of the Supervisory Board given on 23 September 2013, 9 October 2013, and 17 October 2013, the Management Board decided to again partly exercise the authorization granted by the 14th Annual General Meeting and to increase the share capital of the Company by issuing another 6,650,000 new no-par-value bearer shares with voting rights exclusively against payment in cash and excluding the shareholders' subscription rights. This capital increase was performed to settle the over-allotment option (greenshoe option) granted to the syndicated banks involved in the re-IPO. After the greenshoe capital increase, the share capital of the Company now amounts to EUR 309,000,000.00.

12. The 15th Annual General Meeting on 25 May 2014 decided to authorized the Management Board to increase the share capital of the Company once or in several tranches up to and including 30 June 2019 by not more than EUR 81,000,000.00 by issuing up to 81,000,000 bearer shares or registered shares with voting rights against payment in cash or contributions in kind and to exclude the shareholders' subscription rights with the approval of the Supervisory Board. The authorized capital thus expires on 30 June 2019.
13. The Management Board of the Company now intends to propose to the 20th Annual General Meeting that the authorization of the Management Board be renewed to increase the share capital of the Company once or in several tranches by not more than EUR 80,000,000.00 by issuing up to 80,000,000 bearer shares or registered shares with voting rights, against payment in cash or in kind and, where appropriate, to exclude the

shareholders' subscription rights with the approval of the Supervisory Board (see proposal for Art. 4 (3.b) of the Articles of Association below).

By resolution of the Annual General Meeting, the Management Board is to be granted the authorization outlined below. Art. 4 (3) of the Articles of Association of the Company is to read as follows:

"The Management Board shall be authorized up to and including 30 June 2024

- (a) to increase the share capital once or in several tranches with the approval of the Supervisory Board by not more than EUR 80,000,000 by issuing up to 80,000,000 bearer shares or registered shares with voting rights against payment in cash or contributions in kind,
 - (b) to exclude the shareholders' subscription rights with the approval of the Supervisory Board, if the share capital
 - (b.a.) is increased to implement an employee participation program, either 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, either including members of the Management Board and/or executives or exclusively for members of the Management Board and/or executives of the Company and, where appropriate, its affiliates, through the transfer of shares to an employee participation foundation in the meaning of Section 4d (4) of the Austrian Income Tax Act, or
 - (b.b.) against contributions in kind, in particular by undertakings, businesses, parts of businesses or shares in one or several companies in Austria or abroad, or
 - (b.c.) for an over-allotment option (greenshoe option), or
 - (b.d.) to round up fractional amounts,
- and
- (c) with the approval 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 shall have the right to adopt any amendments to the Company's Articles of Association resulting from the issue of shares from authorized capital."

14. The Management Board of the Company may issues shares from authorized capital, irrespective of whether new shares are issued against payment in cash or against contributions in kind, exclusively with the approval of the Supervisory Board. The Management Board may determine the issue price, the terms of issue and, where applicable, the exclusion of subscription rights exclusively with the approval of the Supervisory Board.
15. The proposed authorized capital of EUR 80,000,000.00 can be utilized once or in several tranches by the proposed deadline of 30 June 2024, which will in any case be within a period of five years from the registration of the respective amendment to the Articles of Association. A total of not more than 80,000,000 new shares can be issued from authorized capital.
16. Besides the possibility of issuing shares from authorized capital with preferential subscription rights (see, for example, the capital increases in 2008, 2009, June/July 2012 and September/October 2013), the possibility of issuing shares from authorized capital without preferential subscription rights is to be provided for under certain circumstances.
17. The exclusion of preferential subscription rights would be possible, *inter alia*, in connection with an employee participation program.

An employee participation program can also be structured as a stock option plan. The employee participation program or stock option program can be designed to include members of the Management Board and/or executives. It is also possible to set up an employee participation program or a stock option plan exclusively for members of the Management Board and/or for executives. An employee participation program or stock option plan 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. Furthermore, the issue and transfer of shares to an employee participation foundation in the meaning of Section 4d (4) of the Income Tax Act is to be possible, where applicable and in compliance with the provisions governing the raising of capital.

For the time being, the Company has no employee participation program or a stock option plan as described above. The employee program introduced on the occasion 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 subscription rights. Members of the Management Board are awarded variable remuneration components in the form of bonus arrangements, which are subject to the attainment of clearly

defined targets and granted as one-off payments on the basis of the performance of the Company.

The variable remuneration scheme for the Management Board was modified as of the fiscal year 2013 in connection with the prolongation of the members' terms of office. A short-term incentive plan (STI) provides for one-off payments subject to the attainment of defined targets on the basis of the Company's performance and individually agreed targets for each fiscal year, provided that certain prerequisites are met. At the same time, a long-term incentive plan (LTI) was introduced, which is subject to the attainment of defined performance targets and provides for one-off payments on the basis of annual virtual investments in UNIQA shares after a holding period of four years. Maximum limits have been agreed upon. The LTI is linked to an obligation for the members of the Management Board to invest in UNIQA shares on an annual basis and to hold these shares for 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 is intended to create an incentive for the participants to contribute to the UNIQA Group's future success through their individual performance and to participate in the success of the Group through a potential share price increase and through dividend income. Furthermore, an employee participation program or stock option plan is to enhance the employees' 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, in particular, as members of the Management Board themselves are eligible for participation - would determine the detailed provisions regarding the award of stock options and the issue of shares. These provisions include the conditions of technical implementation and the procedure for the award and exercise of stock options, the determination of the issue price, holding periods, if any, and rules for the treatment of stock options in case of retirement, death or termination of employment and the demerger or divestment of an entity of the UNIQA Group. In the event of the issue and transfer of shares to an employee participation foundation in the meaning of Section 4d (4) of the Income Tax Act, the provisions of Section 4d (4) of the Income Tax Act have to be complied with as well, including the underlying plan for the transfer of shares. Free allotment of shares to an employee

participation foundation would not be possible, and the provisions regarding the raising of capital would have to be observed.

18. The possibility of issuing new shares from authorized capital without preferential subscription rights is in the Company's interest. It is in UNIQA's interest to foster closer ties between the executives and employees of the Company they work for and the UNIQA Group, and to motivate executives and employees more effectively through the issue of shares. As shareholders, executives and employees tend to identify more closely with the company and consequently take a greater interest in the economic performance of Company and the Group.

UNIQA, as a company with international operations, competes for executives in the international market. Therefore, it is in UNIQA's reasonable commercial interest to attract and motivate high-performing executives on a long-term basis by offering internationally competitive, performance-related remuneration schemes and thus promote their long-term loyalty to the Company. A stock option plan or a comparable remuneration scheme is a well-suited to instrument, in line with international practice, 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), the targets set for the program would be of a long-term nature and in line with the principle of sustainability.

The possibility of issuing new shares from authorized capital is essential, as the Company must be able to introduce internationally competitive remuneration models in order to continue to attract executives and employees for the Group.

Pursuant to Section 153 (5) of the Stock Corporation Act, the issue of shares (on a priority basis) to employees, executives and/or members of the management board of a company or any of its affiliates for the purpose of satisfying entitlements arising from employee participation programs (including stock options) is justified by law and constitutes sufficient reason for the exclusion of preferential subscription rights. This also applies to shares issued from authorized capital (Section 170 (1) in conjunction with Section 153 (5) of the Stock Corporation Act. This justification also applies to the issue of shares for an employee participation foundation in the meaning of Section 4d (4) of the Income Tax Act.

19. Furthermore, new shares may be issued from authorized without preferential subscription rights if the shares are issued as transaction currency for the acquisition of undertakings, businesses, parts of businesses or shareholdings in one or several entities in Austria or abroad.

UNIQA intends to continue on its path of selective growth in Austria and abroad with due consideration given to a consistent risk-return approach. Such growth can also be generated through the acquisition of other undertakings or businesses. From a legal perspective, the acquisition of undertakings, businesses or parts of businesses can be implemented as the purchase of certain assets (and liabilities) of an undertaking, business or part of a business (asset deal) or as the purchase of shares in an entity (share deal). Both types of acquisition of an undertaking, a business or part of a business, i.e. asset deals and share deals, are in the following collectively referred to as "acquisitions".

Consideration for an acquisition can be provided not only in the form of cash, but also (partly) in the form of shares in the acquiring entity. This can be in the interest of both UNIQA as the buyer and in the interest of the seller.

If the seller contributes the undertaking (or the shares in that undertaking) to UNIQA as a contribution in kind against the award of new shares - in that case from authorized capital - UNIQA's share capital and its equity will increase. While the acquisition of an entity against payment in cash can result in a substantial outflow of liquidity for the Company, an acquisition against a contribution in kind will not result in an outflow of liquidity on the part of the buyer (UNIQA) but, conversely, an increase in equity.

An acquisition involving the contribution of an undertaking or of shares in an undertaking as contributions in kind, excluding preferential subscription rights of the other shareholders, is a generally recognized as justification for the exclusion of preferential subscription rights.

In the case of an acquisition, the exclusion of preferential subscription rights is necessary because, on the one hand, in a transaction against contributions in kind this is the only way for the Company to ensure the acquisition of an entity, and on the other hand, because the sellers often are not willing to transfer the undertaking or shares in the undertaking, unless they receive a shareholding in the Company of equivalent value. From UNIQA's perspective, strategic and organizational reasons may require the seller be integrated in the Group as a shareholder. In the case of an acquisition against contributions

in kind, the seller, as the entity making such contribution, can obtain the desired shareholding only if the new shares are transferred exclusively to the seller, given that a seller desires to obtain a (percentage) shareholding in UNIQA which corresponds to the value of his business relative to the enterprise value of UNIQA.

In view of the five-year term of the authorized capital, the issue price of the shares to be transferred to the seller of an undertaking cannot be quantified for the time being, as it depends on the performance of UNIQA and the development of the UNIQA share price. The interests of the current shareholders are preserved and proportionality is ensured by the fact that in the case of an acquisition against contributions in kind the seller receives a (percentage) share in UNIQA, which, based on the valuation of the company, corresponds to the ratio of the value of the entity or the shares contributed to the enterprise value of UNIQA.

As stated above, preferential subscription rights can only be excluded with the consent of the Supervisory Board. The decision cannot be taken by the UNIQA Management Board alone.

20. In the event of a capital increase, UNIQA can also use shares from authorized capital within the framework of an over-allotment option (greenshoe), as it happened on the occasion of the re-IPO through the issue of 6,650,000 shares (see It. 11). A greenshoe option is associated, *inter alia*, with stabilization measures taken immediately after the commencement of trading in the newly issued shares. Such stabilization measures can be taken in accordance with the provisions of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buyback programs and stabilization measures and are limited to 30 calendar days after the commencement of trading. As a rule, between 8% and not more than 15% (see Article 8 (d) of Delegated Regulation (EU) 2016/1052) of the shares to be placed are over-allotted (the actual greenshoe) by the existing shareholders of the Company to the issuing banks (usually in a stock lending transaction). Through the greenshoe option, the issuing banks are given the possibility to acquire as many shares as correspond to the original over-allotment at the original issue price of the new shares. The issuing banks exercise the greenshoe option to the extent that is necessary to meet their obligations to retransfer shares from the aforementioned stock lending transaction. (If shares are bought by one or all issuing banks on account of

stabilization measures, the greenshoe option, as a rule, is not exercised). In general, exercise of the greenshoe option is limited to 30 calendar days.

Granting a greenshoe option within the framework of Delegated Regulation (EU) 2016/1052 is permitted and constitutes a case of a substantively justified exclusion of subscription rights. Granting a greenshoe option is necessary and, given its limitation in time, the limited number of shares and the exercise at the issue price, proportionate, as recognized by the German Federal Court of Justice in its decision dated 21 July 2008. The greenshoe option can be implemented by the Company through the issue of shares from the authorized capital without preferential subscription rights.

21. In the event of a capital increase, unfavorable ownership relations may result in so-called fractional amounts, which make it particularly difficult for small shareholders to exercise their subscription rights. If an even subscription ratio is chosen instead of an uneven and therefore impractical ratio, individual shareholders may not be able to exercise their subscription rights for all their shares, and the subscription rights cannot be exercised for all the shares issued. The inherent partial exclusion of subscription rights is substantively justified and generally recognized as a valid reason for the partial exclusion of subscription rights.
22. In summary, the Management Board of UNIQA has come to the conclusion that the authorization of the Management Board of the Company to increase the share capital of the Company through the issue of new shares from authorized capital and to exclude preferential subscription rights, where appropriate, for certain reasons, as specified in this report, with the approval of the Supervisory Board, is entirely in conformity with the law.

Vienna, April 2019

The Management Board of
UNIQA Insurance Group AG

Andreas BRANDSTETTER signed personally
born 23 June 1969
Chief Executive Officer

Erik LEYERS signed personally
born 17 December 1969

Kurt SVOBODA signed personally
born 12 April 1967