

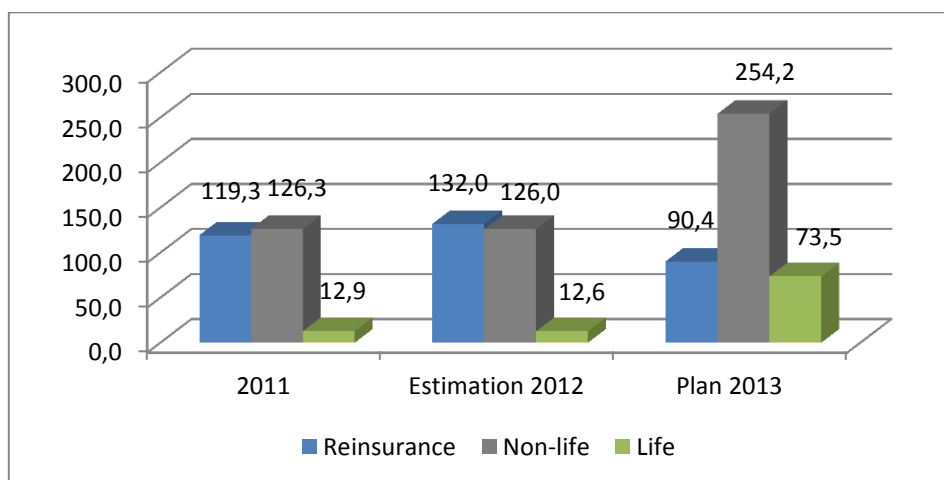
BUSINESS STRATEGY AND FINANCIAL PLAN OF THE SAVA RE GROUP FOR 2013

Key figures as planned for 2013:

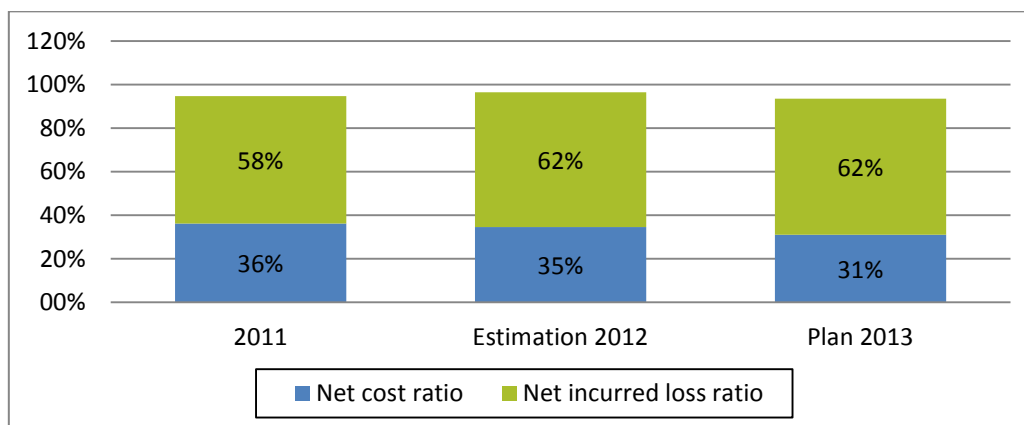
<i>Sava Reinsurance Company</i>	<i>Sava Re Group</i>
Gross premiums written: > EUR 134m	Gross premiums written > EUR 418m
Net profit for the year: > EUR 17m	Net profit for the year: > EUR 30m
Combined ratio: < 99%	Combined ratio: < 95%
ROE: over 8%	ROE: over 15%

Sava Reinsurance Company will fully consolidate ZM in the second quarter 2013, which is why gross premiums written do not include premiums for the first quarter. The changed consolidation will have no effect on the net profit for the year; however, there will be an impact on the net profit for 2013 from the fair value revaluation of the existing share of ZM (48,64%), an estimated EUR 9 million.

Gross premiums written by operating segment (Sava Re Group):



Movements in the net loss ratio and the net expense ratio (Sava Re Group):



Plans for 2013 by area

Reinsurance operations:

- S** to improve the quality of the reinsurance portfolio and the combined ratio, and to establish a portfolio diversified in terms of geography by focusing on non-European markets, especially Asia) and on emerging markets, where loss ratios are generally more favourable;
- S** to continue decreasing the share of Slovenian business;
- S** decline in foreign-sourced premiums as a result of both more selective underwriting and the rating downgrade.

Primary insurance operations:

- S** to start integrating ZM into the Sava Re Group;
- S** to launch new products, make technological upgrades and improve existing insurance products;
- S** to centralise the underwriting of complex risks and to modernise reinsurance processes;
- S** to seek opportunities for the development of health insurance products and services;
- S** to foster the efficiency of the Group's sales network and enhance the profitability of distribution channels;
- S** to improve cost efficiency of Sava Re Group companies;
- S** to unify and develop IT and process technology in Sava Re Group companies;
- S** to set directions at a Group level for sustainable development;
- S** to formalise risk management in Sava Re Group companies.

Investments:

- S** to maintain the conservative investment policy with the main part focused on generating a firm investment portfolio with a stable return; for investments in debt securities focused on those with a maturity of up to 7 years;
- S** to achieve a positive investment return for most asset classes (except for shares and mutual funds); to achieve a total investment return for 2013 of 3,9%.

Strategic investments:

- S** to complete the recapitalisation of Sava Reinsurance Company and the acquisition of Zavarovalnica Maribor;
- S** to prepare and implement the integration of Zavarovalnica Maribor into the Sava Re Group.

STRATEGIC DIRECTIONS FOR SAVA REINSURANCE COMPANY AND THE SAVA RE GROUP UNTIL 2017:

Major strategic targets and goals until 2017:

<i>Sava Reinsurance Company</i>	<i>Sava Re Group</i>
Gross premiums written > EUR 160m	Gross premiums written > EUR 570m
Combined ratio < 97%	Combined ratio < 95%
ROE > 7%	ROE > 11%

- In the three years after the acquisition of ZM, Sava Reinsurance Company will focus on the consolidation of the Slovenian insurance market, on realising synergic effects and improve the level of performance of Group companies operating in Slovenia.
- In order to lower exposure, Sava Reinsurance Company will reduce its participation on quota share treaties with subsidiaries down to the point of optimum capital allocation on the Group level.
- Sava Reinsurance Company will generate profitable growth in international reinsurance markets. The Company will facilitate the entering of foreign markets by providing consultancy services for product development and through advanced technology.
- In markets where the Sava Re Group is present, we will develop health insurance products and invest in medical facilities. In Slovenia we will consider possibilities of developing health insurance products in co-operation with a major health service provider.
- In life insurance, we will focus on products with a larger risk and a smaller savings component and on low-priced life products; however, during economic expansion, we will return to products that have proved successful during boom years.
- By upgrading our system of asset risk management and by optimising finance-related business processes, we seek to assure optimised asset management in terms of risks and rate of return as well as low volatility of the net investment return. At the end of the medium-term, the realized rate of return on investments of the Sava Re Group will be around 4%.
- Premium growth in the Sava Re Group will be, as a rule, above the industry average, while the growth of the industry will generally be stronger than GDP growth. Premium growth is a secondary target as the Sava Re Group will primarily focus on quality and profitability of the Group as a whole and of its individual members.
- Sava Reinsurance Company is planning to start paying out dividends in 2014 in the amount of 30% of net profit for 2013. The percentage of net profit to be paid out as dividends from 2014 onwards will be gradually increasing to 40%. The Company will not pay out dividends unless it meets minimum capital adequacy requirements: available capital must be at least 200% of required capital under Solvency I criteria including requirements under the S&P capital model for an A level insurer financial strength rating.

The Management Board of Sava Reinsurance Company d.d.

Ljubljana, 18 February 2013

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