

**TO THE GENERAL MEETING OF SHAREHOLDERS OF POZAVAROVALNICA SAVA, d.d. ("SAVA REINSURANCE COMPANY" OR "THE COMPANY")**

**Explanation of the proposals of resolutions for the 23<sup>rd</sup> General Meeting of Shareholders of Sava Reinsurance Company**

**Ad agenda item 1 (Explanation of the Management Board):**

**OPENING OF THE MEETING, ELECTION OF MEETING BODIES, ESTABLISHMENT OF QUORUM AND APPROVAL OF AGENDA**

Pursuant to the Slovenian Companies Act and the Articles of Association of Sava Reinsurance Company, the Management Board has the power and is responsible for calling the General Meeting of Shareholders.

In the capacity of convenor, the Management Board proposes meeting bodies for election, as follows:

For Chairperson of the General Meeting: Branka Neffat

For members of the Verification Committee: two representatives of Ixtlan Forum, d.o.o. and one representative of Sava Reinsurance Company

The General Meeting will also be attended by the invited notary public Miro Košak.

**TO THE GENERAL MEETING OF SHAREHOLDERS OF SAVA REINSURANCE COMPANY**

**Explanation of the proposals of resolutions for the 23rd General Meeting of Shareholders of Sava Reinsurance Company**

**Ad agenda item 2 (Explanation of the Management Board and the Supervisory Board):**

**PRESENTATION OF THE ANNUAL REPORT FOR 2009 WITH THE AUDITOR'S OPINION AND WRITTEN REPORT OF THE SUPERVISORY BOARD TO THE ANNUAL REPORT AND PRESENTATION OF THE ANNUAL REPORT ON INTERNAL AUDITING FOR 2009 WITH THE OPINION OF THE SUPERVISORY BOARD**

Pursuant to Article 293 of the Companies Act, the General Meeting is to decide on the adoption of the annual report, if the Supervisory Board has not adopted the annual report. Thus, the General Meeting is only to decide on the annual report in specific cases, which are not given in this instance.

The Supervisory Board oversaw the activities of the Company in the financial year 2009 within its powers and terms of reference. In its session on 29 April 2010, the Supervisory Board adopted the annual report of the Company as proposed by the Management Board. Pursuant to the Companies Act, the Supervisory Board prepared a report addressed to the General Meeting of the Company, which is an integral part of the annual report.

Pursuant to the Insurance Act, the Management Board presents to the General Meeting the annual report on internal auditing for 2009 with the opinion of the Supervisory Board thereto.

Under this agenda item, the General Meeting is presented the annual report for 2009 with the auditor's opinion and written report of the Supervisory Board to the annual report, and the annual report on internal auditing for 2009 with the opinion of the Supervisory Board thereto.

**TO THE GENERAL MEETING OF SHAREHOLDERS OF SAVA REINSURANCE COMPANY**

**Explanation of the proposals of resolutions for the 23rd General Meeting of Shareholders of Sava Reinsurance Company**

**Ad agenda item 3 (Explanation of the Management Board and the Supervisory Board):**

**STATEMENT OF FINANCIAL POSITION PROFIT (DISTRIBUTABLE PROFIT) AND GRANTING OF DISCHARGE TO THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD FOR 2009**

3.1. The General Meeting is advised that the net loss of Sava Reinsurance Company in 2009 as per its income statement was EUR 12.598.645,26.

The net loss for the year in the statement of financial position totalled EUR 12.395.710,84 and was arrived at by increasing the net loss for the year in the income statement by the amount of additions to the catastrophe equalization reserve of EUR 1.633.134 and decreasing it by releases from the credit risk equalization reserve of EUR 1.836.069. The net effect of these additions and releases on the net loss in the statement of financial position compared to the net loss in the income statement was a decrease of EUR 202.934,42.

When preparing the annual report for the financial year 2009, the Board of Management released EUR 12.395.710,84 from other profit reserves, thus obtaining a profit in the statement of financial position of nil.

Pursuant to Article 294 of the Companies Act, the General Meeting is to decide on the discharge granted to the Management Board and the Supervisory Board for the past financial year 2009.

Pursuant to recommendation 5.8 of the Corporate Governance Code for Public Joint-Stock Companies stating that the general meeting should adopt resolutions on adopting management or supervisory bodies discharges separately for each body, the General Meeting is given separate resolutions for adoption in respect of each body.

**TO THE GENERAL MEETING OF SHAREHOLDERS OF SAVA REINSURANCE COMPANY**

**Explanation of the proposals of resolutions for the 23rd General Meeting of Shareholders of Sava Reinsurance Company**

**Ad agenda item 4 (Explanation of the Management Board and the Supervisory Board):**

**AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF SAVA REINSURANCE COMPANY**

1) Article 9, paragraph 2 of the Articles of Association is amended so as to read:

**Article 2, paragraph 9**

***To attend the General Meeting and exercise voting rights, shareholders must send the Company a registration form no later than by the end of the fourth day prior to the session of the General Meeting and must be registered holders of shares listed in the central securities register of book-entry securities at the end of the fourth day prior to the session of the General Meeting.***

**Explanation:**

This amendment is necessary to bring the Articles of Association in line with Article 297, paragraphs 2 and 3 of the Companies Act ZGD-1 (as amended by Article 11 of the ZGD-1C), amending the requirements for participation of shareholders at general meetings. Under this provision, the Articles of Association may make the attendance at general meetings or the exercising of voting rights conditional upon registration no later than by the end of the fourth day prior to the session of the general meeting. To attend the General Meeting and to exercise voting rights, shareholders must be registered holders of shares listed in the central register of book-entry securities at the end of the fourth day prior to the session of the General Meeting (cut-off day). These requirements are included in the proposed wording of the amendment to Article 9, paragraph 2.

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2) A new Article 12 is added with the following wording:

**Article 12**

***A shareholder may appoint a proxy using electronic media. A proxy form for exercising voting rights per proxy is available from the Company's website. A proxy appointment may be sent to the Company by e-mail (the address to be specified by the Company on each occasion) in the form of a scanned document attached to the e-mail; individuals must include a signature in manuscript; for legal entities, documents must include a signature in manuscript of the legal representative with stamp of the legal entity, or seal if used. The Company has the right to request personal identification of shareholders (proxy givers) who have sent a proxy appointment by e-mail and to verify the authenticity of signatures.***

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3) A new Article 13 is added with the following wording:

**Article 13**

***In the same manner and form as set out in Article 12, shareholders may send the Company requests for placing items on the agenda and for proposals for resolutions to agenda items including voting proposals. The Company has the right to request personal identification of shareholders (proxy givers) who have sent requests or proposals per e-mail and to verify the authenticity of signatures."***

**Explanation to points 2) and 3) of the proposed wording of amendments to the Article of Association**

The proposed amendments are to put the wording of the Articles of Association in line with Articles 298/II, 300/II and 298/VII of the Companies Act ZGD-1 (as amended by Articles 13, 15 and 20 of the Companies Act ZGD-1C). Pursuant to the mentioned statutory provisions, the Articles of Association of publicly listed Companies must provide for at least one electronic method for (i) making proxy appointments for General Meetings, (ii) requesting the placement of items on the agenda, and (iii) making proposal of resolutions to published agenda items including voting proposals. The proposed amendments to the wording of the Articles of Association therefore provides that this may be done per e-mail in the form of a signed and scanned document attached to the e-mail, provided that the Company is entitled to request identification of investors, which is the Company's right.

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4) Article 19 (formerly Article 17) of the Articles of Association is amended so as to read:

**Article 19**

***Supervisory Board members shall be remunerated and reimbursed for their work in sessions, which shall be decided by the General Meeting.***

***Supervisory Board members may receive additional remuneration as decided by the General Meeting. Such remuneration must be commensurate to the tasks of Supervisory Board members and the Company's financial position.***

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5) Article 29, paragraph 2 (formerly Article 27) of the Articles of Association is amended so as to read:

**Article 29, paragraph 2**

***Decisions about the appropriation of the statement of financial position profit shall be taken by the General Meeting of Shareholders at the proposal of the Management Board and the Supervisory Board. The statement of financial position profit may be appropriated as follows:***

- ***a portion for dividends,***
- ***a portion for other profit reserves,***
- ***a portion for other purposes, such as payments to be made to the Management Board members and employees.***

A new paragraph is added to Article 29 (formerly Article 27) with the following wording:

**Article 29, paragraph 3**

***The Chairman and Members of the Management Board shall not participate in the Company's profits unless otherwise stipulated in the law on participation of employees in profit.***

**Explanation to points 4) and 5) of the proposed wording of amendments to the Article of Association:**

The proposed amendments are to put the wording of the Articles of Association in line with Article 284 of the Companies Act ZGD-1 (as amended by Article 7 of the Companies Act ZGD-1C). Article 284 of the Companies Act ZGD-1 excludes supervisory board members from participation in profits and provides that supervisory board members are remunerated for their work pursuant to the Articles of Association or as determined by the general meeting.

In contrast to the Companies Act ZGD-1, the current wording of Article 27 allows supervisory board members to participate in profits while providing no express stipulations on the remuneration for work in supervisory board meetings and committees, nor for reimbursement of work-related expenses.

In view of the fact that the provision on the participation of the Supervisory Board in the Company's profits is deleted, we propose that the participation of the Management Board be also deleted.

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6) In Article 24 (formerly Article 22) of the Articles of Association, the following words are crossed out:

***"one the Deputy Chairman"***

**Explanation:**

The proposed amendment represents an alignment to the current state of affairs as currently the Management Board does not include a Deputy Chairman nor is this function required under the Rules on the Management Board.

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7) The remaining Articles of Association are renumbered accordingly.

**Explanation:**

Owing to the proposed additions to the wording of the Articles of Association of Articles 12 and 13, the numbering of the remaining Articles, which remain unchanged, needs to be adjusted accordingly.

**TO THE GENERAL MEETING OF SHAREHOLDERS OF SAVA REINSURANCE COMPANY**

**Explanation of the proposals of resolutions for the 23rd General Meeting of Shareholders of Sava Reinsurance Company**

**Ad agenda item 5 (Explanation of the Management Board and the Supervisory Board):**

**AMENDMENT TO THE WORDING OF THE RULES OF PROCEDURE OF THE GENERAL MEETING OF SAVA REINSURANCE COMPANY**

1) Article 5, paragraph 1 of the Rules of Procedure of the General Meeting shall be amended so as to read:

***To attend the General Meeting and exercise voting rights, shareholders must send the Company a registration form no later than by the end of the fourth day prior to the session of the General Meeting and must be registered holders of shares listed in the central register of book-entry securities at the end of the fourth day prior to the session of the General Meeting.***

**Explanation:**

This amendment is necessary to bring the Articles of Association in line with Article 297, paragraphs 2 and 3 of the Companies Act ZGD-1 (as amended by Article 11 of the ZGD-1C), amending the requirements for participation of shareholders at general meetings. Under this provision, the Articles of Association may make the attendance at general meetings or the exercising of voting rights conditional upon registration no later than by the end of the fourth day prior to the session of the general meeting. To attend the General Meeting and exercise voting rights, shareholders must be registered holders of shares listed in the central register of book-entry securities at the end of the fourth day prior to the session of the General Meeting (cut-off day). These requirements are included in the proposed wording of the amendment to Article 9, paragraph 2 of the Articles of Association.

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2) Article 10, paragraph 1, sentence one of the Rules of Procedure of the General Meeting shall be amended so as to read:

***General Meetings shall be called no later and 30 days prior to the scheduled date of the meeting.***

**Explanation:**

This amendment is necessary to bring the Articles of Association in line with Article 297, paragraphs 1 of the Companies Act ZGD-1 (as amended by Article 11 of the ZGD-1C), on the basis of which a 30-day notice period is proposed in place of a 1-month notice period.

**TO THE GENERAL MEETING OF SHAREHOLDERS OF SAVA REINSURANCE COMPANY**

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**Ad agenda item 6 (Explanation of the Management Board and the Supervisory Board):**

**APPOINTMENT OF AUDITOR FOR THE FINANCIAL YEAR 2010**

The proposal of the Supervisory Board is based on the proposal of the Audit Committee of the Supervisory Board dated 26 May 2010, who pursuant to Article 280 of the Companies Act ZGD-1 takes part in the selection process of the independent external auditor. The Supervisory Board adopted their proposal.

The Supervisory Board proposes to the General Meeting that the General Meeting appoint the auditing company KPMG Slovenija, podjetje za revidiranje, d.o.o. Železna cesta 8a, Ljubljana as auditor for the Annual Report of Sava Reinsurance Company and the Sava Re Group for 2010.

KPMG is a recognised global auditor of who KPMG Slovenija, podjetje za revidiranje, d.o.o., Ljubljana is a part; the company has been operating in Slovenia since 1993. The company has relevant experience in the auditing of financial statements of commercial companies and boasts domestic as well as international clients. Major auditing clients in Slovenia in the past five years included large commercial companies or groups.

The proposed auditor, KPMG Slovenia, will thus audit the annual report of Sava Reinsurance Company and the Sava Re Group for the second consecutive year. In addition, the company provided auditing services to Sava Reinsurance Company in respect of the review of its transactions with unquoted securities.

THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD  
Sava Reinsurance Company