

TO THE GENERAL MEETING OF SHAREHOLDERS OF SAVA REINSURANCE COMPANY

**Explanation of the proposals for resolutions for the 24th 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 Miro Košak.

TO THE GENERAL MEETING OF SHAREHOLDERS OF SAVA REINSURANCE COMPANY**Explanation of the proposals for resolutions for the 24th 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 2010 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 2010 WITH THE OPINION OF THE SUPERVISORY BOARD**

Pursuant to Article 293 of the Companies Act, the General Meeting is to decide on the approval of the annual report, if the Supervisory Board has not approved it. 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 2010 within its powers and terms of reference. In its session on 20 April 2011, the Supervisory Board approved 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 forms 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 2010 with the auditor's opinion and written report of the Supervisory Board to the annual report, and the annual report on internal auditing for 2010 with the opinion of the Supervisory Board.

TO THE GENERAL MEETING OF SHAREHOLDERS OF SAVA REINSURANCE COMPANY**Explanation of the proposals for resolutions for the 24th General Meeting of Shareholders
of Sava Reinsurance Company****Ad agenda item 3 (Explanation of the Management Board and the Supervisory Board):
DISTRIBUTABLE PROFIT AND GRANTING OF DISCHARGE TO THE MANAGEMENT BOARD
AND THE SUPERVISORY BOARD FOR 2010**

As at 31 December 2010 distributable profit totalled EUR 3.596.862.

Distributable profit comprises net profit for 2010 of EUR 7.193.724 less EUR 3.596.862 which was appropriated by the Management Board when preparing financial statements.

Distributable profit of EUR 3.596.862 shall remain undistributed.

The Management Board proposes that distributable profit is not used for dividend payments based on the following reasons:

- Preparing for Solvency II: Sava Reinsurance Company has a good surplus of available solvency margin over the required solvency margin as per Solvency I. Also based on available information, it currently does not anticipate any needs for recapitalisation due to Solvency II. Nevertheless, capital requirements under Solvency II are not entirely clear yet, therefore it is not possible to be certain about the surplus/deficit with regard to the required amount.
- Potential increased capital requirements due to planned foreign-sourced reinsurance premium growth by Sava Reinsurance Company; in February 2011 Sava Reinsurance Company set itself the goal of growing foreign-sourced gross premiums written by at least 7.5% annually in the period 2011–2015. In order to generate such growth until 2015 together with growth in non-proportional covers that require more capital, the strategic plan anticipates (according to the internal capital allocation model) a 85% increase (or EUR 37.8m more) in required capital for foreign-sourced business compared to the required amount in 2011. This is why increased capital requirements are anticipated in the future in spite of the planned partial release of required capital (up to 2015 a decrease of EUR 12,7m) as a result of the planned contraction of reinsurance premium from the Slovenian market.
- Meeting the capital requirements of affiliated companies in line with their strategic plans and the plans of the Sava Re Group.
- Building a stable dividend policy: in preparing the dividend proposal for the General Meeting, the Management Board is pursuing a stable dividend income; therefore, in the proposal for dividend payments it considers the possibility of pursuing a relevant dividend payment in the future; however, due to the above-mentioned reasons, there are still uncertainties.

Pursuant to Article 294 of the Companies Act, the General Meeting is to decide on the discharge to be granted to the Management Board and the Supervisory Board for the past financial year 2010.

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 for resolutions for the 24th General Meeting of Shareholders
of Sava Reinsurance Company****Ad agenda item 4 (Explanation of the Management Board and the Supervisory Board):**
ELECTION OF SUPERVISORY BOARD MEMBERS

Pursuant to the Company's Articles of Association, the Supervisory Board is composed of six members, of which four (shareholder representatives) are elected by the Company's General Meeting, and two (employee representatives) are elected by the Workers' Council, which subsequently informs the General Meeting of its decision.

On 15 December 2010 Mateja Treven tendered her irrevocable notice of resignation from the function of Supervisory Board member as of the date of the notice of resignation.

Pursuant to the Slovenian Companies Act, the Supervisory Board is responsible for proposing to the General Meeting candidates for new Supervisory Board members (shareholder representatives).

The proposal of the Supervisory Board is based on the proposal by the Supervisory Board Nominations Committee of 25 May 2011, which is a consulting body in the selection of candidates for the Supervisory Board. The candidates are then proposed by the Supervisory Board to the General Meeting for election. The Supervisory Board adopted the proposal of the Nominations Committee.

The Supervisory Board proposes to the General Meeting the election of Gregor Hudobivnik.

The proposed candidate gave his consent to the nomination and a written statement that under the Slovenian Companies Act and Insurance Act there are not circumstances that would oppose his election, and a statement that his nomination does not give rise to any conflict of interest within the meaning of the Corporate Governance Code for Public Joint-Stock Companies.

It is proposed that the new Supervisory Board member begins his term of office on the day of election, i.e., on 29 June 2011. The member's term of office will expire upon expiry of the term of office of the remaining Supervisory Board members who are shareholder representatives, i.e., on 14 July 2013.

Brief presentation of candidate:

Gregor Hudobivnik (born 26 January 1965) currently serves on the Management Board of Abanka Vipava, d.d. Ljubljana. *By profession Gregor Hudobivnik is a university graduated lawyer. Starting his carrier in 1989 as foreign-exchange inspector with the Bank of Slovenia, he continued as Head of Section for Open Market Operations and was Associate Director of Central Banking Operations before leaving the Bank of Slovenia. Since 1998 he is in the*

banking sector, as then Gregor Hudobivnik joined the Gorenjska banka d.d., Kranj as Head of Treasury. In 2005 he was appointed Member of the Management Board of Abanka Vipava d.d. Ljubljana responsible for finance, operational support, development & IT, and risk management.

Currently, Gregor Hudobivnik chairs the Supervisory Board of Abančna DZU d.o.o. and is Deputy Chairman of the Supervisory Board of the Bank Association of Slovenia.

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**Ad agenda item 5 (Explanation of the Management Board and the Supervisory Board):
INFORMING THE GENERAL MEETING OF NEW SUPERVISORY BOARD MEMBERS -
EMPLOYEE REPRESENTATIVES**

Pursuant to the Company's Articles of Association, the Supervisory Board is composed of six members, of which two (employee representatives) are elected by the Workers' Council, which subsequently informs the General Meeting of its decision.

The four-year term of office of former employee representatives in the Supervisory Board Nada Zidar and Aleš Mirnik expires on 10 June 2011.

Pursuant to the Workers' Participation in Management Act, the Workers' Council of Sava Reinsurance Company elected its representatives for the Supervisory Board of Sava Reinsurance Company, Martin Albreht and Samo Selan, for a term of four years.

Martin Albreht and Samo Selan are to begin their term of office on 10 June 2011.

TO THE GENERAL MEETING OF SHAREHOLDERS OF SAVA REINSURANCE COMPANY**Explanation of the proposals for resolutions for the 24th General Meeting of Shareholders
of Sava Reinsurance Company****Ad agenda item 6 (Explanation of the Supervisory Board):****APPOINTMENT OF AUDITOR FOR THE FINANCIAL YEAR 2011**

The proposal of the Supervisory Board is based on the proposal of the Supervisory Board Audit Committee dated 25 May 2011, who pursuant to Article 280 of the Companies Act ZGD-1 take 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 2011.

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 and groups.

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

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Ad agenda item 7 (Explanation of the Management Board and the Supervisory Board):
AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF SAVA REINSURANCE COMPANY

Proposed amendments:

1) The heading in the Articles of Association "Object of the Company" is amended to "Goals and object of the Company"

2) A new paragraph 1 is added to Article 3 of the Articles of Association and reads:

Article 3/1

The goal of the Company is the independent transaction of its business in the market including investing in other Companies that transact insurance or reinsurance business, or other business related to insurance or reinsurance business, and companies offering other related and financial services.

The former first paragraph of Article 3 becomes the second paragraph of the new Article 3.

Explanation:

The proposed amendment includes the goals of the company. The proposed amendment follows the recommendation of the Corporate Governance Code for Public Joint-Stock Companies, stating that the company goals should be stated in the articles of association.

3) Article 21, paragraph 2 of the Articles of Association is amended so as to read:

Article 21/2

Supervisory Board resolutions shall be taken by a majority of votes cast by Supervisory Board members.

Explanation:

The proposed amendment removes an irregularity from the Articles of Association. Pursuant to Article 257 of the Companies Act, resolutions of the Supervisory Board are taken by a majority of votes cast by Supervisory Board members.

4) A new paragraph 1 is added to Article 22 of the Articles of Association and reads:

Article 22/1

The Supervisory Board supervises the management of operations of the Company.

The former first paragraph of Article 22 becomes the second paragraph of the new Article 22.

Explanation:

The proposed amended text includes the explicit indication that the Supervisory Board supervises the management of operations of the Company.

5) Indent 6 of paragraph 2 of Article 22 of the Articles of Association is amended so as to read:

Article 22/2 (indent 6)

- to examine the compiled annual report submitted by the Management Board, adopt a position on the audit report, and compile the respective written report for the General Meeting of Shareholders, either specifying any comments or approving it,

Explanation:

The text in indent 6 of paragraph 2 of Article 22 is amended so that the word "adopting" is replaced by the word "approving". This amendment has been proposed to bring the Slovenian wording of the Articles of Association in line with the Slovenian Companies Act.

TO THE GENERAL MEETING OF SHAREHOLDERS OF SAVA REINSURANCE COMPANY**Explanation of the proposals for resolutions for the 24th General Meeting of Shareholders
of Sava Reinsurance Company****Ad agenda item 8 (Explanation of the Supervisory Board):****REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD AND ITS COMMITTEES**

The existing remuneration system provides that Supervisory Board members are remunerated by attendance fees and reimbursements of costs. The amount of the present attendance fees for Supervisory Board members was determined in the 19th General Meeting of Sava Reinsurance Company in 2007, in order to bring them in line with criteria of point VI of the "Decision of the Government of the Republic of Slovenia relating to the remuneration of supervisory boards and boards of directors in public companies and other commercial companies owned by the Republic of Slovenia" dated 15 February 2007. Existing attendance fees for Supervisory Board members are EUR 660 gross and for the chairperson EUR 858 gross.

In its 22nd session of 3 July 2009, the General Meeting of Sava Reinsurance Company, taking into consideration the "Decision of the Government of the Republic of Slovenia on observations regarding the payment of attendance fees and rewards with regard to limiting the effects of the financial crisis" of 22 January 2009, passed the resolution to cut attendance fees by a half. The Decision remained effective until 31 December 2010; as from 1 January 2011, the Resolution of the 19th General Meeting on the amount of attendance fees is again in force.

The Supervisory Board considered the issue of Supervisory Board fees and in this regard proposes to the General Meeting a new resolution on the amount of attendance fees.

The Supervisory Board prepared a proposal including gross attendance fees, reimbursements of expenses and fixed payments for members of the Supervisory Board and its Committees following the guidelines of the Slovenian Companies Act ZGD-1 and the documents "Criteria for Remuneration of Members of Supervisory Bodies in Companies Including Government Equity Holdings" and "Recommendations for Determining Attendance Fees and Remunerations for Supervisory Board Members" adopted by the Capital Assets Management Agency.

The proposal on changing the remuneration system provides that Members of the Supervisory Board and its Committees are remunerated for performing their functions as follows: remuneration for performing the function, attendance fees and reimbursement of expenses.

Remuneration for performing the function

The proposal is based on the "Recommendations for Determining Attendance Fees and Remunerations for Supervisory Board Members", which sets out different remuneration for individual classes of companies. Sava Reinsurance Company is classified as a large company with securities traded in the organised market. The proposed basic annual remuneration for performing the function of Supervisory Board member in line with recommendations is EUR 13.000 gross, which is the minimum amount in the interval recommended for the class of large companies with securities traded in the organised market. In addition, certain members are to receive additional remuneration for performing the function of chairperson or deputy chairperson of the Supervisory Board and for membership in Supervisory Board committees.

Attendance fees

The proposal on the amount of attendance fees is based on the "Recommendations for Determining Attendance Fees and Remunerations for Supervisory Board Members", the Government Decision of 22 January 2009 and the Resolution of the 22nd General Meeting (2009). The proposal is that Supervisory Board members receive attendance fees of the same amount for all Supervisory Board members of EUR 330 gross. The total amount of attendance fees received by any Supervisory Board member for attending meetings of the Supervisory Board or its Committees cannot exceed 50% of the basic remuneration for performing the function of Supervisory Board member.

Expenses reimbursed

The proposal foresees no changes to the system for reimbursing expenses. Supervisory Board members and members of Supervisory Board committees shall be reimbursed for the expenses incurred when performing their function in the form of daily allowances, transport costs and accommodation costs.

The MANAGEMENT BOARD and the SUPERVISORY BOARD
of Sava Reinsurance Company