

**OPINION OF THE SUPERVISORY BOARD TO THE ANNUAL REPORT OF THE
SAVA RE GROUP INTERNAL AUDIT ON INTERNAL AUDITING IN 2011**

In 2011, the Group Internal Audit of the Sava Re Group ("GIA") carried out audits in all areas set out in the annual plan, which had been adopted by the Management Board of Sava Reinsurance Company and which was approved by the Supervisory Board in its meeting on 11 February 2011.

The audit goals pursued by the GIA were to ensure that the system of internal controls in the most important business segments were appropriate and efficient. Furthermore, the GIA (i) reviewed whether business events were recorded and other records maintained in compliance with the law, internal and other regulations, and (ii) assessed the adequacy of internal controls for the prevention of fraud and potential threats to information technology supporting operations.

In 2011, the first workshop for internal auditors of subsidiaries was organised with the aim of unifying internal audit procedures in the Sava Re Group. In addition, there were six internal audit reviews carried out in subsidiary companies in co-operation with each company's internal audit function.

Based on all tests and methods used in individual areas of auditing, it is our opinion that at Sava Reinsurance Company internal controls are mostly in place and that the degree of their reliability is adequate. Furthermore, it is our opinion that business events are recorded in compliance with regulations.

Audit reviews helped in identifying individual irregularities and weaknesses, which were eliminated within set time frames. The aforementioned results in greater efficiency of internal controls and regularity of operations.

The effectiveness and efficiency of the GIA has been reviewed by the Supervisory Board through quarterly and annual reports on activities of the GIA. In addition, the Board members were informed of the external quality assessment of internal audit activities at Sava Reinsurance Company carried out in March 2011. It was established that the internal audit activities, in all material aspects, comply with the standards and principles for the professional practice of internal auditing and with the auditors' code of ethics.

Based on the above, the Supervisory Board hereby gives its unqualified opinion to the annual report of the GIA on internal auditing in 2011.

Ljubljana, 29 March 2012

The Supervisory Board
of Sava Reinsurance Company

Chairman
Branko Tomažič