

TO THE GENERAL MEETING OF SHAREHOLDERS OF POZAVAROVALNICA SAVA, D.D. ("SAVA REINSURANCE COMPANY")

**Explanation of the proposed resolutions for the 27th General Meeting of Shareholders
of Sava Reinsurance Company**

Ad agenda item 1 (explanation of the Management Board):

OPENING OF THE MEETING, ESTABLISHMENT OF QUORUM AND APPOINTMENT OF MEETING BODIES

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

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

- for Chairman of the General Meeting: Bojan Pečenko;
- 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.

THE MANAGEMENT BOARD
of Sava Reinsurance Company

TO THE GENERAL MEETING OF SHAREHOLDERS OF SAVA REINSURANCE COMPANY**Explanation of the proposed resolutions for the 27th General Meeting of Shareholders
of Sava Reinsurance Company****Ad agenda item 2 (explanation of the Management and the Supervisory Board):****PRESENTATION OF THE ANNUAL REPORT 2012 INCLUDING THE AUDITOR'S OPINION AND WRITTEN REPORT OF THE SUPERVISORY BOARD TO THE ANNUAL REPORT AND PRESENTATION OF THE ANNUAL REPORT ON INTERNAL AUDITING 2012 WITH THE OPINION OF THE SUPERVISORY BOARD THERETO**

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 2012 pursuant to its powers and terms of reference. In its session on 8 April 2013, 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 is required to present to the General Meeting the annual report on internal auditing with the opinion of the Supervisory Board thereto.

Under this agenda item, the General Meeting is presented the annual report for 2012 including the auditor's opinion and the written report of the Supervisory Board to the annual report, and the annual report on internal auditing for 2012 with the opinion of the Supervisory Board thereto.

The MANAGEMENT BOARD and the SUPERVISORY BOARD
of Sava Reinsurance Company

TO THE GENERAL MEETING OF SHAREHOLDERS OF SAVA REINSURANCE COMPANY**Explanation of the proposed resolutions for the 27th General Meeting of Shareholders of Sava Reinsurance Company****Ad agenda item 3 (explanation of the Management and the Supervisory Board):
DISTRIBUTABLE PROFIT AND GRANTING OF DISCHARGE TO THE MANAGEMENT AND THE SUPERVISORY BOARD FOR 2012**

At 31 December 2012, distributable profit totalled € 12.717.998,16.

Distributable profit comprises net profit for 2012 of € 9.604.981,83 less € 4.802.491,75 as appropriated by the Management Board when preparing financial statements, plus € 7.915.508,08 of retained earnings.

Distributable profit of € 12.717.998,16 shall remain unallocated.

The Management and the Supervisory Board propose that distributable profit is not allocated for dividend payout for the following reasons:

- Procedure for increase in share capital:
In line with Sava Reinsurance Company's strategy to strengthen the Sava Re Group's position in one developed insurance market, Sava Reinsurance Company responded to Nova KBM's offer and started activities for the acquisition of the offered stake in Zavarovalnica Maribor d.d. To finance this transaction, Sava Reinsurance Company will draw on own funds and additionally obtain funds from a capital increase started in 2013 and still in progress at the time of preparing this General Meeting notice.
- Preparing for the Solvency II Directive:
The Solvency II Directive will increase the level of the required solvency margin and amend the computation method for the available solvency margin. The Company will only be able to set the target solvency ratio when it has sufficient information on the new computation method for this ratio. The main reason why the Management Board does not propose a dividend payout in 2013 is that at year-end 2012 the Company did not (nor will it during the first three quarters 2013) achieve a solvency ratio of 200% as calculated based on the currently applicable Solvency I method.

In its 43rd session held on 11 January 2013, the Supervisory Board of Sava Reinsurance Company was informed of and approved the Company's dividend policy. The Management Board proposed that dividends be paid out in 2014 at 30% of the 2013 net profit, with the percentage to rise to 40% by 2017. When proposing the dividend amount for each year, the Management Board will also take account of the target capital adequacy requirement.

Pursuant to Article 294 of the Companies Act, the General Meeting is to decide on the discharge to be granted to the Management and the Supervisory Board for the past financial year 2012.

Pursuant to recommendation 5.8 of the Corporate Governance Code for Public Joint-Stock Companies recommending that general meeting resolutions on management and supervisory body discharges are decided separately for each body, the General Meeting is given separate proposed resolutions for each body.

The MANAGEMENT BOARD and the SUPERVISORY BOARD
of Sava Reinsurance Company

TO THE GENERAL MEETING OF SHAREHOLDERS OF SAVA REINSURANCE COMPANY

Explanation of the proposed resolutions for the 27th General Meeting of Shareholders of Sava Reinsurance Company

Ad agenda item 4 (explanation of the Supervisory Board):

ELECTION OF SUPERVISORY BOARD MEMBERS

Pursuant to the applicable 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 resolution. The term of office of all four Supervisory Board members – shareholder representatives (Branko Tomažič, Mateja Lovšin Herič, Slaven Mičković and Gregor Hudobivnik) is to expire on 14 July 2013.

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 23 April 2013 proposal by the Supervisory Board Nominations Committee, 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 proposes the following four (4) candidates to the General Meeting for election as Supervisory Board members: Mateja Lovšin Herič, Keith Morris, Branko Tomažič and Slaven Mičković.

All candidates have given their consent to their nomination and signed statements confirming that there are no circumstances that under the Slovenian Companies Act and Insurance Act would oppose their election. In addition, all candidates signed statements giving qualifications as to each criterion of independence and declaring to be independent within the meaning of the provisions of the Corporate Governance Code for Public Joint-Stock Companies; statements also include a declaration that candidates have appropriate qualifications, experience and knowledge for serving on the Company's Supervisory Board.

The proposal to the General Meeting is that the new Supervisory Board members begin their term of office upon the expiry of that of the current Supervisory Board members, i.e., on 15 July 2013. Their term of office is to run for four years, according to the Company's Articles of Association.

Pursuant to paragraph 3 of Article 274 of the Slovenian Company's Act and with regard to Sava Reinsurance Company being a publicly traded joint-stock company, the proposal to the General Meeting is to take a separate vote for each Supervisory Board member candidate.

Brief presentation of candidates:

Mateja Lovšin Herič (1969) is currently heading the asset management department of Slovenska odškodninska družba d.d. She is a university graduate in economics. Since 1995 she has been with Slovenska odškodninska družba d.d., until 2003 as senior adviser in the asset management department and later as head of asset management. From 2006 until year-end 2012, she was senior adviser to the Board. She gained extensive experience through leading very large and complex projects in which Slovenska odškodninska družba d.d. was involved, such as the privatisation of Slovenian insurance companies, which started in 2003 and is still underway. In 2008 she headed the project team of Slovenska odškodninska družba, d.d. for the initial public offering of Sava Reinsurance Company. Currently, she is member and Deputy Chairperson of the Supervisory Board and Chairperson of the Audit Committee of the Sava Reinsurance Company Supervisory Board. She holds a certificate issued by the Association of Supervisory Board Members certifying that she is a qualified member of supervisory and management bodies required by persons to be appointed to such bodies by the government of the Republic of Slovenia.

Keith Morris (1948) retired from full-time positions in 2010. He holds a bachelor's degree in Management Sciences, specialising in Finance and Marketing. Most of his career he has worked in finance and has extensive international experience in both banking and insurance. Keith Morris started his career with Midland Bank (HSBC Group). From 1969 to 1984 he was with Citibank NA, where he was promoted to Vice President. Between 1984 and 1989 he worked for IBM UK, towards the end of the period as Senior Consultant – Finance Industry. After 1989 and until his retirement, he worked mostly in insurance, mainly in large Groups, such as Eagle Star Group, American International Group (AIG), Allianz and RBS Insurance (Direct Line Group), chiefly in senior management positions. From 2003 to 2008 he was a non-executive director of the Standard Life Assurance Group. Currently he is a non-executive director of Cobalt Insurance Services.

Branko Tomažič (1943) retired in 2006. He is a university graduate economist. He started his career in Salonit Anhovo in 1963 and continued it in Avtopromet Gorica as director of organisation, planning and IT. He later gained experience in PTT Nova Gorica, heading the corporate clients department, and at the Organisation of Operations Institute (Zavod za organizacijo poslovanja) as adviser for management, organisation, planning and preparing business processes for introducing information technology. From 1990 and until his retirement, he worked for Hit, d.d., first as deputy managing director, later as director of gambling and during the last seven years as chairman of the management board. He has extensive experience in the international environment and served on supervisory boards or boards of directors in subsidiaries of Hit d.d. based in Slovenia and abroad. He also served on the supervisory boards of companies outside the Hit Group, one term of office in Zavarovalnica Triglav d.d., of which two years as chairman of the supervisory board. Currently, he is Chairman of the Supervisory Board and Chairman of the Supervisory Board Nomination Committee of Sava Reinsurance Company.

***Slaven Mičković** (1958) has been assistant director of risk management at Abanki Vipava, d.d. since March 2013. He holds a doctorate in information and administration sciences. He started his career as secondary school mathematics and informatics teacher in Serbia and continued at the Informatics Institute of Energoinvest, Sarajevo. In 1987, he worked for the Jožef Štefan Institute in Ljubljana. Between 1997 and February 2013, he was employed with the Ministry of Finance of the Republic of Slovenia, first heading the debt statistics department and in the last ten years heading the fiscal flow forecasting department. In the period 2004–2010, he was member of three European Commission working groups; in 2011–2012 head of the delegation at the Economic Policy Committee. Between 2000 and 2010, he offered risk management training for the Bank Association of Slovenia (SWAPS, risk position, bond math). Since embarking on his postgraduate studies, he has been participating in numerous workshops, seminars and conferences relating to the macro-economy, risk management, economic modelling and fiscal policy. Currently, he is member of the Supervisory Board of Sava Reinsurance Company and of its Audit Committee.*

THE SUPERVISORY BOARD
of Sava Reinsurance Company

TO THE GENERAL MEETING OF SHAREHOLDERS OF SAVA REINSURANCE COMPANY

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

INFORMING THE GENERAL MEETING OF THE CHANGE IN SUPERVISORY BOARD MEMBER – EMPLOYEE REPRESENTATIVE

Pursuant to the currently applicable 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 General Meeting is informed of the resignation tendered by Samo Selan, resigning as member of the Supervisory Board (employee representative) as from 15 January 2013.

In accordance with the Workers' Participation in Management Act, the Sava Reinsurance Company workers' council appointed Andrej Gorazd Kunstek new member of the Supervisory Board (employee representative) for a term of office running from 23 January 2013 to 10 June 2015.

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

**Explanation of the proposed resolutions for the 27th General Meeting of Shareholders
of Sava Reinsurance Company**

Ad agenda item 6 (explanation of the Supervisory Board):
APPOINTMENT OF AUDITOR FOR THE FINANCIAL YEAR 2013

The proposal of the Supervisory Board is based on the proposal of the Supervisory Board's Audit Committee dated 28 May 2013, 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 **Ernst & Young d.o.o., Dunajska 111, Ljubljana** as auditor for the financial statements of Sava Reinsurance Company and the Sava Re Group for the financial year 2013.

Ernst & Young is one of the four leading global audit networks, present in 140 countries worldwide, also in Slovenia and in all countries where Sava Re Group subsidiaries are based.

The company has relevant experience in auditing of financial statements of commercial companies and services domestic as well as international clients. Major auditing clients in Slovenia in the past five years included large commercial companies and groups from insurance and banking as well as other industries.

The proposed audit firm Ernst & Young would undertake the auditing of the financial statements of Sava Reinsurance Company and other Sava Re Group companies for the financial year 2013 for the first time, i.e., the firm has never carried out any auditing services for the Company.

In the past year, the proposed audit firm Ernst & Young performed for the Company and its affiliated companies non-auditing services: it offered consulting services for the implementation of requirements of the Solvency II Directive (through foreign partners) and tax consulting services regarding the consolidation of the Sava Re Group in the Slovenian insurance market. The Ernst & Young audit firm has declared that there are no potential conflicts of interests between Sava Re Group companies and Ernst & Young network companies and that none of the performed services gives rise to doubt as to their independence for the auditing of financial statements of the Sava Re Group and Sava Reinsurance Company.

THE SUPERVISORY BOARD
of Sava Reinsurance Company
