

TO THE GENERAL MEETING OF SHAREHOLDERS OF SAVA REINSURANCE COMPANY

**Explanation of the Proposed Resolutions for the 28th 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 hereby 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 28th General Meeting of Shareholders
of Sava Reinsurance Company****Ad agenda item 2 (Explanation of the management and the supervisory board):****AUTHORISATION OF THE MANAGEMENT BOARD TO ACQUIRE AND DISPOSE OF TREASURY SHARES**

On 25 April 2013, Sava Reinsurance Company became owner of 60,47 percent of Zavarovalnica Maribor d.d. On acquisition, Zavarovalnica Maribor d.d. held 416.433 shares of Sava Reinsurance Company (designation POSR), which become treasury shares of Sava Reinsurance Company after gaining a majority stake. On 28 June 2013, Zavarovalnica Maribor sold 70,000 shares to Sava Reinsurance Company, who until then had hold 210 own shares. On the day of calling the 28th general meeting, Sava Reinsurance Company holds a total of 346.643 treasury shares. It is planned that Sava Reinsurance Company will be acquiring own shares from its subsidiary Zavarovalnica Maribor from the date of the general meeting notice until the date of the general meeting.

The management board of Sava Reinsurance Company does not hold any authorisation to hold treasury shares; therefore, in accordance with the Slovenian Companies Act, it must remedy this position within one year of gaining a majority shareholding in the subsidiary Zavarovalnica Maribor d.d., i.e. by 25 April 2014. There are several options to do so: to withdraw the shares, to dispose of the shares or to create a fund for treasury shares.

Based on the above, an extraordinary general meeting was called at which shareholders will be proposed that the management board be granted an authorisation to acquire and dispose of treasury shares on any organised and unorganised market under exclusion of the pre-emptive rights of the Company's shareholders.

The reasons for granting such an authorisation are, as already stated, partly the regulations governing indirectly acquired own shares, and partly to give the management board a means to respond quickly to conditions in equity markets and to comply with the purpose of acquiring and disposing treasury shares as defined in the proposed resolution for the general meeting. An important factor of the proposed resolution is the strengthening of its dividend policy, as it would result in an increased return on the equity investment for shareholders. Sava Reinsurance Company can thus use cash surpluses to buy back own shares, thus directly increasing the dividend yield. In its strategic plan for the period 2014–2018, Sava Reinsurance Company stated that in the first years after the acquisition of Zavarovalnica Maribor, it would focus on the integration of the Group in Slovenia. In addition, the Company will continue to seek opportunities for growth through acquisitions, particularly in markets where it has a modest market share. Thus, treasury shares could also be used for expansion in the region. Furthermore, in the previous recapitalisation, we undertook to achieve a listing in one other regulated securities market by 2016, which could also be supported by treasury shares. Within the time limit set in the authorisation, the Company will set out to acquire own shares gradually, in line with the Company's capital adequacy requirements.

The general meeting will be proposed that the management board be granted authorisation to acquire treasury shares up to an aggregate amount of not more than 10 % of the share capital, which includes own shares held by the company at the date of adoption of the general meeting resolution. It is proposed that pre-emptive rights for disposals of own shares to existing shareholders be excluded, with the reasons for such exclusion of rights described in detail in a special report on the substantiated reasons for the total exclusion of pre-emptive rights on disposals of own shares.

The resolutions are jointly proposed by the supervisory board and the management board.

The MANAGEMENT BOARD and the SUPERVISORY BOARD
of Sava Reinsurance Company