

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

**Explanations to Proposed Resolutions for the 29th 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 its 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

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**Ad agenda item 2 (Explanation of the management and the supervisory boards):**  
**PRESENTATION OF THE 2013 ANNUAL REPORT, INCLUDING THE AUDITOR'S OPINION, PRESENTATION OF THE WRITTEN REPORT OF THE SUPERVISORY BOARD ON ITS ACTIVITIES, INCLUDING ITS OPINION TO THE AUDITED ANNUAL REPORT, INFORMATION ON REMUNERATION OF THE MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES AND PRESENTATION OF THE 2013 ANNUAL REPORT ON INTERNAL AUDITING WITH THE OPINION OF THE SUPERVISORY BOARD THERETO**

Pursuant to Article 293 of the Companies Act (ZGD), 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 only decides on the annual report in specific cases, which is not the case here.

The supervisory board oversaw the activities of the Company in the 2013 financial year pursuant to its powers and terms of reference. In its session on 8 April 2014, 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.

Article 294 of the ZGD provides that the management board must present to the general meeting information on the remuneration of members of the management and supervisory bodies earned by serving on any board of the Company in the previous financial year. This information is disclosed in the annual report.

Pursuant to the Insurance Act (ZZavar), 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 2013 annual report, including the auditor's opinion and the written report of the supervisory board to the annual report, and the 2013 annual report on internal auditing with the opinion of the supervisory board thereto.

The MANAGEMENT BOARD and the SUPERVISORY BOARD of  
Sava Reinsurance Company

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**Explanations to Proposed Resolutions for the 29th General Meeting of Shareholders of Sava Reinsurance Company**

**Ad agenda item 3 (Explanation of the management and the supervisory boards):**  
**DISTRIBUTABLE PROFIT AND GRANTING OF DISCHARGE TO THE MANAGEMENT AND THE SUPERVISORY BOARDS FOR 2013**

In accordance with Article 294 of the Companies Act, the general meeting must decide on the appropriation of distributable profit at the same time as deciding on the discharge for the members of the management board and the supervisory board. The Act provides that the deliberation on the discharge be linked with the deliberation on the appropriation of distributable profit, while the management board must present to the general meeting the annual report and the report of the supervisory board on the reviewing of the the annual report to facilitate decision-making.

The proposed resolution on the appropriation of distributable profit and dividend payout is based on achieved results and the dividend policy as well as on the opinion of both the supervisory board and the management board on the appropriateness of such appropriation.

In early 2013, the management board adopted and the supervisory board approved the basis for the dividend policy of Sava Reinsurance Company. The management board laid down a dividend policy under which 30 % of the 2013 net profit would be paid out in 2014, with the percentage to rise to 40 % by 2017. In addition, every year the management board takes into account the criterion of target capital adequacy (200 % under applicable legislation and A-level capitalisation according to Standard & Poor's methodology). The management board proposed a dividend payout in 2014 in the amount of 30 % of the 2013 net profit of Sava Reinsurance Company. The supervisory board agreed with this proposal and joins the management board in proposing that the general meeting of shareholders adopt the following resolution on the appropriation of distributable profit: € 4.386.984,94 shall be appropriated for dividends, the remaining distributable profit of € 15.713.038,83 shall remain unallocated.

Pursuant to Article 294 of the Companies Act, the general meeting must decide on the discharge to be granted to the management and the supervisory boards for the past financial year 2013.

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

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**Ad agenda item 4 (Explanation of the supervisory board):**  
**APPOINTMENT OF AUDITOR FOR THE 2014 FINANCIAL YEAR**

The proposal of the supervisory board is based on the proposal of the supervisory board's audit committee dated 27 May 2014, who pursuant to Article 280 of the Companies Act (ZGD) take part in the selection process of the independent external auditor. The supervisory board adopted their proposal.

The supervisory board proposes 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 Sava Re Group companies for the 2014 financial year.

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

The company has relevant experience in the 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 2014 financial year for the second year in a row.

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

SUPERVISORY BOARD of  
Sava Reinsurance Company