

**REPORT ON THE SUBSTANTIATED REASONS
FOR A COMPLETE EXCLUSION OF PRE-EMPTIVE RIGHTS
IN THE DISPOSAL OF TREASURY SHARES
(in accordance with Article 247, paragraph 1, indent 8, and relating to Article 337,
paragraph 4, of the Companies Act)**

In the agenda of the 28th general meeting of Sava Reinsurance Company to be held on 23 April 2014, the management board and the supervisory board propose that the general meeting decide on the granting of an authorisation to the management board to acquire and dispose of own shares of up to 10,00 % of the Company's share capital. In addition, the management board and supervisory board propose that the pre-emptive right of existing shareholders be excluded in the disposal of treasury shares.

For this reason and pursuant to Article 247, paragraph 1, indent 8, and relating to Article 337, paragraph 4, of the Slovenian Companies Act (Official Gazette of the Republic of Slovenia No. 42/06, as amended, ZGD-1), the management board prepared a written report on the reasons for exclusion of pre-emptive rights, this report being part of the general meeting materials, which are published on the website of the Ljubljana Stock Exchange via the SEOnet information system (<http://seonet.ljse.si>), on the AJ PES website (www.ajpes.si) and on the Company's official website (<http://www.sava-re.si>). The report will be available for viewing for the Company's shareholders in the secretary's office at the Company registered office in Ljubljana, Dunajska cesta 56, every working day from the date of the notice until the general meeting between 9:00 and 15:00, and upon request will be given to shareholders in hardcopy.

The management board proposes that the resolution on the authorisation to acquire and dispose own shares include an authorisation whereby – subject to reasonable formal and substantive grounds for exclusion of pre-emptive rights – pre-emptive rights of shareholders may be excluded on acquiring own shares subject to relevant conditions being met. The management board and the supervisory board are of the opinion that subject to the conditions for acquiring and disposing own shares as defined in the proposed general meeting resolution, a complete exclusion of pre-emptive rights in disposing shares is in the interest of the Company and its shareholders.

Based on the purpose for which treasury shares are intended which are related to the achievement of strategic goals set by the Company and the Sava Re Group, it is impossible to consider pre-emptive rights when disposing own shares. When the Company disposes of own shares in accordance with the conditions set out in the authorisation, this will be, depending on the purpose of use, through exchange or sale to a limited number of customers, within the purposes set out in the general meeting resolution.

All intended uses of treasury shares listed in the authorisation are aimed at enhancing the Company's ability to achieve strategic and development goals while creating shareholder value and meeting obligations towards other stakeholders.

The Company will report on any change to the balance of treasury shares in accordance with applicable regulations so that shareholders will at all times be promptly informed about the balance of treasury shares. In the next shareholders' meeting, the management board will

report on transactions with own shares (together with the reasons for and purpose of acquisition) to summarize interim announcements on the balance of treasury shares.

Based on the above reasons, the management board believes that a complete exclusion of preemptive rights in the disposal of treasury shares subject to the conditions set out in the proposed authorisation is reasonable both from a formal and substantive viewpoint, and is in the economic interest of the Company and its shareholders.

The Management Board
of Sava Reinsurance Company