Pozavarovalnica Sava, d. d.

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

Explanation of the Proposed Resolutions for the 30th 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 (ZGD-1) and the articles of association of Sava Reinsurance Company, the management board has the power and is 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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TO THE GENERAL MEETING OF SHAREHOLDERS OF POZAVAROVALNICA SAVA D.D. ("SAVA REINSURANCE COMPANY")

Explanation of the Proposed Resolutions for the 30th General Meeting of Shareholders of Sava Reinsurance Company

Ad agenda item 2 (Explanation of the management and the supervisory board):
PRESENTATION OF THE 2014 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, PRESENTATION OF THE 2014 ANNUAL REPORT ON INTERNAL AUDITING, INCLUDING THE OPINION OF THE SUPERVISORY BOARD THERETO, AND REPORT ON OWN SHARES.

Pursuant to Article 293 of the Companies Act (ZGD-1), 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 2014 financial year pursuant to its powers and terms of reference. In its session on 8 April 2015, the supervisory board approved the annual report of the Company as proposed by the management board. Pursuant to the ZGD-1 the supervisory board prepared a report on its activities in 2014, including an opinion on the audited annual report, which forms an integral part of the annual report.

Article 294 of the ZGD-1 provides that the management board must present to the general meeting when deciding on the appropriation of distributable profit, information on the remuneration of members of the management and supervisory bodies for performing their function in 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, including an opinion of the supervisory board thereto.

Under this agenda item, the general meeting is presented the 2014 annual report, including the auditor's opinion and the written report of the supervisory board for the annual report, and the 2014 annual report on internal auditing with the opinion of the supervisory board thereto.

Article 247(3) of the ZGD-1 requires that the management report on the grounds for and the purpose of acquisition, the total number, the minimum issue price and the proportion and value of own shares acquired at the forthcoming general meeting.

The MANAGEMENT BOARD and the SUPERVISORY BOARD
of Sava Reinsurance Company
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Pozavarovalnica Sava, d. d.

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

Explanation of the Proposed Resolutions for the 30th 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 BOARDS FOR 2014

In accordance with Article 294 of the Companies Act (ZGD-1), 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 ZGD-1 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 the annual report to facilitate decision-making.

The proposed resolution on the appropriation of distributable profit and dividend payout is based on the 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 2014, the management board adopted and the supervisory board approved the basis for the dividend policy of Sava Reinsurance Company. The management board laid down the dividend policy as follows: The Company will pay out dividends in the amount of approximately 30 % of the net profit of the Sava Re Group (consolidated profit) with the management board making adjustments to their proposal for dividend payout taking into account the Company's capitalization, new development projects to engage additional capital, capital requirements for the support of organic growth and other major factors that affect the financial position of the Company. The management and supervisory boards jointly propose that the general meeting of shareholders adopt the following resolution on the appropriation of distributable profit (of € 21,835,623.61):
€ 9,065,977.80 shall be appropriated for dividends,
the remaining distributable profit of € 12,769,645.81 shall remain unallocated.

The Company has prepared the proposal for the amount based on:
1. (i) the approved strategic plan for the period 2015–2019,
2. (ii) the capital models of the rating agencies S&P and A.M. Best
3. (iii) the amount of the available solvency margin according to Solvency I at 31 December 2014

When building a growth strategy in foreign reinsurance markets, a factor of key importance is the credit rating of the Sava Re Group. Sava Reinsurance Company is currently rated BBB + (stable outlook) by S&P and A– (stable outlook) by A.M. Best. While the A.M. Best rating is already on the A– level, growth in international reinsurance markets often depends on the level of both credit ratings; therefore, targeting an upgrading from S&P would allow us to enter new markets and increase the volume of business in existing markets. Sava Reinsurance

Company has been aligning its capital strategy to the requirements of an A– rating from S&P also in the past. The ratings were constrained primarily by the exposure of the investment portfolio to Slovenia as well as by the lack of a strong position in at least one developed insurance market. The diversification requirement has been largely achieved, while the second condition was met through the acquisition of Zavarovalnica Maribor. In addition to the above, the upgrading will largely depend on the capital model, that must allow for at least an A range level of capitalization. Due to the complexity of the methodology, the level of capital alone does not automatically ensure a higher rating.

We estimate that a S&P A– rating will make it easier for us to enter new markets, while strengthening our position with existing partners. Growth in international reinsurance markets is also important in terms of stabilizing business results by balancing certain key operating segments (reinsurance, insurance Slovenia, insurance international).

The scenario in case of a downgrade (in their report, S&P mentioned too high pressure on the dividend as a possible reason) would go towards closing the door for Sava Reinsurance Company's growth in international markets and would seriously affect our ability to keep existing business.

With regard to primary insurance in Slovenia, the dividend policy is important to the extent that the parent company must maintain a sufficient safety margin in setting the target solvency ratio to be able to cover the capital needs of its subsidiaries in adverse scenarios. This limit is set at 200 % under the existing regulations.

The Company's strategy is to strengthen its market position in Serbia and Croatia, and access markets in the region where the Group is not yet present. A dividend payment higher than the one proposed by the management board would constrain the growth possibilities identified in the 2015 financial plan.

In conclusion, mention should be made that in the 2013 acquisition of Zavarovalnica Maribor, the Company used up all own funds in excess of the limit set by the management board by the safety margin of solvency. The 2014 result was good but no reserves have been built as yet that would allow the payment of dividends in excess of the stated dividend policy.

Pursuant to Article 294 of the ZGD-1, the general meeting must decide on the discharge to be granted to the management and the supervisory boards for the past financial year 2014.
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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Pozavarovalnica Sava, d. d.

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

Explanation of the Proposed Resolutions for the 30th General Meeting of Shareholders of Sava Reinsurance Company

Ad agenda item 4 (Explanation of the supervisory board):
APPOINTMENT OF AUDITOR FOR THE 2015 FINANCIAL YEAR

The proposal of the supervisory board is based on the proposal of the supervisory board's audit committee dated 7 April 2015, 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 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 2015 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 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 2015 financial year for the third year in a row.

In the past year, the proposed audit firm Ernst & Young performed for the Company and its affiliated companies non-auditing services in the form of consulting services for the implementation of requirements of the Solvency II Directive (also through its international 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.

The SUPERVISORY BOARD
of Sava Reinsurance Company

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

Explanation of the Proposed Resolutions for the 30th General Meeting of Shareholders of Sava Reinsurance Company

Ad agenda item 5 (Explanation of the management and the supervisory boards):
PARTIAL RESCINDING OF GENERAL MEETING RESOLUTION

On 11 January 2013, the general meeting of shareholders of Sava Reinsurance Company passed the following resolution under agenda item 2.8.:

"2.8. The management board shall have the duty, subject to consent by the supervisory board of Sava Reinsurance Company, in the event that the offer of newly issued shares as per this resolution is successfully completed and/or the increase in share capital based on this resolution is recorded in the register of companies, to complete, within three years of recording this increase in share capital, the process of listing the Company's shares – including newly issued shares as per this resolution and any subsequent resolutions on increasing the share capital of the company – in at least one more developed organised securities market."

The time limit for executing the resolution under the cited agenda point, which requires the Company to achieve listing on at least one more developed regulated securities market, will expire on 11 July 2016.

In the period since it had obtained general meeting approval for repurchasing own shares and up until 20 March 2015, the Company repurchased 735,856 own shares, amounting to € 10,245,250. At this stage, these shares are the only available means to achieve the double listing, which is not enough to ensure a successful additional listing. The management board and supervisory board propose that the resolution of the 26th general meeting of shareholders be partly rescinded, as set out in the proposed resolution, as they consider that given the existing amount of own shares, an additional listing would neither provide the Company with additional positive effects on its liquidity nor access to new investors. This conclusion of the resolution proposers is based on discussions with analysts, investors and other professional circles, who were of the opinion that € 30 million was the minimum amount for a successful listing on another stock exchange, while most were more in favour of an amount in the € 50–100 million range.

An additional stock market listing would involve additional costs and more reporting, which could only be justified if increased liquidity could actually be achieved.

Based on analyses and interviews, the management board of Sava Reinsurance Company considers that the Company and its shareholders would not benefit from the realization of the mentioned general meeting resolution. Therefore, the management board jointly with the supervisory board proposes that the shareholders release the Company from its commitment to list on one other securities market and therefore abrogate the resolution under 2.8., while the remaining resolutions under agenda point 2 of the 26th general meeting remain in force. If the Company should require additional resources in the future (a large amount of new capital to implement growth strategies), the management board will also consider the possibility of listing its shares on another stock exchange.

The MANAGEMENT BOARD and the SUPERVISORY BOARD
of Sava Reinsurance Company