

SDH SLOVENIAN SOVEREIGN HOLDING

MALA ULICA 5, P.O.BOX 139
1001 LJUBLJANA
SLOVENIA

Zavarovalnica Triglav d.d.

12 May 2016

Supervisory Board of Zavarovalnica Triglav d.d.

Management Board of Zavarovalnica Triglav d.d.

Mikloškočeva cesta 19

1000 LJUBLJANA

SLOVENIA

Ref. No.: 2016/2016006783/MS

Subject matter: Request for explanations regarding the implementation of audit service tender, the conduct of the SII project and the SII audit, and for explanations regarding the definition of the necessary number of hours of the audit work within the SII project by your company and by the providers in the submitted tenders

Dear Sir or Madam,

In the framework of the shareholders' right to be informed (Article 305 of the Companies Act (ZGD-1)), we kindly ask you for more detailed explanation of the proposal for appointment of the auditor EY (Ernst & Young). In this regard, we kindly ask you for answers to the following questions:

1. Will the EY be able to perform the audit in all companies of the Group in all three years (according to the information that we have, the process is determined by the local regulations in Macedonia, Monte Negro and Serbia in terms of the mandatory rotation of the audit firm or authorised auditor)?
2. Is there a potential conflict of interest regarding the company EY that has presumably already been included in the SII project and would also be the SII auditing provider?
3. Were the grounds to submit the tenders the same for all service providers? Did the EY, that has presumably already been working on the SII project, have better information to prepare the tender than the other providers without the adequate insight in the SII area in question? Therefore, did it have an advantage over the other providers in the process of drawing up the tender since it knew the situation in the company and the necessary scope of the work regarding the SII auditing?
4. Is there a risk of compromising the quality of the SII auditing due to the fact that the demand for auditing the SII area was not set for the precisely defined scope since the requirements of the regulator have not yet been known? Is it possible that the selected provider stated smaller scope of work in its tender and thereby lower offered price that would have, in case that the requirements of the regulator would have been higher, resulted in lower quality of the performed work or conclusion of annexes to the existing contract?
5. In your opinion, what is the potential risk of the contracting company re-ordering the audit services if the Insurance Supervision Agency (AZN) would not be satisfied with the received report?

In your opinion, is there a request for supplementing the report or a request for both audits been conducted by a new auditor possible? (we would need your estimate due to the possibility of new costs incurring that would be charged to the company (Article 254 of the Insurance Act (ZZavar-1)) and due to the possibilities given to the AZN if the audit is not conducted according to the said article).

Yours sincerely,

Nada Drobne Popovič, MSc
Member of the Management Board
(Signature)

Marko Jazbec
President of the Management Board
(Signature)

Document written by:
Finance Management Department,
Mitja Svoljšak, Director of the Department
(Signature)

The official stamp reads:
SLOVENSKI DRŽAVNI HOLDING, d. d.
LJUBLJANA 01

To be sent by:
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