# S&P Global Ratings

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Research Update:

# Slovenia-Based Sava Re Group 'A+' Ratings Affirmed; Outlook Stable

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## Overview

- Sava Re Group's (Sava or the group's) operating performance remains sound on the back of very strong underwriting performance that compares well with 'A+' rated peers such as Triglav, VHV, and Orient.
- Sava maintains a robust balance sheet, with capital levels well above the 99.99% threshold in our capital model, and its capital size and buffers continue to show strong growth.
- We think the combination of disciplined capital allocation, stable operations in the Slovenian domestic market, and underwriting discipline across its international reinsurance and foreign primary insurance markets will continue to support performance in line with other 'A+' rated peers.
- We therefore affirmed our 'A+' ratings on Sava Re Group's core entities, Sava Re and Zavarovalnica Sava.
- The stable outlook on the group's core entities reflects our expectations that management will continue pursuing profitable growth and maintain solid income streams, while maintaining very strong capitalization and solid and stable earnings over the next two years.

## Rating Action

On July 31, 2026, S&P Global Ratings affirmed its 'A+' long-term issuer credit and financial strength ratings on Slovenia-based Sava Re and its 'A+' financial strength ratings on the group's core entity Zavarovalnica Sava. The outlook on both entities is stable. We also affirmed our 'A-' ratings on two of Sava's junior subordinated outstanding bonds.

## Rationale

**Sava’s operating and underwriting performance throughout fiscal years 2025 and first-quarter 2026 remains very strong, consistent with its 'A+' rated peers.** This robust performance, coupled with significant capital buffers above our 99.99% confidence level, has enabled the group to steadily scale its capital base. Such results reinforce a long-term track record of outperforming international peers. Consequently, we now select an anchor of 'a+' with Sava's stand-alone credit profile (SACP) of 'a+'. Given Sava's high SACP, we do not include any rating uplift derived from the group's status as a government-related entity (GRE). We continue to view Sava as a GRE, resulting from its important role for and strong links to the Government of Slovenia (AA/Stable/A-1+).

**We believe the group will sustain strong results, consistent with its 'A+' rated European peers.** Over the last decade, the group has delivered stable and robust performance, comparing well with international peers. In 2025, Sava delivered excellent underwriting and operations performance and continued to outperform its larger domestic and international 'A+' rated peers. The group showed strong overall business growth, with business volume (including gross premiums written and revenue from noninsurance services) increasing by 9.5% in 2025. Overall business delivered a reported combined ratio of 87.4% and a return on equity (ROE; based on our definition) of 16.4%, with strong operations continuing into first-quarter 2026. Over the last five years, Sava's average combined ratio for its combined primary insurance and reinsurance operations was very strong at 90.3%, while the ten-year average stands at 92.5% with relatively limited volatility. This consistently strong underwriting performance, combined with a material increase in scale, has allowed the group's net income to more than triple over the last decade, reaching €114 million in 2025. The group's Slovenian operations--combined under Zavarovalnica Sava d.d. (A+/Stable) and Zavarovalnica Vita d.d. (unrated)--are now firmly the second-largest insurance group in Slovenia, with combined market share exceeding 31%, placing it only slightly behind its local peer Triglav. Overall, the group's operating performance remains robust, with a five-year average ROE of 14.6% and a ten-year average of 13.5%. We expect that the group will continue delivering strong underwriting results near its long-term average combined ratio, while operational results will continue to exceed an 11% ROE over 2026-2028.

**We expect the group to maintain solid earnings diversity, enabling it to navigate potentially more challenging operating or underwriting environments while continuing to meet its performance targets.** Sava's international operations, comprising international reinsurance and primary insurance in the Adria region, are showing growth and solid performance across various stages of the market cycle. These operations account for more than a quarter of total revenue and contribute commensurately to the group's results. In its international reinsurance segment, Sava has harnessed the recent favorable market and pricing conditions for property and casualty reinsurance. Additionally, Sava's domestic life insurance and asset management business, as well as pension operations in Slovenia and North Macedonia, continue to display solid profitability and gradual earnings growth. Consequently, Sava's reliance on its strongly profitable Slovenian non-life business is gradually reducing, even as the group maintains strong underwriting discipline and conservative underwriting risk selection.

**The group's capital position remains above the 99.99% level under our risk-based capital model.** Sava maintains comparably large capital buffers under our model, as well as robust buffers under Solvency II; its regulatory capital ratio at the end of first-quarter 2026 was 218%-224% (standard formula, no transitional). We believe Sava's ongoing capital generation, driven by strong and stable performance, can absorb the expected capital requirement increases from business development over 2026-2028. Sava's existing robust capital buffers combined with low exposure to risky assets provide a significant cushion against macroeconomic uncertainties and severe capital market volatility. Since Sava already maintains a sound position in the well-developed Slovenian insurance market, its main growth opportunities lie in its international operations. We believe Sava's existing capital buffers provide solid strategic flexibility for both organic and inorganic expansion in key markets and products, should suitable opportunities arise. Even in the event of such developments, we expect Sava will maintain solid capitalization above the 99.95% level in our capital model.

**We anticipate the group's conservative balance sheet with comparably low investment risk will enable it to cope well with capital market volatility.** In our view, Sava's reinsurance protection will continue to protect its balance sheet against material capital and earnings volatility. We note Sava holds balance sheet buffers and is prudently passing the cost of coverage recorded in its catastrophe-exposed businesses.

# Outlook

We expect the group will continue to be the second-largest insurer in Slovenia and maintain its niche position in the international reinsurance market as well as its expanding operations in the Adria region. This would allow it to source strong earnings while sustaining effective risk management with a robust capital adequacy buffer above our 99.95% benchmark. The stable outlook also reflects our view that, over the next two years, Sava's importance for the Slovenian government will remain unchanged.

## Downside scenario

We view a downgrade as a remote possibility in the next 12-24 months. A downside might stem from:

- Sava's stand-alone credit profile deteriorating below 'a+' due to significant and sustained volatility in group performance;
- A material and protracted decline in Sava's capital to below our 99.95% confidence level; or
- A material disruption to the group's business model, such as an abrupt change to strategy or ownership.

Even if these risks materialize, a downgrade would only occur if: Sava's stand-alone credit profile deteriorates and its importance to the Slovenian government diminishes; or Sava's stand-alone credit profile deteriorates and we downgrade the Republic of Slovenia.

## Upside scenario

We view an upward revision of the stand-alone credit profile as unlikely over the next 12-24 months given that Sava's geographical diversification is materially lower than that of higher-rated peers.

We could raise our ratings on Sava if we raise our ratings on Slovenia, assuming Sava maintains its important role and strong link to the sovereign.

### Rating component scores

| | |
|---|---|
| **Business risk profile** | Strong |
| Competitive position | Strong |
| IICRA | Intermediate risk |
| **Financial risk profile** | Very strong |
| Capital and earnings | Very strong |
| Risk exposure | Moderately low |
| Funding structure | Neutral |

### Rating component scores

| | |
|---|---|
| **Anchor** | a+ |
| **Modifiers** | 0 |
| Governance | Neutral |
| Liquidity | Exceptional |
| Comparable ratings analysis | 0 |
| **Stand-alone credit profile** | a+ |
| **Support** | 0 |
| Group support | 0 |
| Government support | 0 |
| **Current credit rating** | |
| Local currency financial strength rating | A+/Stable/-- |
| Foreign currency financial strength rating | -- |
| Local currency issuer credit rating | A+/Stable/-- |
| Foreign currency issuer credit rating | -- |

IICRA--Insurance Industry And Country Risk Assessment.

# Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Oct. 13, 2025
- Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions, Nov. 15, 2023
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

# Related Research

- Research Update: Slovenia 'AA/A-1+' Ratings Affirmed; Outlook Stable, March 27, 2026
- Sava Re Delivers Robust Performance And Demonstrates A Strong Capital Position, March 10, 2026
- Sava Re, d.d., Sept. 9, 2025
- Research Update: Sava Re Group's Core Entities Upgraded To 'A+' On Improved Economic Resilience; Outlook Stable, June 11, 2025

# Ratings List

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|---|---|
| **Ratings List** | |
| **Ratings Affirmed** | |
| Sava Re, d.d. | |
| Issuer Credit Rating | |
| Local Currency | A+/Stable/-- |
| Sava Re, d.d. | |
| Zavarovalnica Sava d.d. | |
| Financial Strength Rating | |
| Local Currency | A+/Stable/-- |
| Sava Re, d.d. | |
| Junior Subordinated | A- |