S&P Global Ratings

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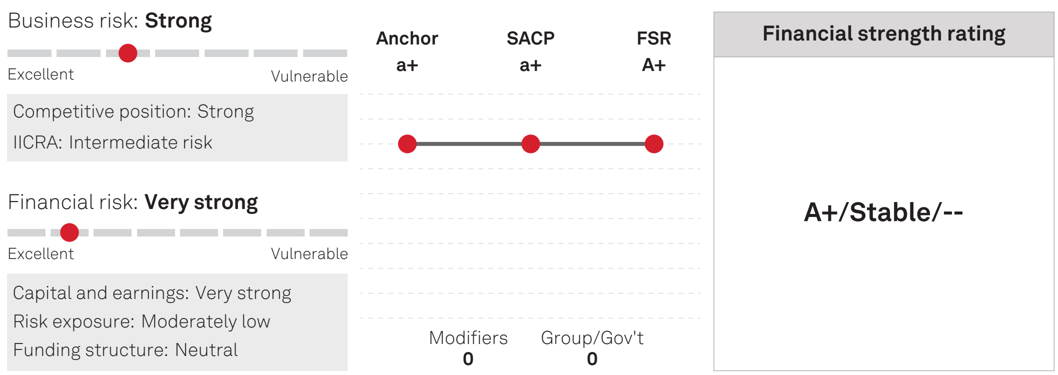
Sava Re d.d.

September 14, 2026

This report does not constitute a rating action.



FSR--Financial strength rating. IICRA--Insurance industry and country risk assessment. SACP--Stand-alone credit profile.

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Credit Highlights

Overview

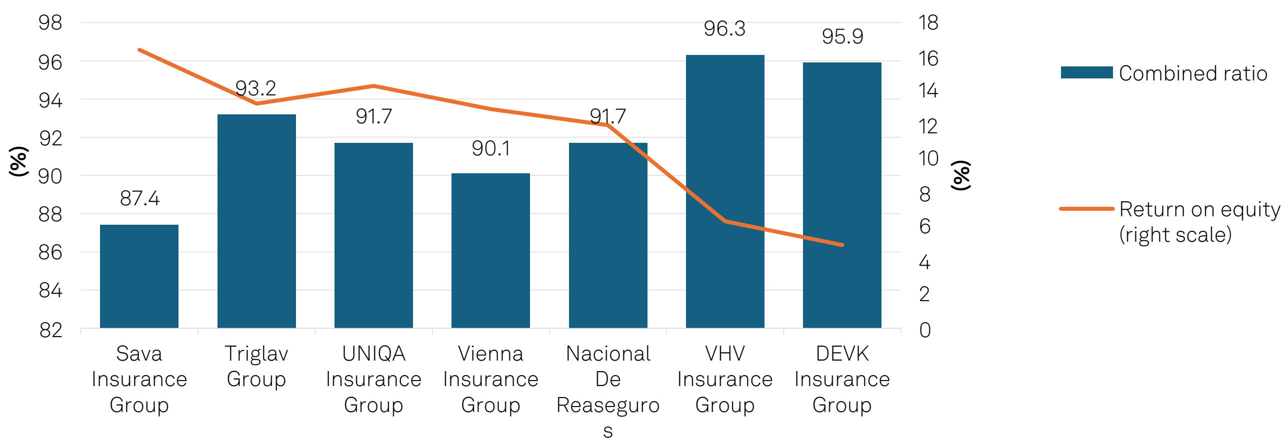
Key strengths	Key risks
Established market credentials, backed by its No. 2 position in Slovenia's insurance industry, with some additional diversification via the international reinsurance business and gradual expansion in the Adria region.	Limited geographical diversification (by revenue and net income) outside Slovenia compared with higher-rated peers.
Significant capital buffers at the 99.99% level, coupled with a very conservative investment strategy and limited underwriting risk.	
Prudent underwriting, combined with solid reinsurance protection and a conservative investment strategy, translates into strong operating performance.	

We expect Sava Re's profit will remain very strong, in line with the management's target and consistent with that of its 'A+' rated European peers. The group's annualized return on equity (ROE) remained robust at 14.1% in the first half of 2026, while profit was resilient at €55.6 million. During this period, a higher frequency of local storms led to weaker results in its flagship Slovenian non-life operations. However, Sava Re's earnings diversity, thanks to the strong performance of its life, asset management, and foreign operations, effectively offset this challenging environment. Although the second half of the year is typically more prone to seasonal catastrophic events, we anticipate solid reinsurance protection and stable performance in other business lines--not exposed to the impact of catastrophes--will keep underwriting margins robust in 2026. In our view, these strengths will enable Sava to meet or exceed the management's €95 million profit target.

We expect the group's strong underwriting practices will translate into solid margins over 2027-2028 as well. In our view, its investment results will improve gradually, thanks to increasing reinvestment yields and a consistently growing asset base. The group will maintain a strong ROE of 11%-15%, by our estimates, comparable or above to domestic peer Triglav Group (A+/Stable) and 'A+' rated international peers such as UNIQA Insurance Group, VHV Insurance Group, and Orient Insurance PJSC.

We expect Sava's operating performance will remain in line with that of 'A+' peers

Peer comparison of operating and underwriting performance in 2025



Net combined ratios of Sava, Triglav, UNIQA, VIG, and Nacional are as reported by the respective companies. Source: S&P Global Ratings.

We forecast strong volume growth at about 6%-8% in 2026, with group maintaining growth at around 5% in 2027-2028, as the group continues to target gradual business development. Volume growth remained robust during the first half of 2026, at 10.3%, thanks to a 10.1% increase in gross premiums written to €652.5 million. We largely attribute this to a material pick-up in domestic life insurance sales and strong business in Sava's international operations.

Non-life insurance saw modest growth in Slovenia, reflecting firm domestic margins. This is tilted toward new business as inflationary pressures have been largely priced in. Additionally, Sava's asset management unit continues to benefit from strong inflows in Slovenia and its North Macedonian pension business, a trend we expect will persist. We expect growth in the reinsurance segment to moderate in the second half of 2026.

In our view, the group will maintain steady growth across its diverse portfolio. For 2027-2028, we forecast growth of around 5%, thanks to modest growth in Slovenia non-life, robust growth in life, and solid growth in foreign primary insurance in Adria. In our view, organic growth will be slower in the international reinsurance business due to ongoing price softening in the sector.

Sava's strong balance sheet and robust capital position should ensure rating resilience even when market conditions are less favorable. The group's capital adequacy 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-half 2026 was 219%-223% (standard formula, no transitional). The group's solid capitalization, combined with low exposure to risky assets, provides a significant cushion against macroeconomic uncertainties and severe capital market volatility.

Given 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 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 under our capital model.

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 translate into 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 confidence level of 99.95%; 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.

Assumptions

- Economic growth in Slovenia to continue, with real and nominal GDP increases in 2026. Real GDP to gradually expand at around 2% in 2027-2028
- Inflation rate to increase to around 3% in 2026 before receding to slightly above 2% in 2027-2028.

- Unemployment to remain materially below the eurozone average, with Slovenian unemployment below 4% until 2028.
- Long-term interest rates in the eurozone remain between 3%-4%.

Sava Re, d.d.--Key metrics

(Mil.€)	IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 17
	2027f	2026f	H1 2026§	2025	2024	2023
S&P Global Ratings capital adequacy	At least 99.95%	At least 99.95%	99.99%	99.99%	99.99%	99.99%
Capital Adequacy: Redundancy/Deficiency at defined confidence level	> 10%	> 10%	> 10%	> 10%	> 10%	> 10%
Insurance revenue	~1,000	~950	453	894	801	698
Gross premiums written #	~1,200	~1,150	653	1,096	1,004	885
Net income (attributable to shareholders)	90 - 120	85 - 110	56	114	88	65
EBIT	115 - 165	110 - 150	74	150	114	83
Total shareholders' equity	~850	~800	755	743	649	586
Return on shareholders' equity (%)	11 - 15	11 - 14	14.1	16.4	14.2	11.6
PC : Net combined ratio (%)*	90 - 94	90 - 93	90.7	87.4	91.3	93.1
Return on revenue (%)	10 - 14	10 - 14	~15	15.6	13.2	11.1
Return on assets (excluding investment gains/losses) (%)	3 - 5	3 - 5	~4.7	5.1	4.3	3.5
Net investment yield (%)	2 - 3	2 - 3	3.0	2.1	2.1	1.8
Financial obligations/EBITDA (x)	~1.0	~1.0	~0.8	0.8	1.1	0.9
EBITDA fixed-charge coverage (x)	20 - 26	20 - 26	~26	26.8	31.2	29.8
Financial leverage including pension deficit as debt (%)	~14	~15	~15	15.4	17.3	12.5

#Gross premiums written are not part of IFRS17 reporting. §H1 2026 as reported by Sava Re, return on equity is annualized. S&P Global Ratings' capital adequacy, return on revenue, return on assets, and funding metrics for mid-year 2026 are our estimates. *Combined ratio as reported by Sava on a net-net basis.

Business Risk Profile

Sava to remain the second-largest multiline insurance group and the fourth-largest asset manager in Slovenia with sizable international primary and reinsurance business. The group's Slovenian operations--combined under Zavarovalnica Sava d.d. (A+/Stable) and Zavarovalnica Vita d.d. (unrated)--make it the second-largest insurance group in the country, with a collective market share of over 31%, only slightly behind its local peer Triglav.

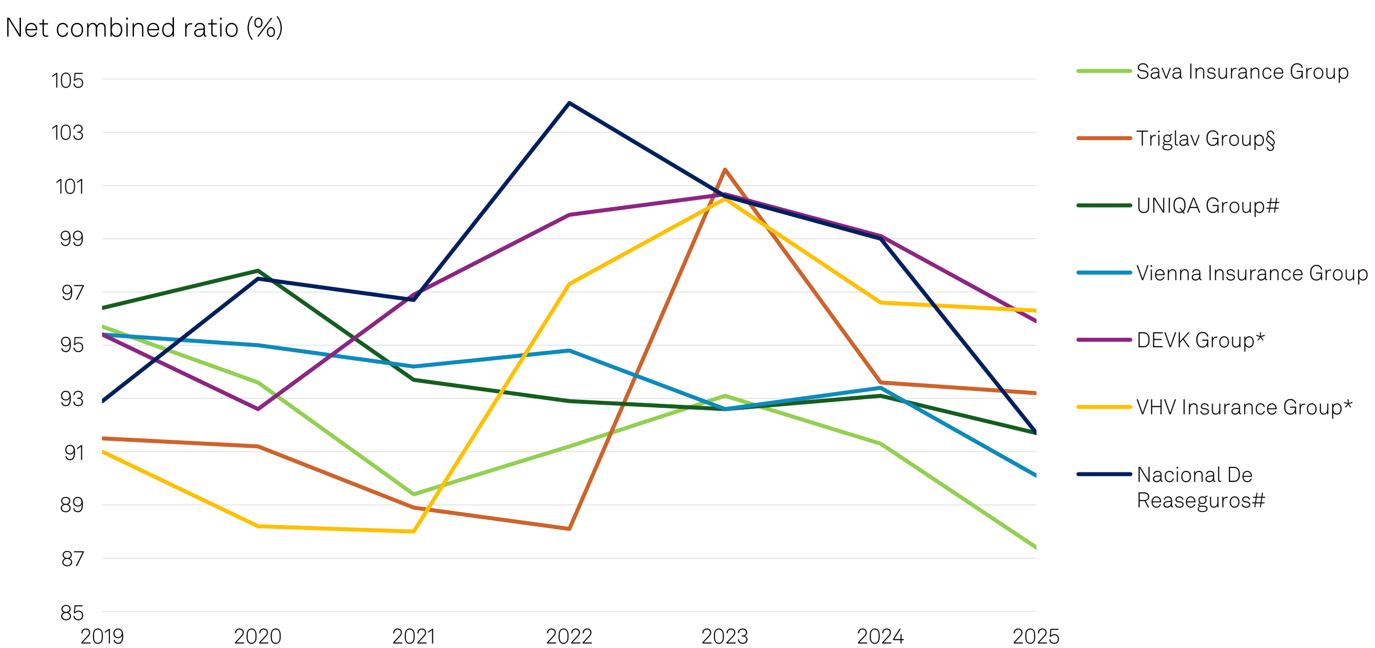
Beyond Slovenia, the group has a solid presence across the Adria region. This offers long-term growth opportunities as it is well-represented in the region's smaller, less-developed markets, such as North Macedonia, Montenegro, and Kosovo. The group is also strengthening its position in the larger market of Serbia and maintains a presence in Croatia. Its international reinsurance operations, through Sava Re (A+/Stable/--), are smaller, but well represented across Asia, Europe, the Middle East, and Africa. An increase in asset management and pension fee income and a developing health insurance and health services business underpin a diversified business model, comprising non-life, life, and reinsurance products.

Ultimately, Sava's competitive edge is based on its solid domestic reputation, good scale with a broad product offering, sizable own distribution network, and good relationship with banks. In the international reinsurance business, Sava is leveraging its established and proven expertise as a service-driven coverage provider. This has helped the group build strong and stable relationships with its cedents.

Sava's underwriting margins will remain attractive through 2028, in our view. We see the non-life combined ratio at or below 94% and the life new business margin above 10%. Sava's non-life underwriting margins remained very strong in 2025, materially more favorable than the group's long-term average, bolstered by fewer natural catastrophes during the year. With more normalized catastrophic events, non-life margins rose to 90.7% in the first half of 2026, in line with the average five-year average combined ratio of 90.3%.

To offset the slower growth of motor insurance and an expected decline in international reinsurance margins, Sava is expanding its non-motor insurance lines and scaling up its health insurance business in Slovenia. Digitalization is also on track, and will help Sava maintain cost-competitive pricing and adapt to evolving customer preferences over the medium term. We think that even if economic or operating conditions weakened well beyond our expectations and remained subdued, the group would maintain prudent and disciplined underwriting. This will enable it to sustain solid underwriting margins of up to 94%.

Sava's P/C underwriting margin compares favorably with that of peers



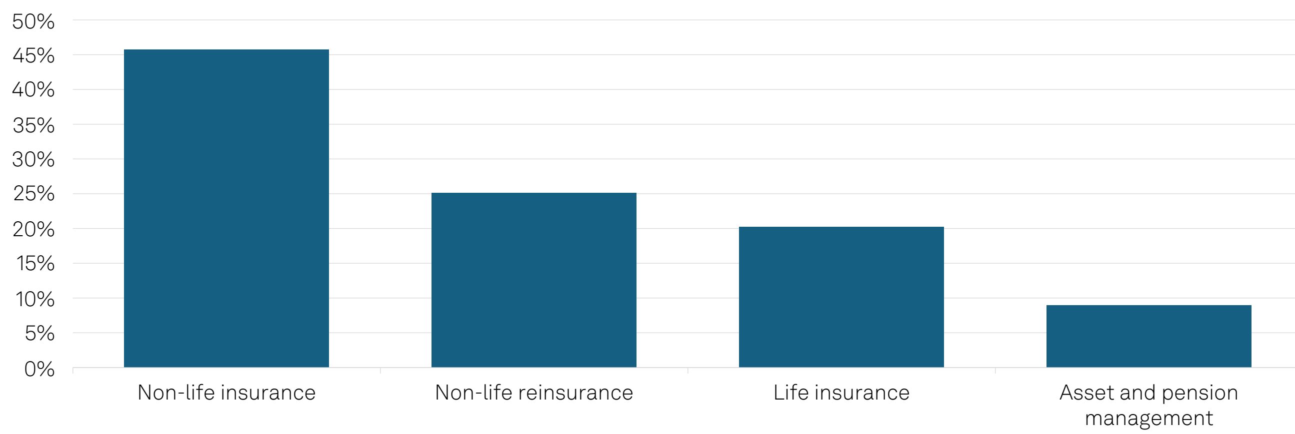
*DEVK and VHV follow local generally accepted accounting principles. §Triglav follows a gross-net approach to reporting combined ratio; data as reported by the company since 2023. #Data as reported by the companies for 2025. P/C--Property/casualty. Source: S&P Global Ratings.

We expect the contribution of the life insurance, asset management, and pension operations to group earnings will increase. In the life insurance segment, Sava prioritizes risk and protection and unit-linked products. In the first half of 2026, the group's life business delivered very strong results, as profit before tax increased by almost 26% to €14.7 million and gross premiums written expanded by around 21% to €129 million.

We expect solid expansion and robust margins in the life insurance business, which will translate into steady growth in Sava's contractual service margin (CSM) and increase its earnings potential. Sava is seeing strong asset management inflows. As of June 30, 2026, its total assets under management (which also includes the investment portfolio of (re)insurance companies) increased to €5.7 billion (up 11.6% from year-end 2025). They primarily stem from mutual funds and its pension products, and have translated into robust fee income. We expect this trend will continue if market conditions remain supportive.

Sava's solidly diverse earnings streams help mitigate challenges in individual segments

Earnings before taxes as of mid-year 2026



Source: S&P Global Ratings.

We expect Sava to continue sourcing solid earnings internationally, providing additional business and earnings diversification for the group. Sava's foreign operations, comprising international reinsurance and primary insurance in the Adria region, have achieved solid performance through the market cycle and continue to expand.

As of mid-2026, these operations accounted for around one-third of the group's results and around 28% of its revenue. In this segment, Sava continues to benefit from favorable market and pricing conditions for property/casualty reinsurance. Its strong reinsurance combined ratio of 71.2% at mid-year 2026 reflects this. Given the reinsurance market is softening and prices in Sava's key Asian markets have declined further over the past year, we expect the segment's results to normalize in 2027-2028.

However, we believe Sava will continue to perform better than its reinsurance peers through 2028, supported by portfolio diversification, prudent portfolio management, and disciplined underwriting. These strengths will help maintain solid results even amid evolving conditions. Sava is tapping selective new growth opportunities, such as business from Africa Specialty Risks (ASR), which should help enhance earnings capacity.

We expect that primary insurance in Adria will continue to exhibit strong profitable growth, particularly because of Sava's organic expansion in the Serbian insurance market, and help the group expand its international operations.

Financial Risk Profile

Sava's capital position is robust and remains a rating strength. We anticipate the group will maintain very strong capital and earnings through 2028. In our view, the group maintains conservative capital and financial management policies, supported by a resilient balance sheet. The group's risk-based capital adequacy provides significant capital buffers even in an extreme stress scenario, at the 99.99% confidence level.

Strong performance, combined with modest dividend payments, is driving a significant increase in both absolute capital size and capital buffers. That said, the group's regulatory solvency II ratio strengthened to 218% at year-end 2025 (based on the standard formula, no transitional adjustment) from 208% a year earlier. In our base case, we expect robust operating performance through 2028 will underpin strong organic capital generation, supporting both growth and dividend payouts in line with the group's policy.

We also estimate the update in Solvency II framework, due in 2027, will result in a slight increase in the regulatory capital ratio thereafter. Sava's expanding, solidly profitable life insurance business leads to a sizable CSM, which we recognize as part of the capital position under our model. In our view, the quality of Sava's consolidated capital is strong given it mostly relies on shareholders' equity.

The group's robust reinsurance protection will limit the effect of large catastrophes on earnings. With some softening on reinsurance market the group has managed to source attractive reinsurance program with limited risk retention. We believe this will prevent material capital and earnings volatility. We recognize that Sava has ample balance sheet buffers and has largely passed through the price of coverage in its catastrophe-exposed lines over the past year. We forecast that Sava will maintain effective and cost-competitive reinsurance to protect its balance sheet.

Sava maintains a conservative investment strategy and remains less sensitive to market volatility than European peers with a similar rating. It benefits from well-diversified investments and low credit and market risk. Fixed-income securities accounted for around 86% of Sava's assets as of mid-year 2026.

The group's portfolio remains well diversified across high-rated issuers in the eurozone. As of June-end 2026, almost 89% of Sava's fixed-income instruments were rated 'BBB-' and above, 33% in the 'A' category, and 46% rated 'AAA' or 'AA'. Bonds rated 'BB+' or below and unrated bonds represented only about 11% of the group's portfolio.

Most of the speculative grade and unrated bonds in Sava's portfolio are government bonds issued by the countries in the Adria region where it maintains primary insurance operations. As of mid-year 2026, the group's exposure to equities, private equity, and infrastructure was modest at about 8% of its investments, while real estate accounted for just around 1%.

The group remains modestly leveraged relative to international peers, and has a sizable capacity to issue additional debt if necessary. The group's leverage shows a declining trend. Leverage decreased to around 15% at the end of 2025, with a robust fixed-charge coverage ratio (EBITDA divided by senior and subordinated debt interest) of close to 27x. Shareholder equity expanded by 14.5% to €743 million at the end of 2025, leading to the reduced leverage. We forecast strong growth in shareholders' equity, amid Sava's robust operating performance and earnings retention. In our view, its fixed-charge coverage ratio will remain stable, well above our 4x threshold.

Other Credit Considerations

Governance

We consider Sava's governance to be stable and in line with that of domestic and international peers. Governance and disclosure standards in Slovenia are comparable with those in the rest of the eurozone. Sava maintains clear and credible strategic planning and conservative financial management. The board is experienced and capable of executing the group's business strategy, as demonstrated by its very strong business development and group performance in recent years.

Liquidity

We regard Sava's liquidity as exceptional. Sava holds substantial liquid assets, and we do not expect any liquidity constraints to keep it from meeting its obligations. Its expanding operations also provide constant cash inflows. Moreover, most of the business is short tail and its larger risks are heavily reinsured.

Government support

We regard Sava as a government-related entity (GRE), chiefly because the Slovenian government is its largest shareholder. In our view, Sava plays one of the key roles in insuring Slovenians against the natural catastrophe events to which the country is exposed. In our view, there is a moderately high likelihood that the government of Slovenia (AA/Stable/A-1+) would provide timely and sufficient extraordinary support to Sava in the event of financial distress. Because Sava's stand-alone credit profile is 'a+', we do not include any rating uplift derived from the insurer's status as a GRE. Sava would benefit if the sovereign rating of Slovenia increases to above ‘AA/Stable’. The group’s rating would be affected if its role for, and link to, the government of Slovenia were to decline and a financially weaker group were to take over its ownership.

Climate and other evolving factors

Climate and other evolving factors have no material influence on our credit rating analysis of Sava. Underwriting property insurance is well reinsured, limiting Sava’s exposure to physical risks. Its investment portfolio is widely diversified across highly rated entities in the eurozone and across sectors, mitigating exposure to climate transition risk.

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
Anchor	**a+**
Modifiers	**0**
Governance	Neutral
Liquidity	Exceptional
Comparable rating analysis	0
Stand-alone credit profile	**a+**
Support	**0**
Group support	0

Rating Component Scores	
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

The 'a+' anchor reflects robust performance, consistent with that of 'A+' rated peers, alongside significant capital buffers above our 99.99% confidence level.

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-Based Sava Re Group 'A+' Ratings Affirmed; Outlook Stable, July 31, 2026
- 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 Detail (as of September 08, 2026)*	
Operating Companies Covered By This Report	
Sava Re, d.d.	
Financial Strength Rating	
Local Currency	A+/Stable/--
Issuer Credit Rating	
Local Currency	A+/Stable/--

Ratings Detail (as of September 08, 2026)*	
Junior Subordinated	A-
Zavarovalnica Sava d.d.	
Financial Strength Rating	
Local Currency	A+/Stable/--
Domicile	Slovenia

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.