

## 7 Business environment

### Global economic developments<sup>23</sup>

In 2025, the euro area recorded moderate economic growth despite ongoing geopolitical uncertainty, supported by a gradual decline in inflation towards the European Central Bank's 2.0% target. Optimism persisted in the financial markets, contributing to a successful year for the capital markets, particularly equity markets.

In December 2025, euro area annual inflation stood at 2.0%<sup>24</sup>. Over the course of the year, the ECB reduced its key interest rate four times, from 3.15% to 2.15%. No major changes in monetary policy are expected in 2026. The ECB forecasts inflation of 1.9% for 2026 and 1.8% for 2027<sup>25</sup>.

Year-on-year GDP growth in the euro area amounted to 1.4%<sup>26</sup> in the third quarter of 2025. The latest forecasts of the European Commission indicate growth of 1.2% in 2026 and 1.4% in 2027<sup>27</sup>, which confirms expectations of continued moderate economic expansion.

Among the key factors influencing economic developments are geopolitical risks, such as the ongoing war in Ukraine and tensions between the great powers, which are increasing pressure on the European economy and security. Additional risks arise from structural challenges, including population ageing and increasing trade protectionism in the United States. A positive impact on the economic environment was exerted by the change in Germany's fiscal policy, which eased fiscal austerity and encouraged more extensive investment in infrastructure and the strengthening of defence capabilities.

In 2025, Slovenia's economy grew by 1.1%<sup>28</sup>. The main contributors to this were higher domestic consumption and growth in gross investment. In 2025, the rating agencies S&P Global Ratings and Fitch upgraded Slovenia's sovereign credit rating – the former from “AA-” to “AA” (with a stable

outlook) and the latter from “A” to “A+” (also with a stable outlook).

For capital markets, 2025 was a very successful year, both for bond and even more so for equity investments. The European equity index STOXX 600 rose by 20.7%, the US S&P 500 by 3.9%, and the global MSCI ACWI index by 8.4%, all expressed in EUR<sup>29</sup>. The Slovenian SBITOP index also performed exceptionally well, with an annual growth of 50.3%. Future movements in the equity markets will depend primarily on the dynamics of interest rates, the efficiency of companies and the stability of their earnings. The ECB's monetary policy measures contributed to low volatility and stable bond yields. The low spreads on higher-risk corporate bonds continue to support strong market sentiment and stable credit conditions, encouraging demand for higher-risk investments.

<sup>23</sup> Source: Eurostat, 2025, [ec.europa.eu/eurostat/web/products-euro-indicators/w/2-18122024-ap](https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-18122024-ap).  
 Source: Eurostat, 2025, [ec.europa.eu/eurostat/web/products-euro-indicators/w/2-30102024-ap](https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-30102024-ap).  
 Source: European Commission, 2025, [economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/autumn-2024-economic-forecast-gradual-rebound-adverse-environment\\_en](https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/autumn-2024-economic-forecast-gradual-rebound-adverse-environment_en).  
 Source: BEA, 2025, [www.bea.gov/data/gdp/gross-domestic-product](https://www.bea.gov/data/gdp/gross-domestic-product).  
 Source: Bloomberg, 2025.

<sup>24</sup> Source: Eurostat, 2026, [ec.europa.eu/eurostat/statistics-explained/index.php?title=Inflation\\_in\\_the\\_euro\\_area](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Inflation_in_the_euro_area).  
<sup>25</sup> Source: ECB, 2026, [www.ecb.europa.eu/press/projections/html/ecb.projections202512\\_eurosystemstaff-12ead61977.en.html](https://www.ecb.europa.eu/press/projections/html/ecb.projections202512_eurosystemstaff-12ead61977.en.html).  
<sup>26</sup> Source: Eurostat, 2026, [ec.europa.eu/eurostat/web/products-euro-indicators/w/2-05122025-ap](https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-05122025-ap).  
<sup>27</sup> Source: European Commission, 2026, [economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/autumn-2025-economic-forecast-shows-continued-growth-despite-challenging-environment\\_en](https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/autumn-2025-economic-forecast-shows-continued-growth-despite-challenging-environment_en).  
<sup>28</sup> Source: Statistical Office, 2025, [www.stat.si/statweb/News/Index/14178](https://www.stat.si/statweb/News/Index/14178).  
<sup>29</sup> Source: Bloomberg, 2026.





## Economic developments in markets in which the Sava Insurance Group operates

In all the markets where the Sava Insurance Group operates, economic growth continued in 2025 according to first estimates. Based on the latest forecasts, growth is also expected in 2026 and 2027. After higher average inflation rates in 2023, inflation moderated in 2024 but strengthened again slightly in most countries in 2025. However, a gradual decline in inflation is projected over the next two years. The survey-based unemployment rate varies between countries, with most forecasts pointing to a gradual decline in the coming period.

### ► Overview of the main macroeconomic indicators for the countries where the Sava Insurance Group is present

	GDP (real growth in %)					Average rate of inflation (%)					Unemployment rate (%)				
	2023	2024	2025 estimate	2026 forecast	2027 forecast	2023	2024	2025 estimate	2026 forecast	2027 forecast	2023	2024	2025 estimate	2026 forecast	2027 forecast
Slovenia*	2.4	1.7	1.1	2.1	2.2	7.4	2.0	2.7	2.4	2.2	3.7	3.7	3.9	3.6	3.5
Croatia	3.3	3.9	3.1	2.7	2.6	8.4	4.0	4.4	2.8	2.4	6.2	5.3	5.0	5.0	5.0
Serbia	3.8	3.9	2.4	3.6	4.6	12.4	4.7	4.6	4.0	3.6	9.4	8.6	8.6	8.6	8.5
North Macedonia	2.1	2.8	3.4	3.2	3.2	9.4	3.5	3.9	3.0	2.2	13.1	13.0	12.8	12.7	12.5
Kosovo	4.1	4.6	4.0	4.0	3.9	4.9	1.6	3.5	2.7	2.1	10.9	-	-	-	-
Montenegro	6.5	3.2	3.2	3.2	3.0	8.6	3.3	4.1	2.3	2.3	-	-	-	-	-

Source: UMAR, Economic Mirror, Autumn Forecast of Economic Trends 2025 (Slovenia). IMF, World Economic Outlook, October 2025.

\* Source for 2025 data: Statistical Office, 2025, [www.stat.si/statweb/News/Index/14178](http://www.stat.si/statweb/News/Index/14178).

## Impact of the business environment on the operations of the Sava Insurance Group

The business environment had a favourable impact on the Sava Insurance Group’s operations in 2025.

The financial performance of the insurance companies and the performance of the pension and asset management companies benefited from the favourable developments in the financial markets, resulting in higher interest income, assets under management and contributions to funds.

In terms of natural catastrophes, the year 2025 was also favourable, as there were no major weather events that resulted in major gross claims or had an adverse effect on the Sava Insurance Group’s results.



## Markets in which the Sava Insurance Group operates

Sava Re, the parent company of the Sava Insurance Group, transacts reinsurance business in over 120 countries worldwide. The following section contains a description of the international non-life insurance market and insurance markets in which the Sava Insurance Group operates.

### Global non-life reinsurance markets<sup>30</sup>

In 2025, the reinsurance sector passed the peak of the hard-market phase, as both traditional and alternative capital reached record levels, while premium growth was constrained by emerging signs of market softening. Fitch expects the competitive landscape to become even more intense, with supply increasingly outpacing demand. They therefore expect further price softening and limited easing of terms and conditions at the next renewals, although underwriting discipline is expected to remain in place.

Property catastrophe rates declined at the mid-2025 renewals, particularly in higher loss-free layers where there is still plenty of capacity. Despite

explicit demands from the insurance sector for lower retention rates, most reinsurers continued to maintain prudent attachment points and limited their exposure to frequency risks. Fitch expects pricing pressure to continue, although risk-adjusted returns are likely to remain above the cost of capital in 2026.

In the first half of 2025, the four largest European reinsurers – Munich Re, Swiss Re, Hannover Re and SCOR – reported a record average return on equity of 21.1%, supported by strong underwriting results and robust investment performance.

The average combined ratio for property and casualty of the leading European reinsurers fell to a record low of 81.5% in the first half of 2025, reflecting solid attritional performance and a low natural catastrophe loss ratio. This was further supported by previous rate increases and stable terms. Catastrophe losses were elevated globally – largely driven by the unprecedented Los Angeles wildfires – while large, globally diversified reinsurers were generally less affected than several Bermudian peers.





## Insurance markets

All insurance markets in which the Sava Insurance Group is present with its companies grew in 2025. Most of the Group companies increased or maintained their market share from 2024.

### ► Overview of the main indicators of the trends in the insurance markets in which the Sava Insurance Group is present through companies

	Growth/decline in premiums (%)				Premiums, per capita (EUR)				Premiums/GDP (%)			
	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
Slovenia <sup>*31</sup>	7.0%	13.0%	10.7%	5.6%	858.7	970.2	1,070.3	1,130.0	3.2%	3.2%	3.4%	3.4%
Croatia <sup>**32</sup>	7.0%	6.4%	12.0%	8.2%	402.3	414.6	463.4	503.0	2.3%	2.0%	2.1%	2.1%
Serbia <sup>***33</sup>	12.4%	16.0%	14.4%	8.4%	167.9	201.4	229.8	251.4	1.9%	1.9%	1.9%	1.9%
North Macedonia <sup>***34</sup>	10.0%	12.3%	11.2%	13.3%	113.5	127.7	142.3	162.3	1.6%	1.6%	1.7%	1.8%
Kosovo <sup>35</sup>	14.2%	9.2%	14.7%	6.6%	76.1	91.4	105.9	113.5	1.5%	1.5%	1.6%	1.6%
Montenegro <sup>36</sup>	9.6%	10.3%	12.3%	10.5%	173.6	191.6	215.2	237.7	1.8%	1.7%	1.8%	1.8%

\* The premiums in the Slovenian market (excluding the branches of Zavarovalnica Sava and Generali in Croatia and FoS business), summarised based on the data of the Slovenian Insurance Association, exclude supplementary health insurance and contributions to pension funds and pension annuities.

\*\* For 2023, 2024 and 2025, data on gross premiums written are no longer available, so premiums paid are shown. For the premium growth in 2023/2022, the premiums paid in 2022 are also taken into account for comparability. Premiums shown are premiums in the Croatian market (excluding Euroherc branches in Austria and Italy, and FoS business).

\*\*\* The 2025 estimate is based on premium growth in the first nine months of 2025.

31 Source of premium data: Slovenian Insurance Association; source for GDP: UMAR, Economic Mirror, no. 1/26; source for population: Statistical Office of the Republic of Slovenia.

32 Source of premium data: Croatian Insurance Bureau; source for GDP and population 2022–2024: Croatian National Bank, 2025: International Monetary Fund.

33 Source of premium data: National Bank of Serbia; source for GDP and population: Statistical Office of the Republic of Serbia; GDP 2025: International Monetary Fund.

34 Source of premium data: Insurance Supervision Agency, North Macedonia; source for GDP 2022–2024: National Bank of the Republic of North Macedonia; source for GDP 2025: International Monetary Fund; source for population: State Statistical Office, North Macedonia.

35 Source of premium data: Central Bank of the Republic of Kosovo; source for GDP 2022–2024 and population: Kosovo Agency of Statistics; source for GDP 2025: International Monetary Fund.

36 Source of premium data: Insurance Supervision Agency, Montenegro; source for GDP 2022–2024 and population: Statistical Office, Montenegro; source for GDP 2024: International Monetary Fund.

## Slovenia

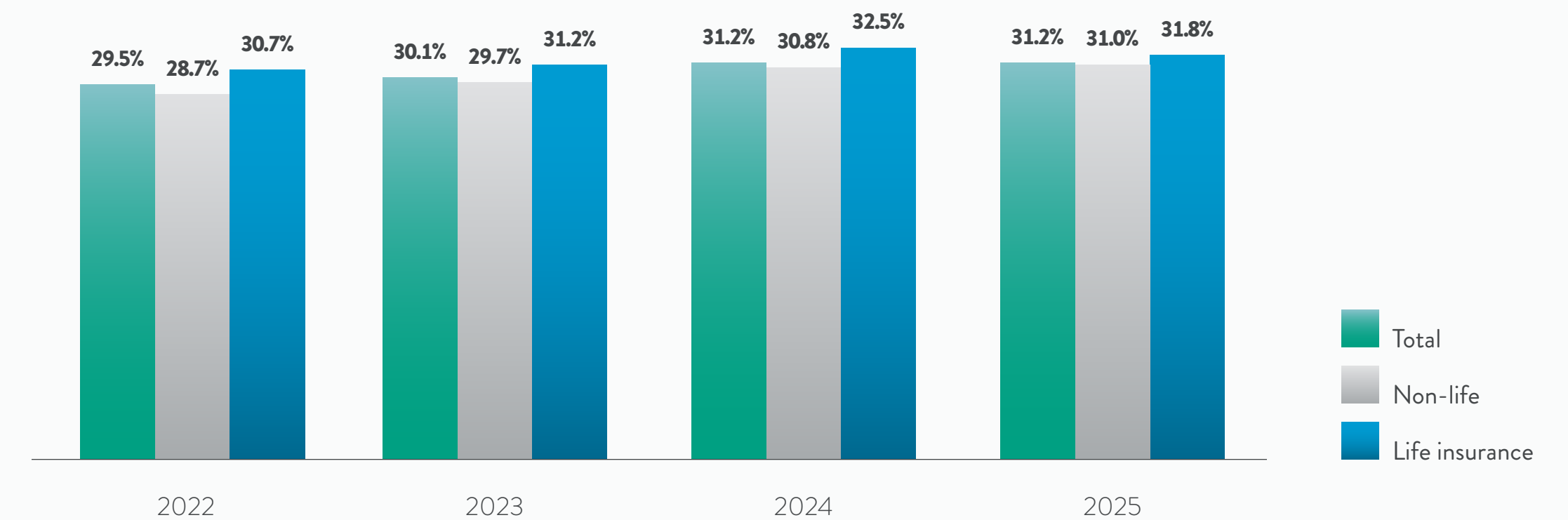
Based on data published by the Slovenian Insurance Association (SIA), in 2025 the Slovenian insurance market consisted of 11 domestic insurance companies, 5 foreign branches and 2 reinsurance companies<sup>37</sup>. In 2025, the non-life insurance business accounted for 74.3% of total insurance premiums, and the life insurance business for 25.7%. In 2025, gross premiums written in the Slovenian insurance market grew by 5.6% (non-life premiums by 5.1% and life premiums by 7.2%). The Sava Insurance Group

operates in the market with two insurance companies, Zavarovalnica Sava and Zavarovalnica Vita. Together, the two insurers ranked second among Slovenian insurers in 2025, with a combined market share of 31.2%.

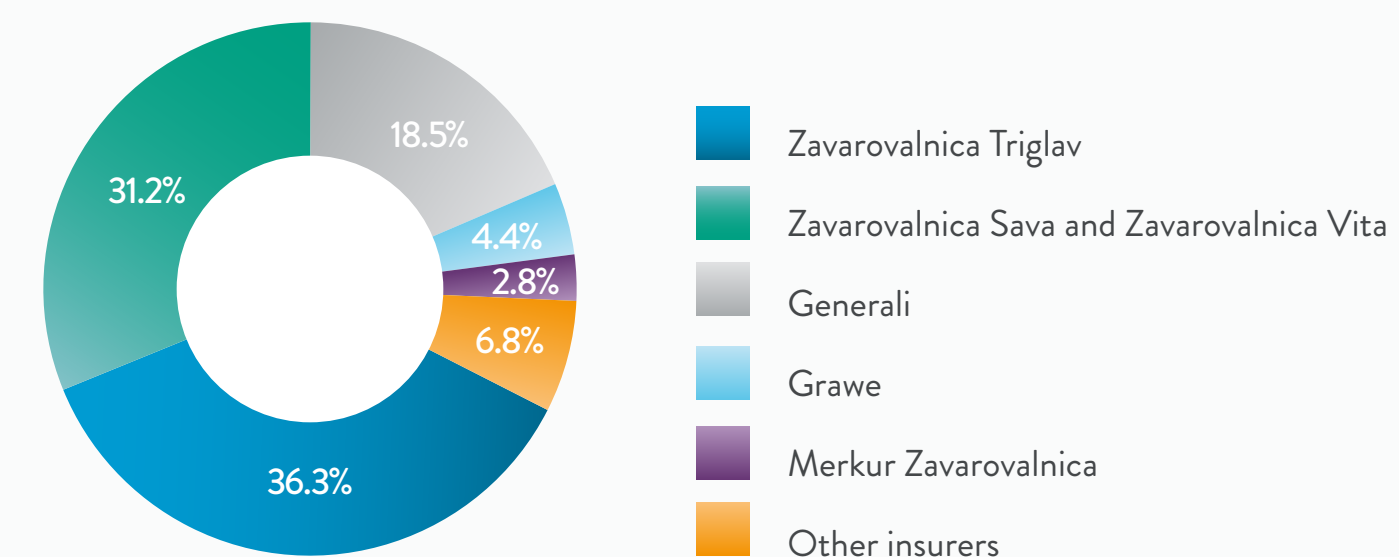
Two reinsurance companies are domiciled in Slovenia, and both are members of the Slovenian Insurance Association. The following table shows the market shares of the two reinsurance companies in the Slovenian market.

EUR	2025		2024	
	Gross premiums written	Market share	Gross premiums written	Market share
Sava Re	267,162,161	42.6%	231,825,343	40.3%
Triglav Re	359,796,478	57.4%	346,672,890	59.7%
<b>Total</b>	<b>626,958,639</b>	<b>100.0%</b>	<b>578,498,233</b>	<b>100.0%</b>

### Market shares of Zavarovalnica Sava and Zavarovalnica Vita\*



### Slovenia: insurance market shares 2025\*

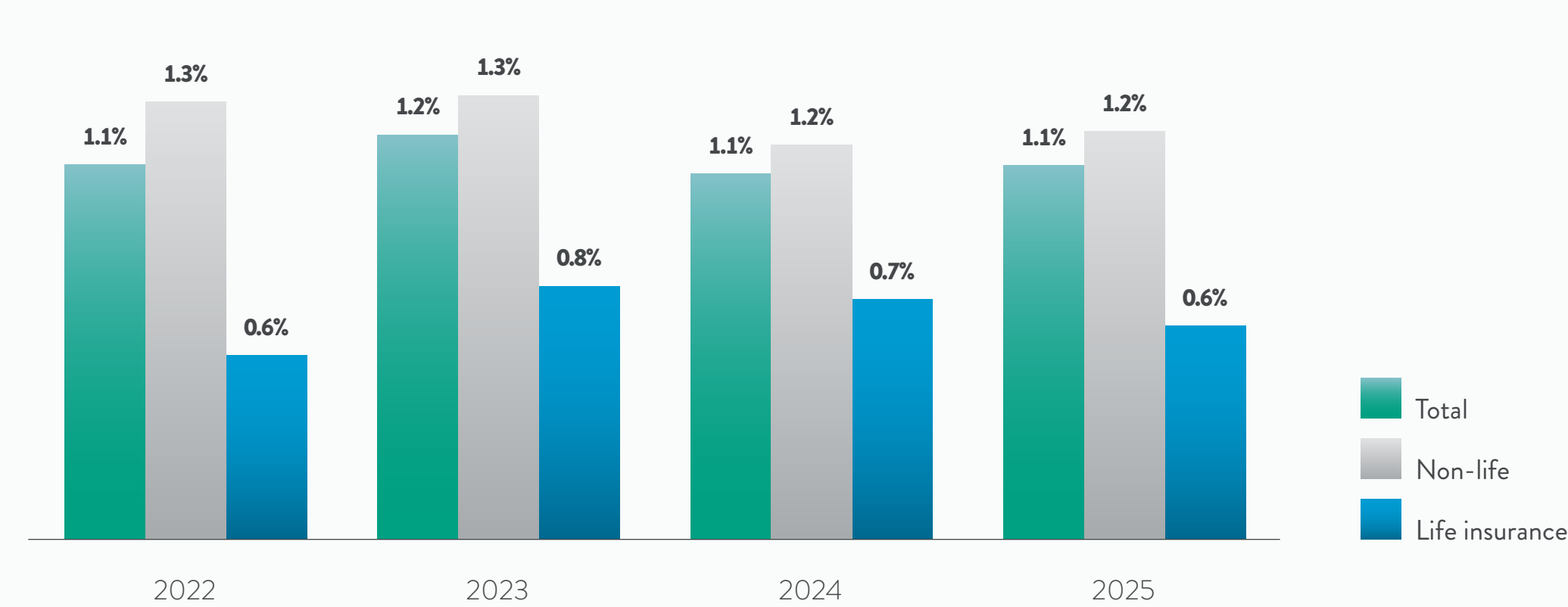


\* The premiums in the Slovenian market (excluding the branches of Zavarovalnica Sava and Generali in Croatia and FoS business) exclude supplementary health insurance and contributions to pension funds and pension annuities.

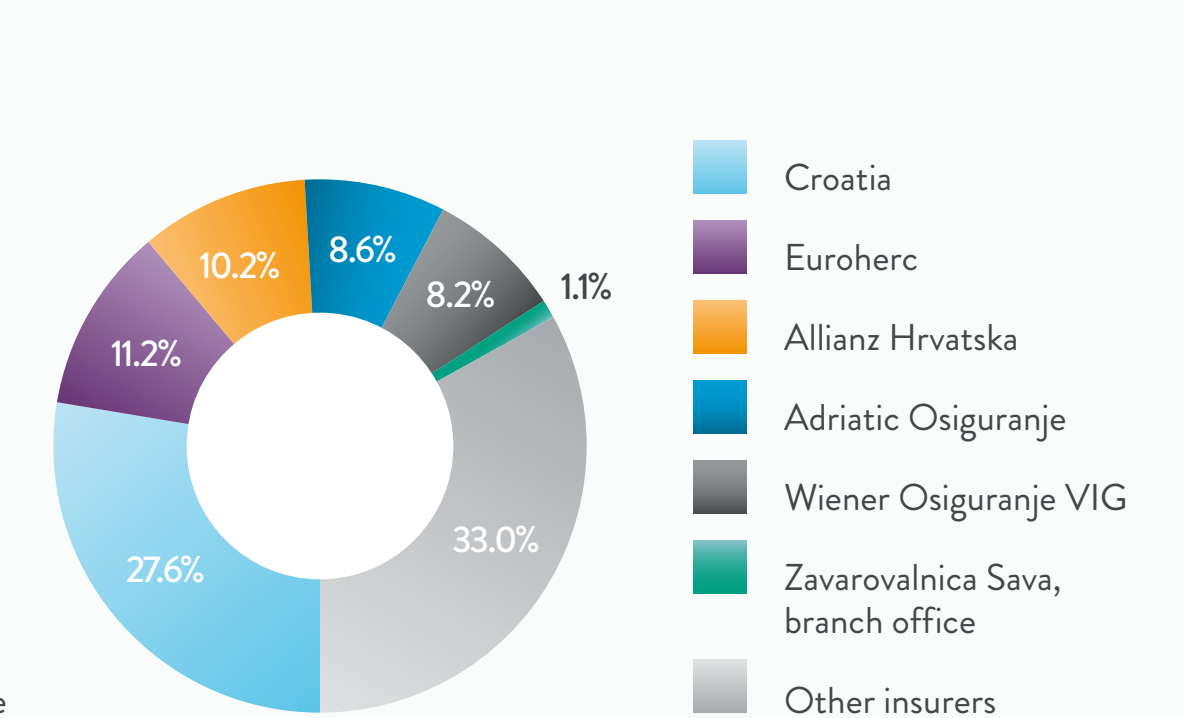
### Croatia

At the end of 2025, the Croatian insurance market consisted of 14 domestic insurers and 2 foreign branches. In 2025, the non-life insurance business accounted for 82.7% of total insurance premiums, and the life insurance business for 17.3%. In 2025, premiums paid (data on gross premiums written are no longer compiled by the insurance bureau as of 2023) in the Croatian insurance market grew by 8.2% (non-life premiums grew by 10.1%, and life premiums declined by 0.1%). The Sava Insurance Group operates in the market through a branch of Zavarovalnica Sava, which sells non-life and life insurance in Croatia. In 2025, it ranked 14th by market share among all companies operating in the Croatian insurance market, holding a 1.1% share.

#### Market shares of Zavarovalnica Sava – branch office\*



#### Croatia: insurance market shares 2025\*

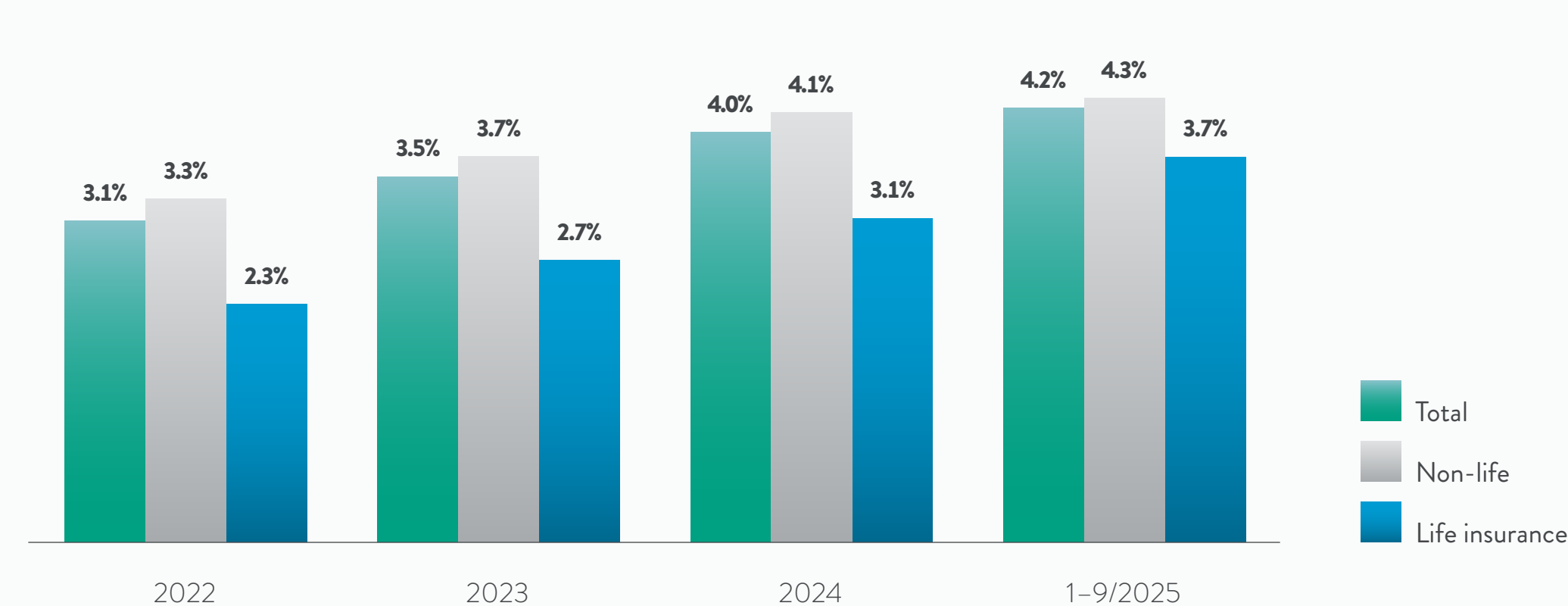


\* For 2023, 2024 and 2025, data on gross premiums written are no longer available, so premiums paid are presented instead. Premiums on the Croatian market are shown (excluding branches of Croatian insurance companies abroad and FOS business).

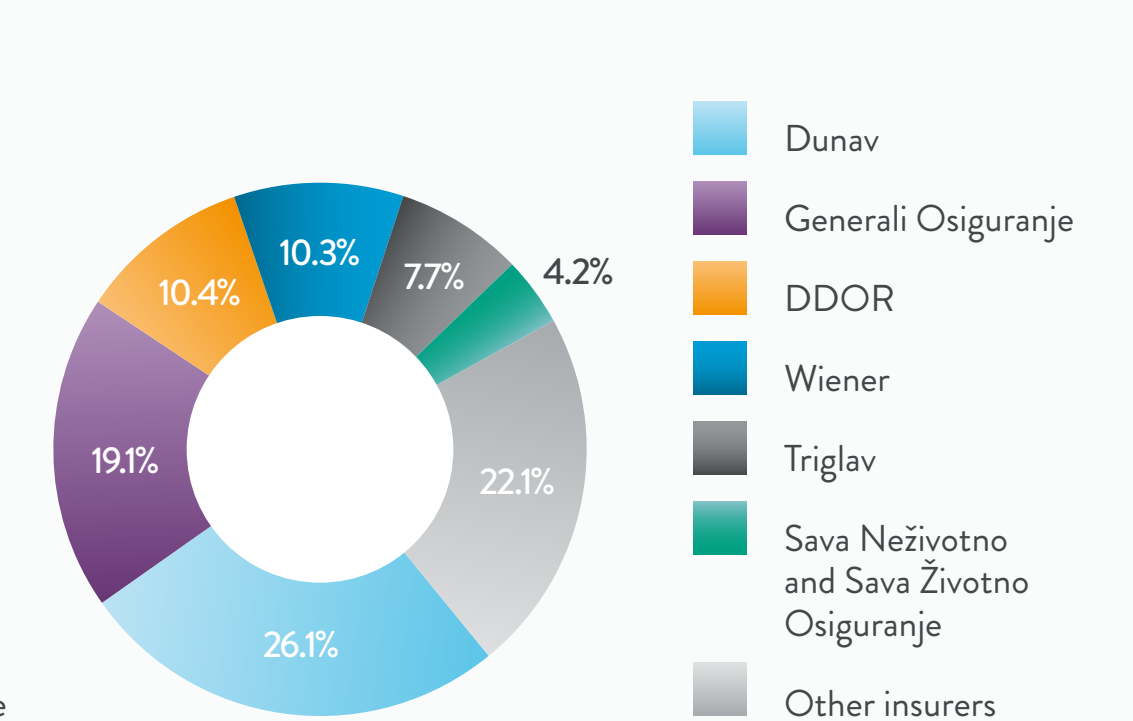
### Serbia

The Serbian insurance market in 2025 consisted of 16 insurance companies. The non-life insurance business accounted for 83.3% of total insurance premiums in the first nine months of 2025, and the life insurance business for 16.7%. In the first nine months of 2025, gross premiums written in the Serbian insurance market grew by 8.4% (non-life premiums by 9.9% and life premiums by 2.2%). The Sava Insurance Group is present in the market through the non-life insurance company Sava Neživotno Osiguranje (SRB) and the life insurance company Sava Životno Osiguranje (SRB). Together, the two insurers ranked 7th among all insurers in the market in the first nine months of 2025, with a market share of 4.2%.

#### Market shares of Sava Neživotno Osiguranje (SRB) and Sava Životno Osiguranje (SRB)



#### Serbia: insurance market shares 1-9/2025

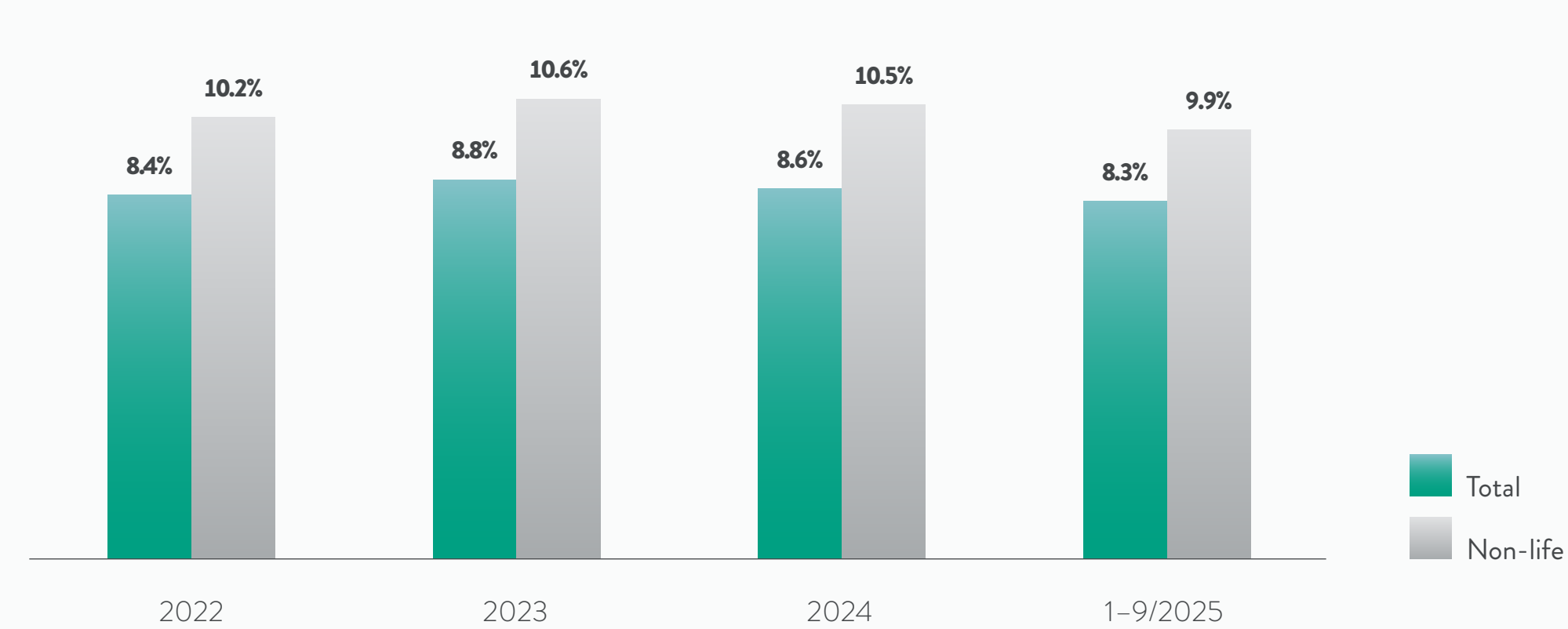




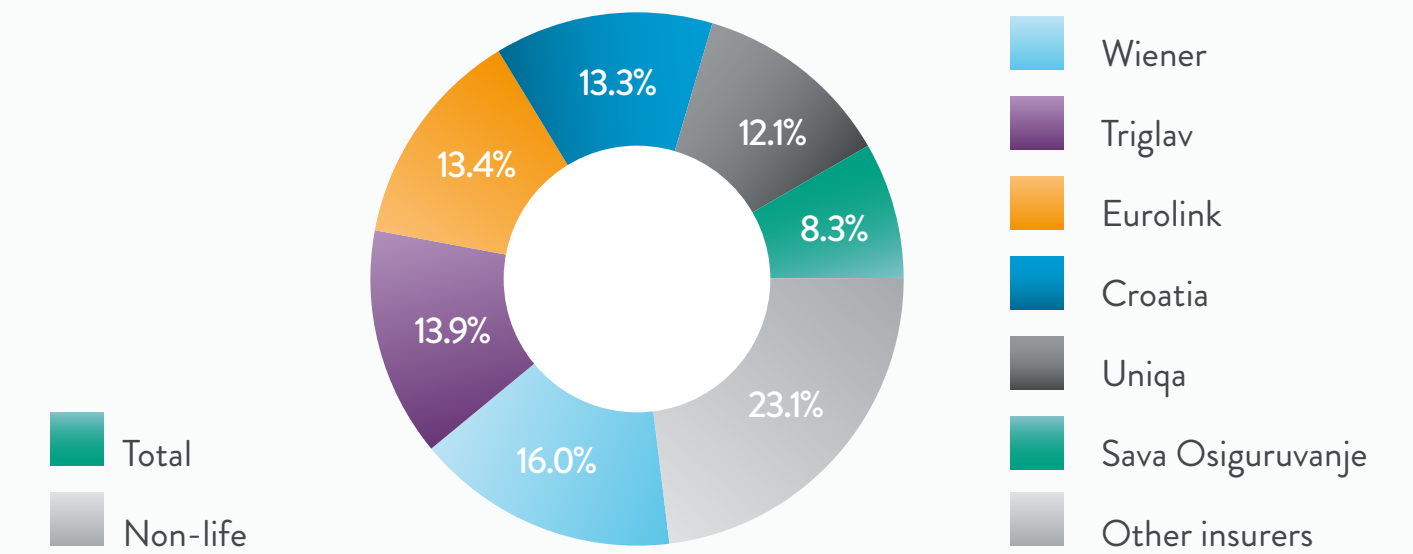
## North Macedonia

The North Macedonian insurance market in 2025 consisted of 17 insurance companies. The non-life insurance business accounted for 83.5% of total insurance premiums in the first nine months of 2025, and the life insurance business for 16.5%. In the first nine months of 2025, gross premiums written in the North Macedonian insurance market grew by 13.3% (non-life premiums by 13.8% and life premiums by 10.6%). The Sava Insurance Group is present in the market through its non-life insurance company Sava Osiguranje (MKD), which ranked 6th among all insurers on the market in the first nine months of 2025, with a market share of 8.3%.

### Market shares of Sava Osiguranje (MKD)



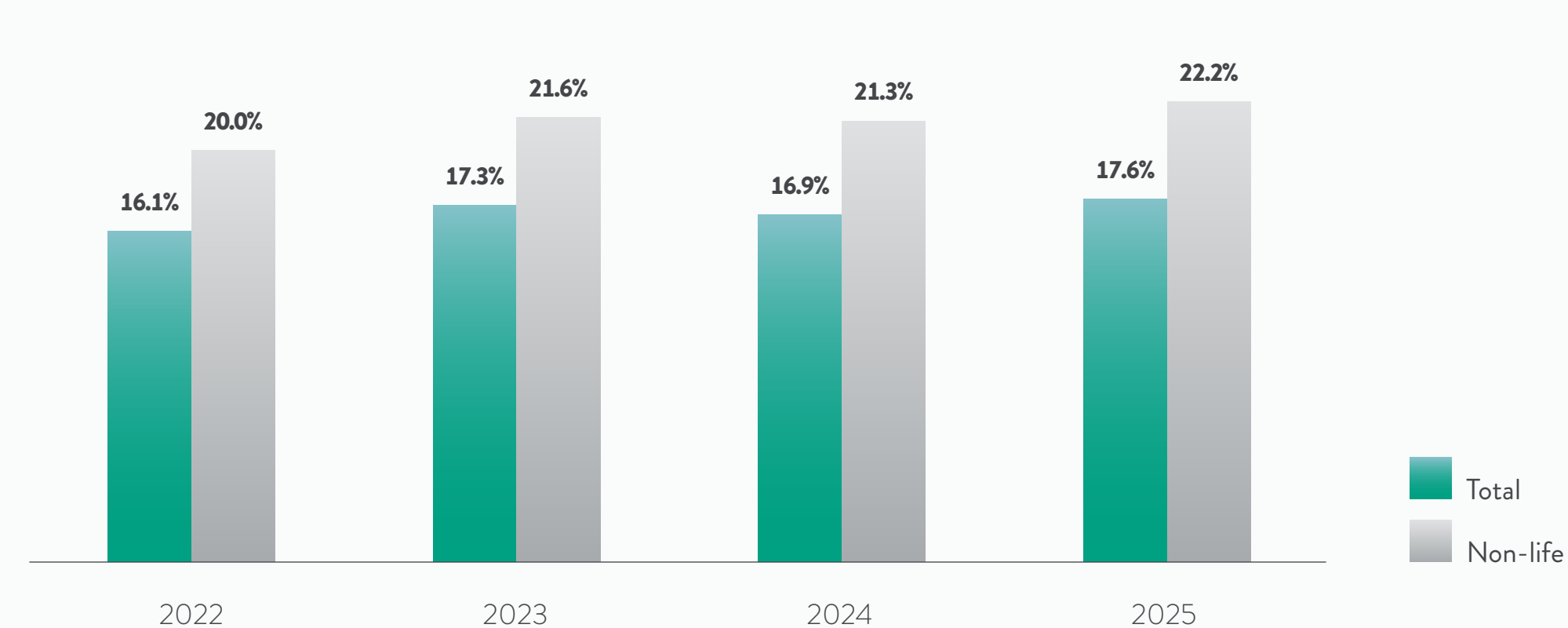
### North Macedonia: insurance market shares 1-9/2025



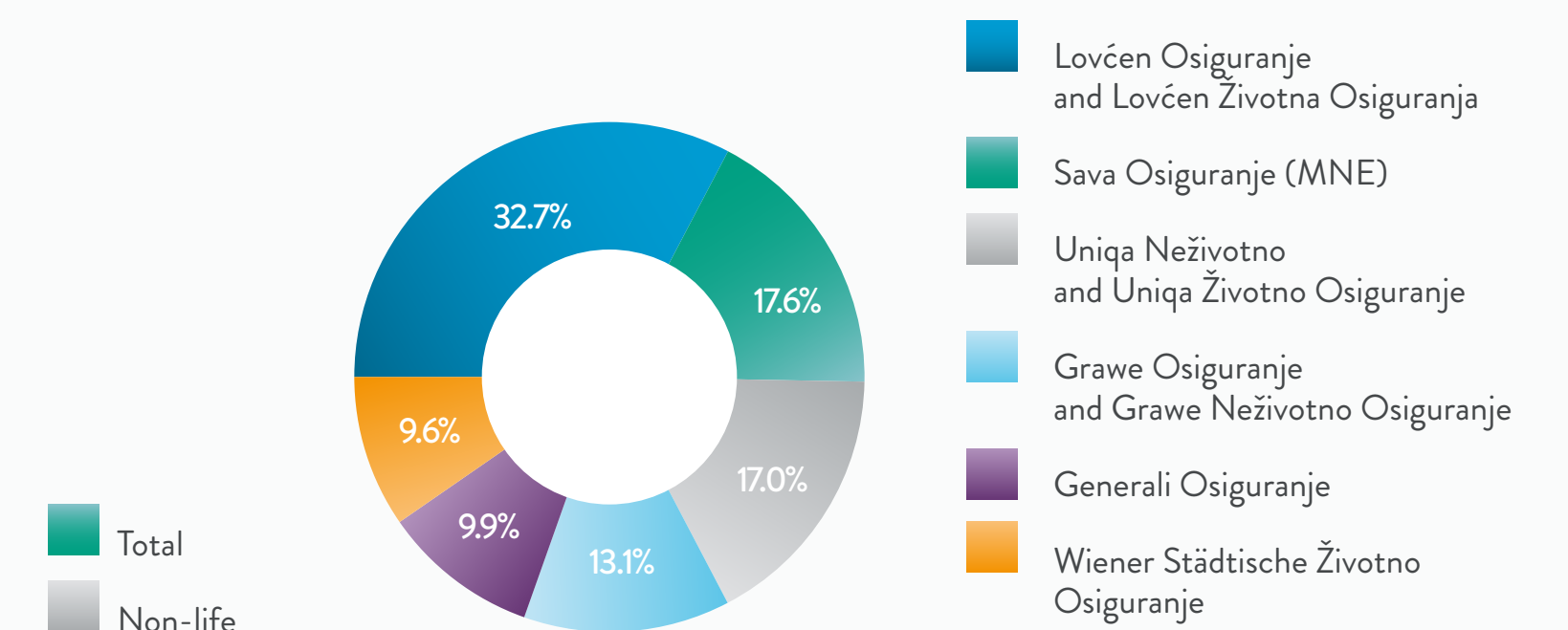
## Montenegro

The Montenegrin insurance market consisted of 9 insurance companies in 2025. In 2025, the non-life insurance business accounted for 79.1% of total insurance premiums, and the life insurance business for 20.9%. In 2025, gross premiums written in the Montenegrin insurance market grew by 10.5% (non-life premiums by 10.3% and life premiums by 11.3%). The Sava Insurance Group is present in the market through the non-life insurance company Sava Osiguranje (MNE), which ranked second among all insurers in the market in 2025, with a market share of 17.6%.

### Market shares of Sava Osiguranje (MNE)



### Montenegro: insurance market shares 2025

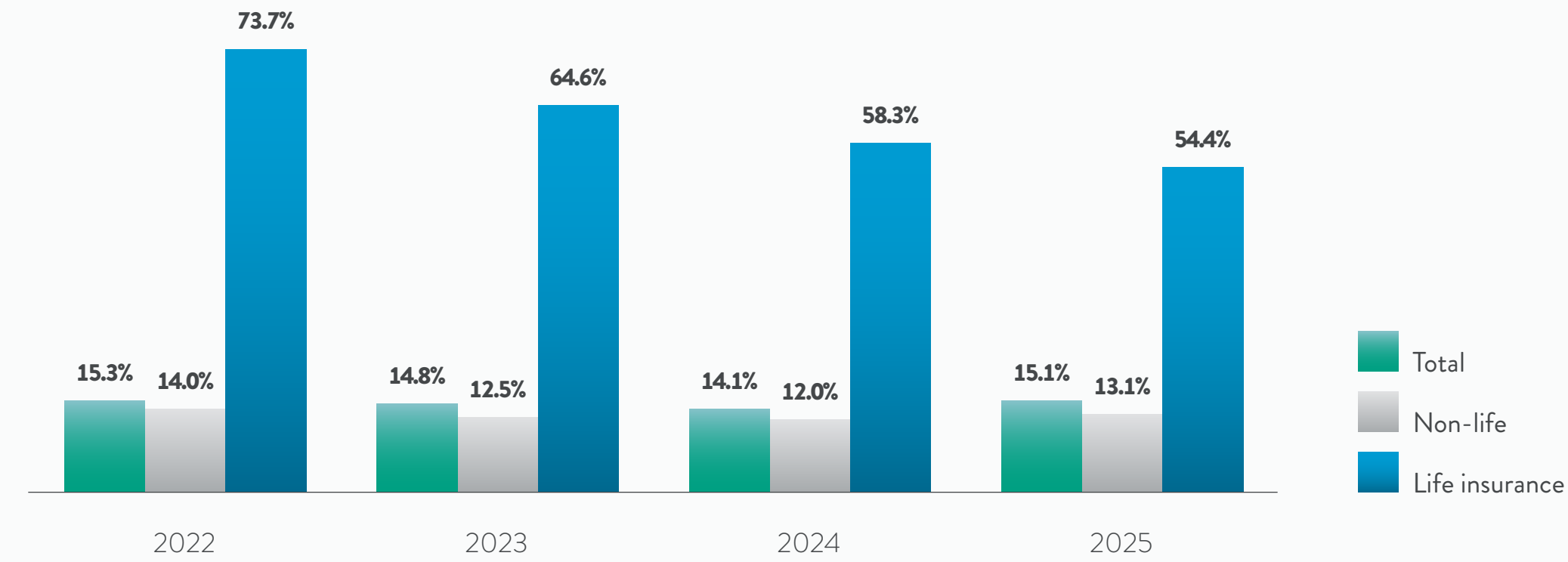




## Kosovo

In 2025, the Kosovo insurance market consisted of 12 insurance companies. In 2025, the non-life insurance business accounted for 95.3% of total insurance premiums, and the life insurance business for 4.7%. In 2025, gross premiums written in the Kosovo insurance market grew by 6.6% (non-life premiums by 6.4% and life premiums by 10.5%). The Sava Insurance Group is present in the market through the non-life insurance company Illyria (RKS) and the life insurance company Illyria Life (RKS). Together, the two insurers ranked second in the market in 2025, with a combined market share of 15.1%.

### ► Market shares of Illyria (RKS) and Illyria Life (RKS)



### ► Kosovo: insurance market shares 2025

