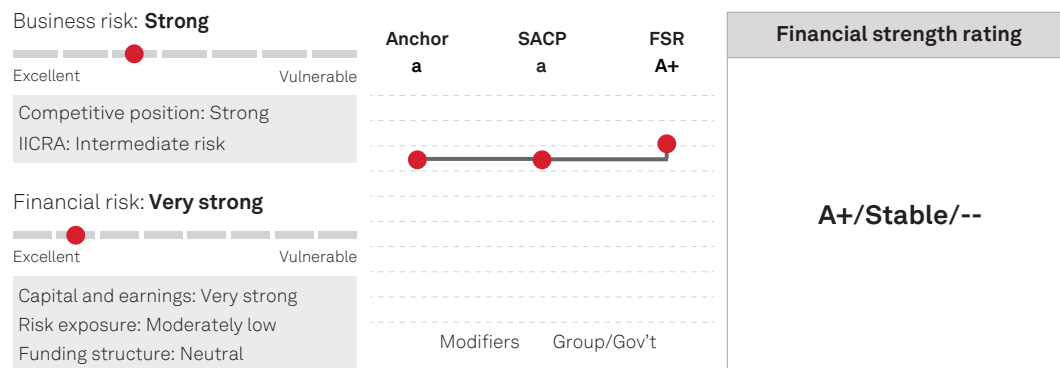


Sava Re, d.d.

September 9, 2025

This report does not constitute a rating action.



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

Credit Highlights

Overview

Key strengths

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.

Solid 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.

Key risks

Limited geographical diversification (by revenue and net income) outside Slovenia compared to higher-rated peers.

We forecast Sava Re, d.d. (Sava) will maintain its robust performance given its continued focus on underwriting and strong risk controls. Sava's profit increased by an exceptional 30% to €57.7 million in first-half 2025. We expect it will likely remain robust for the full year--at the higher end of our forecast of €70 million-€90 million. Under our base case scenario, this corresponds to a favorable return on equity of around 13% in 2025.

The group has maintained firm underwriting margins, with solid business growth across operations supporting its results. Given favorable claims development in first-half 2025, the group's non-life combined ratio further improved to 86% from 89.7% a year earlier (a ratio of less

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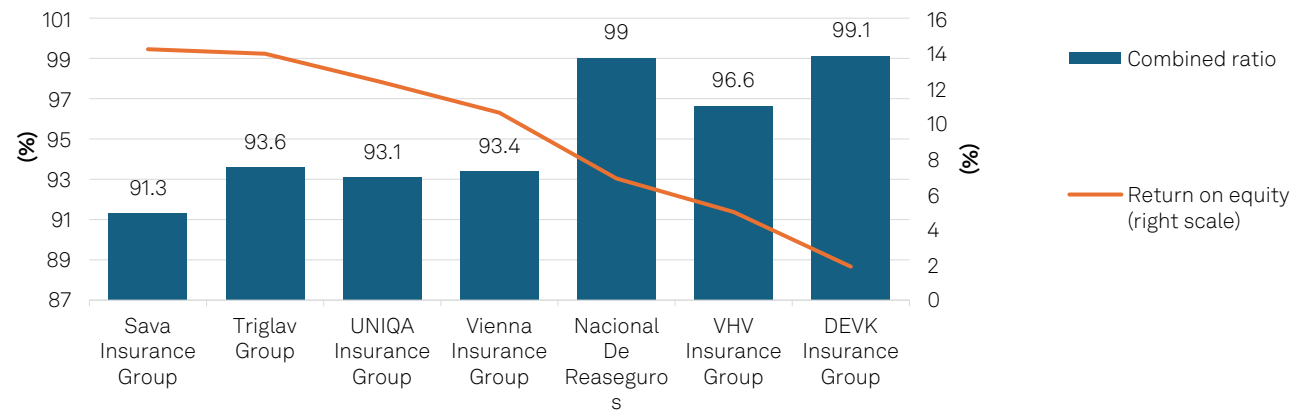
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than 100% indicates an underwriting profit). Sava's life insurance business continues to deliver solid and stable operating performance, with contractual service margin (CSM) expanding to €166 million as of mid-year 2025. The group has also recorded strong inflows in pension and asset management operations.

That said, we anticipate Sava's underwriting performance will be less robust in second-half 2025 due to the seasonal nature of catastrophic events. Even so, we expect underwriting margins for 2025 will remain firm and estimate combined ratio at the lower end of our forecast of 90%-95%. In our view, investment results will stay resilient given Sava's conservative investment strategy. We therefore expect the track record of Sava's performance will be in line with or better than that of its domestic peer Triglav (A+/Stable) and forecast that it would continue to compare favorably against European peers like UNIQA, VHV, DEVK, and Nacional de Reaseguros.

We expect Sava's operating performance will continue to outperform peers' in 2025

Operating and underwriting performance versus peers' in 2024



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

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We estimate revenue growth will remain solid at 6%-8% in 2025, before gradually moderating to around 5% over 2026-2027. Volume growth was robust at 8.1% in first-half 2025, while gross premiums written rose by 7.7% to €592.7 million. The group's non-life insurance business in Slovenia recorded sound growth, while its overseas reinsurance business and primary international operations in Adria expanded materially faster than Slovenian operations. Growth in Sava's domestic insurance operations is now titled toward new business inflow and the increasing value of insured assets.

Increased sales of unit-linked policies and term life boosted Sava's life insurance business. Meanwhile, its asset management unit continues to benefit from strong inflows thanks to new business in Slovenia and growth in its North Macedonian pension business. We expect the group will continue to see solid expansion in its Slovenian business and international reinsurance, and strong growth in its foreign primary insurance operations in Adria until 2027.

Sava's strong balance sheet and robust capital position should ensure it maintains rating resilience even in less favorable market conditions. According to our risk-based capital model, Sava's capital position remains robust, with the group holding sizable buffers above the 99.99% threshold as of mid-year 2025. This strength is also reflected in Sava's regulatory solvency ratio, estimated at 211%-217%, after its solid performance in first-half 2025.

In our view, the group's robust capital buffers will support the planned organic expansion of its business, and it will continue to distribute moderate dividends until 2027. Sava's capital buffers also provide a cushion against ongoing macroeconomic uncertainties and material volatility in the capital markets. Strong capitalization also offers some flexibility if smaller inorganic opportunities arise. We think that even if economic or operating conditions weaken materially below our expectations and remain subdued, we expect the group will maintain capitalization of at least 99.95% under our insurance capital model.

Outlook

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

Downside scenario

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

- A downgrade of Slovenia's rating to below 'AA' while Sava's stand-alone credit profile stays at 'a'; for example, due to significant and sustained volatility in the group's performance;
- Sava's capital materially and protractedly declining below our 99.95% confidence level; or
- A material disruption to the group's business model--for example, due to abrupt change in its strategy or change of ownership.

Upside scenario

We view an upgrade as unlikely over the next 12-24 months given Sava's geographical diversification is materially less than that of higher-rated peers.

Assumptions

- Continued economic growth in Slovenia, with real and nominal GDP increases in 2025. We expect real GDP to gradually expand at 2.0%-2.4% over 2026-2027.
- Inflation to remain at or slightly above 2% until 2027.
- Slovenia's unemployment rate to remain materially below the eurozone average until 2027; estimated at 3.5%-3.7%.
- Long-term interest rates in the eurozone to remain relatively stable at about 3.0%.

Sava Re, d.d.--Key metrics

S&P Global Ratings forecast	IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 4
(Mil.€)	2026f	2025f	H1 2025\$	2024	2023	2022
S&P Global Ratings capital adequacy	At least 99.95%	At least 99.95%	99.99%	99.99%	99.99%	AAA

Sava Re, d.d.--Key metrics

S&P Global Ratings forecast	IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 4
(Mil.€)	2026f	2025f	H1 2025§	2024	2023	2022
Insurance revenue	~ 900	~ 850	432.5	801.2	697.6	N/A
Gross premiums written #	~ 1,100	~ 1,050	592.7	1,003.8	884.6	774.1
Net income (attributable to shareholders)	73 - 93	70 - 90	57.7	87.8	64.7	68.2
EBIT	90 - 125	85 - 120	N/A	113.8	82.7	87.2
Total shareholder equity	~ 730	~ 690	679.3	648.6	585.7	412.0
Return on shareholder's equity (%)	10 - 13	10 - 13	16.1	14.2	11.6	14.9
P/C: Net combined ratio (%)*	90 - 95	90 - 95	86	91.3	93.1	91.2
Return on revenue (%)	8 - 12	8 - 12	N/A	13.2	11.1	N/A
Return on assets (excluding investment gains/losses) (%)	2.5 - 4.0	2.5 - 4.0	N/A	4.3	3.5	N/A
Net investment yield (%)	~ 2	~ 2	2.3	2.1	1.8	1.3
Financial obligations/EBITDA (x)	~ 1	~ 1	N/A	1.10	0.90	0.85
EBITDA fixed-charge coverage (x)	> 10	> 10	N/A	31.2	29.8	30.1
Financial leverage including pension deficit as debt (%)	~ 16	~ 17	N/A	17.3	12.5	16.7

*Combined ratios for 2023 and 2024 as reported by Sava Insurance Group. #Gross premiums written not part of IFRS 17 reporting. §Data for H1 2025 as reported by Sava Insurance Group, Return on equity is annualized. Capital adequacy as estimated by S&P Global Ratings.

Business Risk Profile

Sava will retain its position as the second-largest multiline insurance group and the fourth-largest asset manager in Slovenia. In our view, Sava's strong position in the domestic market, with a 31% share through its entities Zavarovalnica Sava d.d. (financial strength rating: A+/Stable/--) and Vita, življenjska zavarovalnica, d.d. (unrated), will remain the group's main strength. Its non-life portfolio is well-diversified, while its life insurance business mainly focuses on capital-light unit-linked products and on the more profitable term life plans. The group's international reinsurance operations, through Sava Re (A+/Stable/--), are relatively small, but well represented across Asia, Europe, the Middle East, and Africa. International reinsurance represents around 12% of the group's total revenue.

In 2024, the group sourced about one-third of its earnings from the international business, and around two-thirds from Slovenian operations. Sava is also expanding its primary insurance operations in the Adria region (formerly Yugoslavia), where it now writes about 15% of its direct insurance business. It is well-represented in the region's smaller, less-developed markets, such as North Macedonia, Montenegro, and Kosovo. These offer the group long-term growth opportunities. In addition, it strives to strengthen its position in larger markets like Croatia and Serbia.

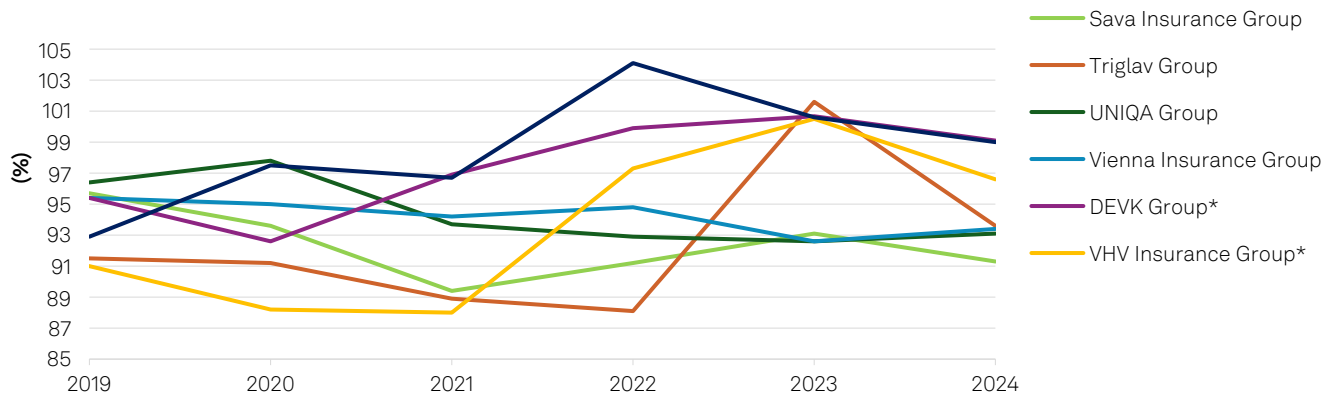
Relatively favorable economic growth in Slovenia and the wider Adria region should support Sava's earnings. This is despite more challenging economic conditions in Europe. The group's competitive edge is based on its solid reputation in Slovenia, good scale with a broad product offering, and distribution network of tied agents. A good relationship with banks further complements Sava's strong distribution network.

For year-end 2024, the group recorded a profit after tax of €87.8 million, underpinned by stronger underwriting results in the non-life segment, and the life insurance business' consistently sound performance. Good inflows into its asset management operations also contributed solid fee income. Overall, the group's return on equity, at 14.2%, exceeded Sava's target for 2024.

In our view, these operating strengths provide Sava a firm foundation to further develop its domestic primary insurance and asset management businesses. In the Adria region, Sava continues its gradual expansion and is trying to replicate its cooperative distribution relationship with local banks. We expect these efforts will progressively improve Sava's scale and scope in international markets. We also note that the group is slowly stepping up the digitalization of its business. The transition will help Sava to further tap growth based on customer preferences and conduct business online, in our view. We forecast this will allow the group to maintain its solid non-life underwriting margins at 90%-95% and its very strong earnings from life insurance in 2026-2027.

Sava's property/casualty underwriting margins compare favorably to that of peers

Net combined ratio



Net combined ratios of Sava, Triglav, UNIQA, VIG, and Nacional for 2023 and 2024 are as reported by the respective companies. Source: S&P Global Ratings.

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We expect Sava's international reinsurance business will remain solid in 2025-2027. A

favorable international reinsurance market in 2024 helped Sava's contribute significantly through this segment to the group's results. It leveraged the still-positive operating environment to increase the geographic diversification of its reinsurance business and reduce reliance on its largest cedents. Sava's strong risk controls and cautious underwriting continue to benefit the group: it closed first-half 2025 with a favorable operational performance. Meanwhile, lower reinsurance prices in some Asian markets did not materially affect revenue growth from reinsurance in first-half 2025. We think consistently prudent portfolio management will help the group limit the impact of softening prices and therefore expect Sava's reinsurance performance will remain relatively strong. As such, we expect Sava's reinsurance operations will remain an additional source of business and earnings diversification for the group.

Sava will record moderate growth in existing markets despite a high degree of uncertainty over global economic conditions.

The group continues to target gradual business development in Slovenia and abroad. In 2024, Sava delivered very strong growth from both domestic and international operations, driven by non-life, life, and reinsurance operations, besides asset management. Inflation-induced price increases in Sava's existing business largely led to the growth, with only partial contribution from expansion of new business inflows. Even as inflation has eased to slightly above 2% in Slovenia, the frequency of claims remains resilient. As a result, Sava's growth in Slovenia has moderated, with gross premiums written in the non-life business increasing by 6.1% in first-half 2025. This reflects already significant price increases in motor insurance over the past three years. Going forward, we expect slower growth in domestic motor insurance. In our view, growth in property insurance, scaling up of Sava's health insurance business in Slovenia, and operations in other geographies will likely see solid expansion. Their combined strength should support the overall modest growth we expect in 2025 and beyond, translating into greater earnings capacity.

Financial Risk Profile

Sava maintains a strong and resilient balance sheet with robust capital buffers according to our capital model and Solvency II requirements.

In our view, Sava's very strong operating performance and sizable capital buffers will fund moderate dividend payments and generate sufficient capital to support growth. Its underwriting and investment risks, as well as its funding structure, are neutral considerations in our assessment of its financial risk profile as very strong.

Sava's robust capital position is a key rating strength, a trend we expect will continue into 2027.

The group's risk-based capital adequacy gives it sizable capital buffers even in an extreme stress scenario, at the 99.99% confidence level. The absolute size of Sava's capital continues to increase gradually thanks to its stable and strong performance and only moderate dividend payments. In addition, a €50 million Tier 3 hybrid issuance boosted its capital position. As a result, the group's Solvency II ratio strengthened to 208% at year-end 2024 (based on the standard formula, no transitional adjustment).

In our view, the group maintains conservative capital and financial management policies. Sava's solidly profitable and stable life insurance business results in sizable CSM, which we recognize as part of the capital position in our model. That said, we view the quality of Sava's consolidated capital as strong because it mostly relies on shareholder equity.

Sava maintains a solid reinsurance protection program with limited risk retention. This is despite continually increased prices in international reinsurance markets in 2024 and first-half 2025. We note Sava holds sound balance-sheet buffers and has largely passed through the cost of coverage recorded in its catastrophe-exposed businesses in 2024. In our view, Sava will continue to protect its balance sheet against material capital and earnings volatility with effective reinsurance protection.

Sava demonstrates a conservative investment strategy and remains less sensitive to market volatility than European peers.

The group's investment strategy remains deeply conservative, focusing on well-diversified investments and maintaining relatively low credit and market risk. Fixed-income securities account for around 86% of Sava's investment assets.

The group's portfolio remains well diversified across high-rated issuers in the eurozone and almost 89% of Sava's fixed-income instruments are investment-grade, and around 48% rated 'AAA' or 'AA' as of June 2025. Investments rated below 'BBB' and unrated bonds represent about 11% of the group's investment portfolio. Most of non-investment grade bonds are related to

government bonds issued in foreign jurisdictions where Sava operates as a primary insurer. The group's exposure to equities and private equity is low at about 5% of its investments, and even less to real estate at around 2%.

Leverage remains modest compared with international peers', backed by solid capacity to issue debt if needed. The group's financial leverage increased slightly to about 17% at the end of 2024, driven by the €50 million hybrid debt issuance, but we expect this metric will decline in the next few years. Sava's shareholder equity continued to increase in 2024 because of strong earnings retention. Fixed-charge coverage stood at about 31x in 2024, and we expect this will reduce given prospectively higher interest payments due to new debt issuance.

That said, we expect that the group to maintain strong underlying earnings, which would stabilize fixed-charge coverage at a still stable 15x-20x in 2025-2027. This robust financial position ensures Sava retains the flexibility to issue additional debt if necessary.

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 steady inflows. Moreover, most of the business is short tail and its larger risks are heavily reinsured.

Government support

We consider Sava a government-related entity given the Slovenian government is its largest shareholder. Moreover, the group plays one of the key roles in providing Slovenians structured protection against the impact of catastrophic 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 times of financial distress. Following our upgrade of Slovenia's sovereign rating to AA (see [Slovenia Long-Term Ratings Raised To 'AA' On Strong Public Finances And Sustained Growth; Outlook Stable](#), published June 6, 2025), we factor into our group credit profile of Sava Re a one-notch uplift to reflect the benefits from the sovereign's improved creditworthiness. We continue to assess at 'a' Sava Re's stand-alone credit profile; the ratings would be negatively affected if the rating on Slovenia declined below AA/Stable or if a financially weaker group were to take over the ownership of Sava.

Environmental, social, and governance

ESG factors have no material influence on our credit rating analysis of Sava.

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	
Governance	Neutral
Liquidity	Exceptional
Comparable rating analysis	0
Stand-alone credit profile	a
Support	+ 1
Group support	0
Government support	+1
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	--

Related Criteria

- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Feb. 10, 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: Sava Re Group's Core Entities Upgraded To 'A+' On Improved Economic Resilience; Outlook Stable](#), June 11, 2025
- [Research Update: Slovenia Long-Term Ratings Raised To 'AA' On Strong Public Finances And Sustained Growth; Outlook Stable](#), June 6, 2025

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- [Research Update: Sava Re Outlook Revised To Positive On Strong Performance And Improving Economic Conditions; Ratings Affirmed At 'A'](#), Dec. 11, 2024
- [Slovenia Based Insurer Sava Re Tier 3 Subordinated Notes Rated 'BBB+', Sep 27, 2024](#)
- [Research Update: Sava Re Outlook Revised To Positive On Strong Performance And Improving Economic Conditions; Ratings Affirmed At 'A'](#), Dec. 11, 2024
- [Slovenia Based Insurer Sava Re Tier 3 Subordinated Notes Rated 'BBB+', Sep. 27, 2024](#)

Ratings Detail (as of September 09, 2025)*

Operating Companies Covered By This Report

Sava Re, d.d.

Financial Strength Rating	
Local Currency	A+/Stable/--
Issuer Credit Rating	
Local Currency	A+/Stable/--
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.

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