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COMUNICATO STAMPA

Generali, Fitch conferma rating IFS (A-) e rating debito

Positiva conclusione della revisione dei rating sul debito da parte delle principali agenzie a seguito della creazione di Generali Italia

Trieste – Fitch ha confermato il rating IFS di Generali ad A- (outlook negativo). L'agenzia ha inoltre confermato il giudizio 'BBB+' e 'BBB-', rispettivamente sul debito senior e subordinato di Generali, rimuovendo il *Rating Watch Negative* posto lo scorso marzo.

La conferma del rating sul debito da parte di Fitch conclude positivamente la revisione avviata dalle principali agenzie di rating dopo la costituzione di Generali Italia.

Fitch evidenzia "*la buona performance operativa del 1H13, le minori svalutazioni e il forte focus del nuovo management a preservare il capitale e ridurre il debito*". L'agenzia inoltre "*valuta positivamente la focalizzazione del Gruppo sui suoi mercati core e il processo di semplificazione*".

Segue il comunicato originale emesso da Fitch.

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FITCH AFFIRMS GENERALI'S IFS AT 'A-'

Fitch Ratings-London-13 August 2013: Fitch Ratings has affirmed Assicurazioni Generali SpA's (Generali) and its core subsidiaries' Insurer Financial Strength (IFS) ratings at 'A-' and Long-term Issuer Default Ratings (IDR) at 'BBB+'. The Outlooks are Negative. Fitch has also affirmed Generali's senior and subordinated notes at 'BBB+' and 'BBB-', respectively, and removed them from Rating Watch Negative (RWN). A full list of rating actions is at the end of this release.

KEY RATING DRIVERS
The affirmation of Generali's senior and subordinated notes follows Fitch's updated analysis of the characteristics of Assicurazioni Generali SpA after the completion of the portfolio transfer of the bulk of existing insurance operations to the newly established Generali Italia.

In Fitch's view, the restructuring moderately weakens the credit quality of Generali's debt and after the transfer, Generali takes on more of the characteristics of a holding company. However, the cash flow position and amount of liquid assets available at the holding company level will remain

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sufficient to maintain a satisfactory liquidity position within the company. This will also be enhanced by the profit expected from the intra-group reinsurance Generali is planning to underwrite out of Assicurazioni Generali SpA.

Fitch has factored several financial indicators into its analysis. The liquid assets to financial liabilities ratio - a good proxy of assets freely available to repay the debt - as calculated by Fitch is expected to be stronger than previously anticipated. Although the initial figure is lower than the pre-reorganisation ratio, Fitch estimates that it will normalise as Generali reduces its debt and assuming that the company's disposal plan proceeds as expected, with EUR4bn cashed in by 2015. This normalised level (considering a smaller amount of debt after the repayment) is sufficient to maintain standard notching on debt instruments.

Generali has so far disposed of EUR2.3bn of non-core operations, realising gross of tax gains of EUR0.8bn. The company has also put BSI (a private banking service provider in Switzerland) up for sale. Generali aims to raise EUR4bn through disposals and use the proceeds to repay down its debt. This will be only partially offset by the payment of the second tranche to PPF to acquire the remaining 24% in Generali PPF Holding (GPH) in December 2014.

After the disposals and as Generali continues with its debt reduction plan, the proportion of financial debt covered by non-technical assets will improve. Although after the transfer, Generali takes on more of the characteristics of a holding company and the proportion of liabilities to total assets is decreasing after the reorganisation, this proportion remains higher than that of some peers.

The affirmation of the IFS ratings reflects Generali's good operating performance in H113 (in particular in the property and casualty segment), lower level of impairments and the enhanced focus of the new management to preserve capital and reduce debt. This is partially offset by the relatively low group regulatory solvency position and high financial leverage for the rating level.

Generali's ratings continue to be affected by the group's exposure to the eurozone debt crisis, primarily through its significant holdings of Italian sovereign debt (EUR56.7bn or 2.8x consolidated shareholders' funds at H113). This represents a large concentration risk and a potential source of volatility to capital adequacy. However, this is explained by the need to match domestic liabilities in Italy. This exposure explains the alignment of the IDR of Generali to that of Italy at 'BBB+'.

Generali's IFS is one notch higher than its IDR and that of Italy, supported by the company's geographical diversification in countries with higher credit profiles than Italy, in particular Germany and France.

Generali is refocusing on selected core markets and agreed to dispose a number of operations worldwide to raise up to EUR4bn. Generali also bought out minorities in GPH and Generali Deutschland to have full access to their profitability. Management has also undertaken a thorough review of group's investments and streamlined its processes and operations. Fitch views the group's focus on its core markets and simplification positively.

Generali's balance sheet remains weaker than peers', with relatively low and potentially volatile capital and high financial leverage. However, the new management is committed to strengthen and maintain capital at a higher level and reduce the amount of financial debt, marking an important difference from previous management.

Fitch believes that Generali's capital is vulnerable to stress due to Generali's substantial exposure to Italian sovereign debt and its high investment leverage. Furthermore, Generali's significant levels of goodwill and intangibles detract from the quality of its capital. Generali is aiming for a regulatory solvency ratio at or above 160% at the end of its three-year plan in 2015, a level consistent with 'A' category rating, in accordance with Fitch's insurance rating methodology.

The Fitch-calculated financial leverage ratio (FLR) is relatively high at 35% despite the repayment of EUR500m in H113, and fixed-charge coverage at 3.4x (when unrealised and realised gains and losses are included - based on 2012 data) is relatively low. However, Generali plans to reduce financial debt. Fitch also deems Generali's financial flexibility good, as demonstrated for example by the sale of treasury shares to fund the buy-out of Generali Deutschland's minorities.

RATING SENSITIVITES
Generali's ratings are likely to be downgraded if Italy is further downgraded.

Generali's ratings could also be downgraded if the company relies to a significant extent (eg greater than 70%) on dividends from subsidiaries to fund its expenses and costs of servicing debt. The ratings could also be downgraded if Generali fails to meet Fitch's expectations that liquid assets will satisfactorily cover financial debt at end-2014 after the EUR1.25bn purchase of the second tranche of PPF's holdings in GPH and continuation of Generali's debt reduction plan.

Other key rating triggers for a downgrade of Generali and its core subsidiaries' ratings include:
--Consolidated FLR not falling below 35% over the next 12-18 months.
--Consolidated Solvency I ratio falling below 120% with an expectation that it will not recoverwithin a short period of time.

Key rating triggers for an upgrade of Generali and its core subsidiaries' ratings include:
--Strengthening of the group's capital base to the extent that Generali is able to withstand credit and other losses given a scenario of severe distress. This could be achieved with a consolidated Solvency I ratio consistently above 150% or if the eurozone debt crisis stabilises and Italy's rating is upgraded to the 'A' category.

The rating actions are as follows:
Assicurazioni Generali SpA:
IDR affirmed at 'BBB+'; IFS affirmed at 'A-'; Outlooks Negative
Generali Iard:
IFS affirmed at 'A-'; Outlook Negative
Generali Vie:
IFS affirmed at 'A-'; Outlook Negative
Generali Deutschland Holding AG:
IFS affirmed at 'A-'; Outlook Negative
Generali Deutschland Pensionskasse AG:
IFS at 'A-'; Outlook Negative
Cosmos Versicherung AG:
IFS affirmed at 'A-'; Outlook Negative
Cosmos Lebensversicherungs-AG:
IFS affirmed at 'A-'; Outlook Negative
AachenMuenchener Lebensversicherung AG:
IFS affirmed at 'A-'; Outlook Negative
Generali Lebensversicherung AG:
IFS affirmed at 'A-'; Outlook Negative
AachenMuenchener Versicherung AG:
IFS affirmed at 'A-'; Outlook Negative
Generali Versicherung AG:
IFS affirmed at 'A-'; Outlook Negative
Central Krankenversicherung AG:
IFS affirmed at 'A-'; Outlook Negative
Generali Espana, S.A. de Seguros Y Reaseguros
IFS affirmed at 'A-'; Outlook Negative
Generali Versicherung AG (Austria)
IFS affirmed at 'A-'; Outlook Negative
Generali (Schweiz) Holding AG:
IDR affirmed at 'BBB-'; Outlook Negative
Generali's debt ratings are as follows:
Assicurazioni Generali SpA

Senior unsecured:
EUR750m 4.875% notes due 11 November 2014: affirmed at 'BBB+'
EUR1,750m 5.125% notes due 16 September 2024: affirmed at 'BBB+'

Hybrid capital instruments/notes:
GBP495m perpetual notes 6.416% until February 2022, thereafter Libor plus 220bp: affirmed at 'BBB-'
GBP350m perpetual notes 6.269% until June 2026, thereafter Euribor plus 235bp: affirmed at 'BBB-'

Senior subordinated notes:
EUR1,250m 7.75% until December 2022, due 12 December 2042: affirmed at 'BBB-'
EUR750m 10.125% until July 2022, due 10 July 2042: affirmed at 'BBB-'

EUR1,250m 7.75% notes due 12 December 2042: affirmed at 'BBB-'
Generali Finance BV

Senior unsecured:
EUR1,500m 4.75% guaranteed notes due 12 May 2014: affirmed at 'BBB+'
EUR500m 3.875% notes due 6 May 2015: affirmed at 'BBB+'

Hybrid capital instruments/notes:
EUR1,275m perpetual notes 5.317% until June 2016, thereafter Euribor plus 210bp: affirmed at 'BBB-'
EUR1,250m perpetual notes 5.479% until February 2017, thereafter Euribor plus 214bp: affirmed at 'BBB-'
GBP700m perpetual notes 6.214% until June 2016, thereafter Euribor plus 208bp: affirmed at 'BBB-'