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COMUNICATO STAMPA

## Generali, Moody's conferma rating Baa1 e outlook stabile

Trieste – Moody's ha comunicato oggi di aver confermato il rating IFS di Assicurazioni Generali SpA a Baa1. Contestualmente, Moody's ha confermato il rating degli strumenti di debito emessi o garantiti da Generali (*Baa2 senior debt*; *Baa3 senior subordinated debt*; *Ba1(hyb) preference stock*). L'outlook è stabile.

Moody's ha dichiarato che "la conferma dei rating di Generali, con outlook stabile, riflette sia il profilo di business del gruppo solido e diversificato, sia i miglioramenti di redditività e capitalizzazione registrati nel corso degli ultimi anni. Moody's valuta che il profilo di business di Generali è solido grazie ad una *market position* molto buona nei suoi principali mercati, in particolare in Italia, Germania e Francia, ad una predominanza del *business retail*, che è tipicamente meno volatile rispetto al *business commercial*, e ad una diversificazione geografica e di business molto buona. L'outlook stabile riflette anche le aspettative di Moody's per cui l'impatto di tassi di interesse bassi e della volatilità nei mercati finanziari rimarrà moderato sul capitale e sulla redditività di Generali".

**In allegato il comunicato stampa emesso da Moody's**

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### IL GRUPPO GENERALI

Il Gruppo Generali è uno tra i maggiori assicuratori globali con una raccolta premi complessiva superiore a €74 miliardi nel 2015. Con oltre 76mila collaboratori nel mondo, presente in oltre 60 Paesi, il Gruppo occupa una posizione di leadership nei Paesi dell'Europa Occidentale ed una presenza sempre più significativa nei mercati dell'Europa Centro-orientale ed in quelli asiatici. Generali, nel 2015, è stata l'unica compagnia assicurativa ad essere nominata tra le 50 aziende più smart del mondo dall'MIT Technology Review.

**Rating Action: Moody's affirms Assicurazioni Generali S.p.A's Baa2 senior debt rating ; stable outlook**

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Global Credit Research - 12 Jul 2016

London, 12 July 2016 -- Moody's Investors Service has today affirmed all the ratings of Assicurazioni Generali S.p.A (Baa1 insurance financial strength; Baa2 senior debt; Baa3 senior subordinated debt; Ba1(hyb) preference stock), the third largest insurance group in Europe headquartered in Italy, with a stable outlook. Moody's also affirmed the ratings of Generali's main subsidiaries. A full list of ratings affected by the rating action is available at the end of this press release.

**RATINGS RATIONALE**

The affirmation of Generali's ratings with a stable outlook reflects the group's strong and diversified business profile, as well as the improvements in profitability and capitalisation over the recent years. Moody's views Generali's business profile as strong thanks to very good market positions in its main markets, notably Italy, Germany and France, a predominance of retail business, which is typically less volatile than the commercial business, and very good geographic and business diversification. The stable outlook also reflects Moody's expectations that the impact of low interest rates and of the volatility in financial markets will remain moderate on Generali's profitability and capital.

Moody's adds that Assicurazioni Generali S.p.A's Baa1 insurance financial strength rating remains constrained by the credit quality of the sovereign of Italy (Baa2, stable outlook) given the group's operating and asset exposure to Italy. Italian sovereign bonds represented 17% of Generali's total investments (at market value) and 257% of the group's shareholders' equity as of 31 March 2016, while the group sourced 34% of its premiums and 39% of its life and P&C operating profits from Italy in 2015. The Baa1 rating is one notch above the sovereign rating, given the group's diversification outside of Italy and the group's ability to share potential investment losses with policyholders in its life business.

According to Moody's, Generali has been improving its resilience to a hypothetical scenario of stress on Italian assets, thanks to (1) a decrease in the exposure to Italian government bonds, both on an absolute nominal value basis and as a proportion of its investments, (2) a change in business mix in life insurance with an increased weight of unit-linked policies (unit-linked represented 17% of the life Italian premiums in 2015 vs 4% in 2012) and (3) an improvement in capital, as illustrated for example by the increase in the group's economic capital ratio (which increased to 202% at year-end 2015 from 186% at year-end 2014).

Nonetheless, Moody's mentions that Generali's economic capital ratio declined in the first quarter of 2016 (to 188%), following the sharp decline in interest rates and decline in equity markets, and has likely further been affected by market movements in the second quarter of the year, even if the sensitivities of this ratio to market movements are moderate. Positively, Moody's expects this ratio to recover over time thanks to the group's earnings generation (which represented 16 percentage points of the ratio in 2015 before dividend distribution and 11 percentage points after dividend).

Commenting on the impact of low interest rates, Moody's says that the decline in rates will affect the group's investment return. Nonetheless, the rating agency believes that Generali has a high ability to pass a meaningful portion of this decline to policyholders by reducing credited rates in its life business. Moody's mentions that Generali's current investment return was 3.4% in 2015, which is 160bps higher than the average guaranteed rate (1.8%). Moody's adds that the group's ability to reduce credited rates is very high in France and Italy, but lower in Germany (which represents around one third of the group's life liabilities).

Commenting further on profitability, Moody's mentions that some of the recent improvements in the group's profitability resulted from a strong performance of the Italian business. Moody's expects the profitability of the Italian P&C business to deteriorate in the next 12-18 months given the strong price competition in this market. Recent volatility in financial markets will also likely affect the group's ability to shift its new life production from traditional guaranteed products to unit-linked products. Nonetheless, Moody's believes that these negative developments will be partly offset by improvements in other areas, including for example a continued focus on cost reduction.

## WHAT COULD CHANGE THE RATINGS UP/DOWN

Moody's says that upwards pressure on Generali's ratings could arise in case of an improvement in the credit quality of Italy or in case of a continued improvement of the group's solvency and/or a continued reduction in exposure to Italian assets.

Conversely, Moody's says that (1) a deterioration in the credit quality of Italy, (2) a material deterioration of solvency or a significantly higher exposure to Italian assets or (3) a deterioration in operating performance also resulting in a deterioration in the group's financial flexibility, would lead to downward pressure on Generali's ratings. In addition, a deterioration in the cash flows at the holding, for example with a reduction in the cash flow coverage (available cash flows over holding interests and expenses) below 2x would place pressure on Assicurazioni Generali S.p.A's debt ratings.

## LIST OF AFFECTED RATINGS

Issuer: Assicurazioni Generali S.p.A

..Affirmations:

- ...Insurance Financial Strength Rating, affirmed Baa1
- ...Junior Subordinate Medium-Term Note Program, affirmed (P)Ba1
- ...Senior Subordinate Medium-Term Note Program, affirmed (P)Baa3
- ...Senior Unsecured Medium-Term Note Program, affirmed (P)Baa2
- ...Preferred Stock, affirmed Ba1(hyb)
- ...Senior Subordinated Regular Bond/Debenture, affirmed Baa3(hyb)/Baa3
- ...Senior Unsecured Regular Bond/Debenture, affirmed Baa2

..Outlook Actions:

- ...Outlook remains Stable

Issuer: Generali Deutschland AG

..Affirmations:

- ...Insurance Financial Strength Rating, affirmed A3

..Outlook Actions:

- ...Outlook remains Stable

Issuer: AachenMuenchener Lebensversicherung AG

..Affirmations:

- ...Insurance Financial Strength Rating, affirmed A3

..Outlook Actions:

- ...Outlook remains Stable

Issuer: AachenMuenchener Versicherung AG

..Affirmations:

- ...Insurance Financial Strength Rating, affirmed A3

..Outlook Actions:

- ...Outlook remains Stable

Issuer: Advocard Rechtsschutzversicherung AG

..Affirmations:

...Insurance Financial Strength Rating, affirmed A3

..Outlook Actions:

...Outlook remains Stable

Issuer: Central Krankenversicherung AG

..Affirmations:

...Insurance Financial Strength Rating, affirmed A3

..Outlook Actions:

...Outlook remains Stable

Issuer: Cosmos Lebensversicherungs-AG

..Affirmations:

...Insurance Financial Strength Rating, affirmed A3

..Outlook Actions:

...Outlook remains Stable

Issuer: Cosmos Versicherung AG

..Affirmations:

...Insurance Financial Strength Rating, affirmed A3

..Outlook Actions:

...Outlook remains Stable

Issuer: Dialog Lebensversicherungs-AG

..Affirmations:

...Insurance Financial Strength Rating, affirmed A3

..Outlook Actions:

...Outlook remains Stable

Issuer: Envivas Krankenversicherung AG

..Affirmations:

...Insurance Financial Strength Rating, affirmed A3

..Outlook Actions:

...Outlook remains Stable

Issuer: Generali Deutschland Pensionskasse AG

..Affirmations:

...Insurance Financial Strength Rating, affirmed A3

..Outlook Actions:

....Outlook remains Stable

Issuer: Generali Lebensversicherung AG

..Affirmations:

....Insurance Financial Strength Rating, affirmed A3

..Outlook Actions:

....Outlook remains Stable

Issuer: Generali Versicherung AG

..Affirmations:

....Insurance Financial Strength Rating, affirmed A3

..Outlook Actions:

....Outlook remains Stable

Issuer: Generali IARD

..Affirmations:

....Insurance Financial Strength Rating, affirmed Baa1

..Outlook Actions:

....Outlook remains Stable

Issuer: Generali Vie

..Affirmations:

....Insurance Financial Strength Rating, affirmed Baa1

..Outlook Actions:

....Outlook remains Stable

Issuer: Generali Italia S.p.A.

..Affirmations:

....Insurance Financial Strength Rating, affirmed Baa1

..Outlook Actions:

....Outlook remains Stable

Issuer: Generali Finance B.V.

..Affirmations:

....Backed Junior Subordinated Regular Bond/Debenture, affirmed Ba1(hyb)

....Backed Junior Subordinate Medium-Term Note Program, affirmed (P)Ba1

....Backed Senior Unsecured Medium-Term Note Program, affirmed (P)Baa2

....Backed Senior Subordinate Medium-Term Note Program, affirmed (P)Baa3

..Outlook Actions:

....Outlook remains Stable

## PRINCIPAL METHODOLOGIES

The principal methodologies used in rating Assicurazioni Generali S.p.A, Generali Deutschland AG, Generali Italia S.p.A. and Generali Finance B.V. were Global Life Insurers published in April 2016, and Global Property and Casualty Insurers published in June 2016. The principal methodology used in rating AachenMuenchener Lebensversicherung AG, Cosmos Lebensversicherungs-AG, Dialog Lebensversicherungs-AG, Generali Deutschland Pensionskasse AG, Generali Lebensversicherung AG and Generali Vie was Global Life Insurers published in April 2016. The principal methodology used in rating AachenMuenchener Versicherung AG, Advocard Rechtsschutzversicherung AG, Central Krankenversicherung AG, Cosmos Versicherung AG, Envivas Krankenversicherung AG, Generali Versicherung AG and Generali IARD was Global Property and Casualty Insurers published in June 2016. Please see the Ratings Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of these methodologies.

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The person who approved Assicurazioni Generali S.p.A and Generali Finance B.V. credit ratings is Simon Harris, MD-Gbl Ins and Mgd Invests, Financial Institutions Group, JOURNALISTS: 44 20 7772 5456, SUBSCRIBERS: 44 20 7772 5454. The person who approved Generali Deutschland AG, AachenMuenchener Lebensversicherung AG, AachenMuenchener Versicherung AG, Advocard Rechtsschutzversicherung AG, Central Krankenversicherung AG, Cosmos Lebensversicherungs-AG, Cosmos Versicherung AG, Dialog Lebensversicherungs-AG, Envivas Krankenversicherung AG, Generali Deutschland Pensionskasse AG, Generali Lebensversicherung AG, Generali Versicherung AG, Generali IARD, Generali Vie and Generali Italia S.p.A. credit ratings is Antonello Aquino, Associate Managing Director, Financial Institutions Group, JOURNALISTS: 44 20 7772 5456, SUBSCRIBERS: 44 20 7772 5454.

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