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PRESS RELEASE

Generali, Moody's affirms rating Baa1 and outlook stable

Trieste – Moody's announced today that it has affirmed the Baa1 IFS rating on Assicurazioni Generali SpA. Concurrently the rating agency has affirmed the ratings of debt instruments issued or guaranteed by Generali (Baa2 senior debt; Baa3 senior subordinated debt; Ba1(hyb) junior subordinated debt). The outlook remains Stable.

Moody's said that the affirmation of Generali's rating with a stable outlook "primarily reflects the Generali Group's diversification outside Italy". Moreover, the rating agency said that this strong geographical diversification "largely contributes to the stable outlook of Generali Group in spite of the negative outlook on the Italian sovereign".

Media Relations
T +39.040 671577
media@generali.com

Investor Relations
T +39.040.671202
ir@generali.com

www.generali.com

Please find attached Moody's original press release

THE GENERALI GROUP

The Generali Group is one of the largest global insurance providers with 2015 total premium income of more than €4 billion. With above 76,000 employees in the world serving 55 million clients, present in over 60 Countries, the Group has a leading position in Western European Countries and an ever more significant presence in the markets of Central and Eastern Europe and in Asia. In 2015, Generali was the sole insurance company included among the 50 smartest companies in the world by the MIT Technology Review.

Rating Action: Moody's changes outlook to negative on selected Italian insurers

Global Credit Research - 09 Dec 2016

London, 09 December 2016 -- Moody's Investors Service has today taken the following rating actions on three Italian insurance groups and related entities:

- Allianz S.p.A.: A3 insurance financial strength rating (IFSR) affirmed, outlook changed to negative from stable
- UnipolSai Assicurazioni S.p.A.: Baa2 IFSR affirmed, outlook changed to negative from stable;
- Assicurazioni Generali S.p.A.: Baa1 IFSR affirmed with a stable outlook.

A complete list of ratings affected by this rating action is available at the end of this press release.

Today's actions are prompted by the outlook change to negative from stable on the Italian government's Baa2 debt rating. For further information on the sovereign rating action, please refer to Moody's press release dated 7 December 2016. (Moody's changes outlook on Italy's Baa2 issuer rating to negative; affirms rating; https://www.moody.com/research/--PR_358690).

Moody's considers that these insurance groups' key credit fundamentals (asset quality, capitalisation, profitability and financial flexibility) are partly correlated with -- and thus linked to -- the economic and market conditions in Italy, where they are domiciled and have significant operations. Moody's also notes that the IFSRs of both Assicurazioni Generali S.p.A and Allianz S.p.A. are above the sovereign rating, reflecting in the former the significant geographical diversification of the Generali group and, in the latter, the benefits of ownership from a strong parent (Allianz SE, Aa3 IFSR, stable).

RATINGS RATIONALE

--- ALLIANZ S.P.A.: A3 IFSR affirmed, outlook changed to negative from stable

The change in outlook to negative on Allianz S.p.A. (Allianz Italy) reflects the insurer's direct exposure to Italian sovereign risk in terms of both investment portfolio and business profile. As of year-end 2015, Italian government bonds represented 39% (EUR17.2 billion) of Allianz Italy's total investment portfolio and over 3.3x of its shareholders' equity. In addition, Allianz Italy sources virtually all its premiums from Italy.

Nonetheless, Moody's rates Allianz Italy two notches above the Italian sovereign rating, reflecting the benefit of potential parental support. Allianz Italy is 100% owned by Allianz SE, which is rated Aa3 IFSR with a stable outlook. Allianz Italy is the second-largest operation outside Germany for Allianz SE, and is consistently one of the Allianz group's largest contributors in terms of premiums and operating profits. As a consequence, Moody's believes that Allianz SE would very likely provide support to its Italian operations in case of need.

--- UNIPOLSAI ASSICURAZIONI S.P.A.: Baa2 IFSR affirmed, outlook changed to negative from stable

The change in outlooks of UnipolSai Assicurazioni S.p.A. (UnipolSai) and of Unipol Gruppo Finanziario S.p.A. (UGF, the parent company of UnipolSai) to negative reflects the insurer's direct exposure to Italian sovereign risk in terms of both investment portfolio and business profile. As of year-end 2015, Italian government bonds represented 67% (EUR38.7 billion) of the group's total investment portfolio and around 4.6x its shareholders' equity. UnipolSai also sources close to 100% of its premiums in Italy.

As a result of this material asset and operating exposure to Italy, and notwithstanding the adequate intrinsic fundamentals of the insurance company, with notably a good market position and very good P&C profitability in recent years, Moody's constrains UnipolSai's IFSR at the level of Italy's sovereign rating.

--- ASSICURAZIONI GENERALI S.P.A.: Baa1 IFSR affirmed with a stable outlook

The affirmation of Assicurazioni Generali S.p.A.'s IFSR with a stable outlook primarily reflects the Generali group's diversification outside Italy. Assicurazioni Generali S.p.A acts both as an operating insurance company and a holding company for the Generali group.

In 2015 Generali's non-Italian business accounted for 66% of the group's premiums and 61% of the group's operating profits, providing significant geographic diversification outside Italy for the group. The rating agency says that Generali's non-Italian operations, notably the German and the French operations which accounted for 24% and 15% of the group's premiums respectively in 2015, have very limited direct exposure to Italy and, therefore, their stand-alone credit profile is not affected by the negative outlook on the Italian sovereign. The strong geographic diversification provided by these operations outside Italy largely contributes to the stable outlook of Generali group in spite of the negative outlook on the Italian sovereign.

Generali has been improving its resilience to a hypothetical scenario of stress on Italian assets in recent years, 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 the 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 capitalisation.

Nonetheless, according to Moody's, Assicurazioni Generali S.p.A is significantly exposed to the Italian sovereign risk, notably through its Italian subsidiary Generali Italia S.p.A. As at 30 June 2016, Italian government bonds represented 18% of Generali group's total investments portfolio and 274% of the group's shareholders' equity. In addition, the group sourced 34% of its gross written premiums in Italy in 2015. As a result, Moody's maintains a limited notching differential between Assicurazioni Generali S.p.A's IFSR and the Italian sovereign rating, which is currently one notch and will not exceed two notches.

Moody's has also affirmed the Baa1 IFSR of Generali Italia S.p.A. with a stable outlook, reflecting the stable outlook on Assicurazioni Generali S.p.A. Moody's mentions that Generali Italia S.p.A.'s rating benefits from implicit support from Assicurazioni Generali S.p.A. Moody's adds that, conversely, the Baa1 IFSRs of Generali's French subsidiaries and the A3 IFSRs of Generali's German subsidiaries are lower than their intrinsic stand-alone financial strength, reflecting the contagion risk from the rest of the group in case of a potential stress on the Italian sovereign and Moody's expectation that resources from these subsidiaries would be used to support the Italian operations.

WHAT COULD MOVE THE RATINGS UP/DOWN

--- ALLIANZ S.P.A.

Given the negative outlook on Allianz Italy, upwards rating pressure is currently limited. Nonetheless, Moody's would likely stabilize Allianz Italy's outlook if the outlook on Italy was stabilized.

Downwards pressure on Allianz Italy's rating could develop following (i) a deterioration in the credit quality of the Italian sovereign, (ii) a change in the strategic importance of the company within the Allianz group or (iii) a material deterioration in company earnings, operating performance or capitalisation levels.

--- UNIPOLSAI

Given the negative outlook on UnipolSai and UGF, upwards ratings pressure is currently limited. Nonetheless, Moody's would likely stabilize UnipolSai and UGF's outlooks if the outlook on Italy was stabilized.

Downwards pressure on UnipolSai and UGF's ratings could develop following (i) a deterioration in Italy's sovereign creditworthiness, (ii) any significant loss of market share, (iii) a significant deterioration of the P&C profitability, or (iv) any further significant assets impairments or costs associated to the integration of Premafin HP SpA, including legal and compensatory expenses in case of unfavorable resolution of pending legal trials.

--- ASSICURAZIONI GENERALI S.P.A

Given the negative outlook on Italy, upwards rating pressure is currently limited. Nonetheless, upwards pressure could develop on Generali's ratings in case of (i) an improvement in the credit quality of Italy, as evidenced by an upgrade of Italy's sovereign rating, and (ii) a continued improvement of the group's solvency and a reduction in exposure to Italian assets.

Conversely, downwards pressure could develop in case of (i) a deterioration in the credit quality of Italy, particularly in case of a more than one notch downgrade of Italy's sovereign rating, (ii) a material deterioration of solvency or a significantly higher exposure to Italian assets, (iii) a deterioration in operating performance also resulting in a deterioration in the group's financial flexibility, or (iv) a deterioration in the cash flows at the holding, for example with a significant reduction in the cash flow coverage (available cash flows over holding interests and expenses) below 2x.

A deterioration in the stand-alone credit quality of Generali's French or German operations would also place downwards pressure on Assicurazioni Generali S.p.A and Generali Italia S.p.A.'s ratings.

LIST OF AFFECTED RATINGS

Issuer: Allianz S.p.A.

..Affirmation:

.Insurance Financial Strength Rating, affirmed A3

..Outlook Action:

....Outlook changed to Negative from Stable

Issuer: Assicurazioni Generali S.p.A

..Affirmations:

.Insurance Financial Strength Rating, affirmed Baa1

....Senior Unsecured Regular Bond/Debenture, affirmed Baa2

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

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

....Senior Subordinated Regular Bond/Debenture, affirmed Baa3(hyb)

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

....Pref. Stock, affirmed Ba1(hyb)

..Outlook Action:

....Outlook remains Stable

Issuer: Generali Italia S.p.A.

..Affirmation:

.Insurance Financial Strength Rating, affirmed Baa1

..Outlook Action:

....Outlook remains Stable

Issuer: Generali Finance B.V.

..Affirmations:

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

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

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

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

..Outlook Action:

....Outlook remains Stable

Issuer: UnipolSai Assicurazioni S.p.A.

..Affirmations:

.Insurance Financial Strength Rating, affirmed Baa2

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

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

...Junior Subordinated Regular Bond/Debenture, affirmed Ba2(hyb)

...Junior Subordinate Medium-Term Note Program, affirmed (P)Ba2

..Outlook Action:

...Outlook changed to Negative from Stable

Issuer: Unipol Gruppo Finanziario S.p.A.

..Affirmations:

...Long-term Issuer Rating, affirmed Ba2

...Senior Unsecured Regular Bond/Debenture, affirmed Ba2

...Senior Unsecured Medium-Term Note Program, affirmed (P)Ba2

..Outlook Action:

...Outlook changed to Negative from Stable

Issuer: Unipol Assicurazioni S.p.a.

..Affirmations:

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

..Outlook Action:

...No Outlook assigned

PRINCIPAL METHODOLOGIES

The methodologies used in these ratings were Global Life Insurers published in April 2016, and Global Property and Casualty Insurers published in June 2016. Please see the Rating Methodologies page on www.moodys.com for a copy of these methodologies.

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Benjamin Serra
VP - Senior Credit Officer
Financial Institutions Group
Moody's France SAS
96 Boulevard Haussmann
Paris 75008
France
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

Antonello Aquino
Associate Managing Director
Financial Institutions Group
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

Releasing Office:
Moody's Investors Service Ltd.
One Canada Square
Canary Wharf
London E14 5FA
United Kingdom
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

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