



17/11/2014
COMUNICATO STAMPA

Fitch e S&P hanno assegnato il rating atteso sui titoli ibridi emessi da Generali Finance B.V.

Trieste – Fitch e Standard & Poor's hanno assegnato i rating attesi, rispettivamente BBB- e BBB, sui titoli a tasso Fisso-Variabile Perpetui collocati lo scorso 14 novembre da Generali Finance B.V. e garantiti da Assicurazioni Generali SpA.

In allegato i comunicati stampa emessi dalle agenzie di rating

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FITCH RATES GENERALI'S EUR1.5BN PERPETUAL SUBORDINATED NOTES 'BBB-'

Fitch Ratings-Frankfurt/London-17 November 2014: Fitch Ratings has assigned Assicurazioni Generali SpA's (Generali) issue of EUR1.5bn perpetual fixed/floating deeply subordinated notes a 'BBB-' rating.

The notes were issued by Generali Finance BV under a EUR12bn euro medium term note (EMTN) programme renewed on 30 September 2014 and are guaranteed by Generali. The proceeds were used to finance the buyback offer of three series of perpetual fixed/floating notes with first call dates in 2016 and 2017 issued by Generali Finance BV and guaranteed by Generali (EUR1.275m, call date 16 June 2016, coupon 5.317%; GBP700m, call date 16 June 2016, coupon 6.214%; EUR1.250m, call date 8 February 2017, coupon 5.479%).

The deeply subordinated perpetual notes have a first call date in 2025. There will be a fixed annual coupon of 4.596% until the reset date and three months Euribor plus 450 basis points thereafter.

KEY RATING DRIVERS

The notes are rated two notches below Generali's Issuer Default Rating (IDR) of 'BBB+', reflecting below-average recovery prospects and material loss absorption features, in line with Fitch's criteria.

The notes are eligible as Tier 1 for regulatory treatment of up to 50% of the required solvency margin and will be grandfathered as Tier 1 capital under Solvency 2. The notes are subject to regulatory override and receive 100% equity credit in Fitch's internal risk-based capital calculation. Given the optional redemption date, the notes are also treated as 100% debt in Fitch's financial leverage calculation.

Fitch views this issue as neutral for Generali's financial leverage and capital adequacy, as the new notes are refinancing debt of similar equity treatment in Fitch's leverage calculations and capital assessment.

Fitch views positively that interest expenses are likely to decrease from 2015 as the new notes are expected to have lower interest payments than the debt they replace and that the issue lengthens the maturity profile of the group's financial debt. Moreover, this placement further reinforces Generali's financial flexibility, removing refinancing risk in 2015 and 2016.

RATING SENSITIVITIES

Changes to the subordinated notes' rating would result from changes to Generali's rating.

Fitch currently rates Generali as follows:

Insurer Financial Strength Rating 'A-'; Outlook Negative
Long-term IDR 'BBB+'; Outlook Negative

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Additional information is available at www.fitchratings.com.

Applicable criteria, 'Insurance Rating Methodology', dated 4 September 2014, are available at www.fitchratings.com.

Applicable Criteria and Related Research:

Insurance Rating Methodology

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=756650

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Global Multiline Insurer Generali More Deeply Subordinated Notes Assigned 'BBB' Rating

LONDON (Standard & Poor's) Nov. 14, 2014--Standard & Poor's Ratings Services said today that it had assigned its 'BBB' long-term issue rating to the more deeply subordinated notes issued by Generali Finance B.V. and guaranteed by Assicurazioni Generali SpA (Generali; A-/Negative/-), the Italy-based global multiline insurer. The rating is subject to our review of the final terms and conditions.

We rate the notes two notches below our long-term counterparty credit rating on the guarantor, Generali, in accordance with our hybrid debt criteria.

The rating is based on our understanding that the holders of the more deeply subordinated notes will be subordinated to Generali's senior and subordinated creditors, and that Generali has the option of deferring interest on the notes if, during the previous six-month period (or three months for securities ,excluding shares, with quarterly remuneration):

- No dividend or other distribution has been declared, made, approved, or set aside for payment with regard to any securities of Generali that are at par or junior to the more deeply subordinated notes, unless such declaration or distribution was deemed mandatory; and
- Neither Generali or any of its subsidiaries has redeemed, repurchased, or acquired any securities of Generali that are at par or junior to the more deeply subordinated notes (other than a permitted repurchase) unless such redemption, repurchase, or acquisition was made below par value.

In addition, we note that interest deferral is mandatory if a solvency event has occurred.

Generali can call the notes in 2025 and at any time thereafter, subject to the conditions of repayment, including approval from Italy's insurance regulator. The coupon is fixed rate until the call date, after which it will convert to

Global Multiline Insurer Generali More Deeply Subordinated Notes Assigned 'BBB' Rating

floating rate. We understand that a step-up of 100 basis points would be applied to the spread implied in the fixed rate.

We expect to classify the notes as having "intermediate" equity content under our hybrid capital criteria. We include securities of this nature, up to a maximum of 25%, in our calculation of total adjusted capital, which forms the basis of our consolidated risk-based capital analysis of an insurance company. Such inclusion is subject to the notes being considered eligible for regulatory solvency treatment and the aggregate amount of included hybrid capital not exceeding the total eligible for regulatory solvency treatment.

Generali has the option to redeem, exchange, or vary the terms of the notes under certain circumstances, such as for regulatory or rating reasons. The notes include automatic amendment of the terms to exclude these options, or certain features of these options, in the event they prevent the notes from being eligible for regulatory capital purposes.

We understand Generali will use proceeds from the bonds to finance the exchange offer on three series of hybrid debt instruments callable in 2016 and 2017. At this stage, we do not expect this transaction to result in a deterioration of Generali's financial leverage, and we think it should be modestly positive for the fixed-charge coverage ratio. Over the next two years, we expect Generali's financial leverage to remain at about 25% and the fixed-charge coverage ratio to exceed 5x.

RELATED CRITERIA AND RESEARCH

- General: Insurers: Rating Methodology, May 7, 2013
- Criteria Clarification On Hybrid Capital Step-Ups, Call Options, And Replacement Provisions, Oct. 22, 2012
- Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010
- General: Methodology: Hybrid Capital Issue Features: Update On Dividend Stoppers, Look-Backs, And Pushers, Feb. 10, 2010
- Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008

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