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PRESS RELEASE

## Generali, Fitch conferma rating A- e outlook stabile

Trieste – L'agenzia di rating Fitch ha comunicato oggi di aver confermato il rating IFS di Generali e delle sue società ad A-; outlook stabile.

Fitch ha spiegato che il rating rispecchia la solidità patrimoniale, la forte performance operativa di Generali e la prospettiva che l'azione del management prosegua nel preservare il capitale e ridurre la leva finanziaria. Sulla base del modello interno di Fitch (FBM), la posizione di capitale di Generali a fine 2015 si attesta al livello 'Very Strong', in miglioramento rispetto a 'Strong' dell'anno precedente.

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**In allegato il comunicato stampa emesso da Fitch**

### **IL GRUPPO GENERALI**

Il Gruppo Generali è uno tra i maggiori assicuratori globali con una raccolta premi complessiva superiore a €4 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.

## FITCH AFFIRMS GENERALI'S IFS AT 'A-'; OUTLOOK STABLE

Fitch Ratings-Frankfurt/London-28 October 2016: Fitch Ratings has affirmed Assicurazioni Generali SpA's (Generali) and core subsidiaries' Insurer Financial Strength (IFS) Ratings at 'A-'. At the same time, the agency has affirmed Generali's Long-Term Issuer Default Rating (IDR) at 'A-'. The Outlooks are Stable. A full list of rating actions is available at the end of this commentary.

### KEY RATING DRIVERS

The ratings reflect Generali's solid capital position and strong operational performance, as well as Fitch's expectation that management's ongoing focus will be to preserve capital and reduce financial leverage. Generali's capitalisation as measured by Fitch's Prism factor-based model score was 'Very Strong' based on 2015 financials, up from 'Strong' a year before.

Generali's ratings are heavily influenced by the group's exposure to Italian sovereign debt (EUR70bn at end-1H16, 2.7x consolidated shareholders' funds). This holding represents a large concentration risk and a potential source of volatility for capital adequacy. However, based on the results of scenario-tests, Fitch believes that Generali's capital position is resilient enough against potential stress from the substantial exposure to Italian sovereign debt.

The group's exposure to Italian sovereign debt, which is to match domestic liabilities in Italy, is reflected in the sovereign constraint on Generali's ratings at 'A-', one notch higher than the sovereign rating of Italy (BBB+/Negative). The unconstrained IFS rating of Generali and its core subsidiaries is 'A', and its unconstrained IDR is 'A-'.

However, in the case of a downgrade of Italy to 'BBB', Fitch is likely to widen the sovereign constraint to two notches, given Generali's resilient capital position and strong geographical diversification (with around 60% of operating profit from outside Italy), including significant operations in France and Germany with strong market positions. This means that Generali's ratings would not be affected by a one-notch downgrade of Italy's sovereign rating.

Fitch-calculated financial leverage ratio (FLR) for Generali was high at 35% at end-2015. The group has implemented measures to improve its financial debt position and Fitch expects the FLR to strengthen to below 35% in the medium term.

Fixed-charge coverage (FCC), including unrealised and realised gains and losses, was adequate at 6x in 2015, up from 5x in 2014. Fitch expects FCC to improve over time as the group deleverages and refinanced debt is likely to have lower coupons than existing outstanding notes. Generali also has high financial flexibility, as demonstrated, for example, by pre-funding activities carried out during the past two years.

Operating performance was strong in 2013-2015, and continued into 1H16 with an operating profit of EUR2.5bn, albeit 10.5% lower than in 1H15 which was the best interim result in eight years. Despite Generali's efforts to grow the non-life business, earnings remain highly dependent on the life insurance business and investment markets. As the group is reducing its strategic equity holdings, Fitch believes its earnings will be more resilient to equity market volatility in the future.

### RATING SENSITIVITIES

An upgrade of Generali's ratings is unlikely in the near future given the group's large exposure to Italian government debt and the Negative Outlook on Italy's ratings.

Generali's ratings could be downgraded if the group's Prism FBM score falls below 'Strong' for a sustained period or FLR rises to more than 35%. Generali's ratings are also likely to be downgraded if Italy's sovereign ratings are downgraded by more than one notch.

The rating actions are as follows:

Assicurazioni Generali SpA: IDR affirmed at 'A-'; IFS affirmed at 'A-'; Outlooks Stable  
Generali Iard: IFS affirmed at 'A-'; Outlook Stable  
Generali Vie: IFS affirmed at 'A-'; Outlook Stable  
Generali Deutschland Holding AG: IFS affirmed at 'A-'; Outlook Stable  
Generali Deutschland Pensionskasse AG: IFS affirmed at 'A-'; Outlook Stable  
Cosmos Versicherung AG: IFS affirmed at 'A-'; Outlook Stable  
Cosmos Lebensversicherungs-AG: IFS affirmed at 'A-'; Outlook Stable  
AachenMuenchener Lebensversicherung AG: IFS affirmed at 'A-'; Outlook Stable  
Generali Lebensversicherung AG: IFS affirmed at 'A-'; Outlook Stable  
AachenMuenchener Versicherung AG: IFS affirmed at 'A-'; Outlook Stable  
Generali Versicherung AG: IFS affirmed at 'A-'; Outlook Stable  
Central Krankenversicherung AG: IFS affirmed at 'A-'; Outlook Stable  
Generali Espana, S.A. de Seguros Y Reaseguros: IFS affirmed at 'A-'; Outlook Stable  
Generali Versicherung AG (Austria): IFS affirmed at 'A-'; Outlook Stable  
Envivas Krankenversicherung AG: IFS affirmed at 'A-'; Outlook Stable  
Advocard Rechtsschutzversicherung AG: IFS affirmed at 'A-'; Outlook Stable  
Dialog Lebensversicherungs-AG: IFS affirmed at 'A-'; Outlook Stable  
Generali (Schweiz) Holding AG: IDR affirmed at 'BBB'; Outlook Stable

Generali's debt ratings are as follows:

Assicurazioni Generali SpA  
Senior unsecured debt affirmed at 'A-'  
EUR1bn 4.125% subordinated affirmed at 'BBB+'  
Other subordinated debt affirmed at 'BBB'

Generali Finance BV (guaranteed by Assicurazioni Generali SpA)  
Subordinated debt affirmed at 'BBB'

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Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

## Applicable Criteria

Insurance Rating Methodology (pub. 15 Sep 2016)

<https://www.fitchratings.com/site/re/887191>

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