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PRESS RELEASE

Generali, Fitch assigns rating “BBB” to January 21 subordinated bond issue

Trieste – The rating agency Fitch announced today that it has assigned a 'BBB' rating to Assicurazioni Generali Spa's € 500 million of subordinated Tier 2 notes issued on January 21, 2019.

Please find attached Fitch original press release.

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Fitch Rates Generali's T2 Subordinated Bond 'BBB'

Fitch Ratings-London-22 January 2019: Fitch Ratings has assigned Assicurazioni Generali Spa's (Generali) issue of EUR500 million of subordinated Tier 2 notes a 'BBB' rating. The notes are rated two notches below Generali's Issuer Default Rating (IDR) of 'A-' to reflect their subordination (one notch) and moderate risk of non-performance (one notch), in line with Fitch's notching criteria.

The proceeds will be used mainly to pre-finance some outstanding debt.

KEY RATING DRIVERS

The subordinated notes have a 10-year maturity and carry a coupon of 3.875%. The issue ranks subordinate to senior creditors, pari passu with senior subordinated securities and senior to any remaining deeply subordinated securities issued by Generali. The level of subordination is reflected in Fitch's 'below-average' baseline recovery assumption for the issue.

The notes include a mandatory interest deferral feature, which would be triggered if the company or the group is not able to meet the applicable solvency capital requirement or the applicable minimum capital requirement. Under the agency's criteria, Fitch regards this feature as leading to 'moderate' non-performance risk. As a result the rating is notched down two times from the unconstrained IDR, comprising one notch each for recovery prospects and for non-performance risk.

The notes qualify as Tier 2 regulatory capital under Solvency II. The notes therefore are treated as 100% capital in Fitch's Prism Factor-Based Model, due to the application of the regulatory override. However, given that it is a dated instrument, the notes are treated as 100% debt in Fitch's financial leverage calculation.

Fitch views the issue as slightly positive to Generali's financial debt leverage and fixed-charge coverage as the size of maturities in 2019 exceeds the new notes that have been issued. The issue will lengthen the maturity profile of the group's financial debt. Moreover, in Fitch's view, the issue underlines Generali's strong financial flexibility.

RATING SENSITIVITIES

The bond's rating is subject to the same sensitivities that may affect Generali's Long-Term IDR (for more details, see 'Fitch Revises Italian Insurers' Outlooks to Negative on Sovereign Outlook Change' dated 6 September 2018 at www.fitchratings.com).

These sensitivities are subject to change when Fitch resolves the Under Criteria Observation status on Generali's ratings (for more details, see 'Fitch Places Various EMEA Insurance Ratings Under Criteria Observation' dated 15 January 2019 at www.fitchratings.com).

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Additional information is available on www.fitchratings.com

Applicable Criteria

Insurance Rating Criteria (pub. 11 Jan 2019) (<https://www.fitchratings.com/site/re/10058790>)

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