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AM Best Affirms Credit Ratings of Assicurazioni Generali S.p.A. and Its Main Subsidiaries

AMSTERDAM, 18 December 2019—AM Best has affirmed the Financial Strength Rating (FSR) of A (Excellent) and the Long-Term Issuer Credit Ratings (Long-Term ICR) of “a+” of Assicurazioni Generali S.p.A. (Generali) (Italy) and its main rated subsidiaries. Concurrently, AM Best has affirmed the Long-Term Issue Credit Ratings (Long-Term IRs) of debt instruments issued or guaranteed by Generali. The outlook of the Credit Ratings (ratings) is stable. (See below for detailed list of companies and debt instruments.)

The ratings reflect Generali’s balance sheet strength, which AM Best categorises as strong, as well as its strong operating performance, very favourable business profile and appropriate enterprise risk management.

Generali’s balance sheet strength is underpinned by risk-adjusted capitalisation, as measured by Best’s Capital Adequacy Ratio (BCAR), at the strongest level, which benefits from consistent organic capital generation. The group had a regulatory solvency ratio of 204% as at 30 September 2019. An offsetting rating factor remains Generali’s significant exposure to Italian sovereign bonds, amounting to EUR 61 billion, or 216% of shareholders’ equity, as at 30 June 2019. Whilst AM Best notes that Generali holds the majority of these sovereign bonds for asset and liability management purposes, this, together with significant investment exposure to financial institutions, leaves the group’s risk-adjusted capitalisation sensitive to shocks in the financial markets.

Generali demonstrates strong operating performance, resilient to the challenging market conditions

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prevailing in its core European markets. Profitability is driven by solid technical metrics. At year-end 2018, the five-year weighted average non-life insurance combined ratio stood at 93.1%, as per AM Best's calculation. The life insurance segment produced an improved new business margin, standing at 4.35% for 2018, calculated on present value of new business premiums, driven by management's actions taken to reduce the average embedded guarantee within the life book and develop capital efficient products to augment profitability. The disposal of Generali Lebensversicherung AG in Germany, finalised in the second quarter of 2019, has reinforced this strategy, whilst reducing the group's exposure to interest rate risk. The group reported net profit of EUR 2.2 billion for the first nine months of 2019, up 17% on the equivalent period in 2018, due to a combination of one-off benefits from disposals and continued strong underlying profitability.

Generali remains one of the largest insurers in Europe, with gross written premiums of EUR 66.7 billion in 2018. The group's very favourable business profile is supported by leading and defensible positions in each of its core markets — Italy, Germany, France and Central and Eastern Europe — and is underpinned by a solid franchise. Generali benefits from excellent access to markets as a result of its multichannel distribution strategy, with a strong proprietary network.

The FSR of A (Excellent) and the Long-Term ICRs of "a+" have been affirmed with stable outlooks for Assicurazioni Generali S.p.A. and its following subsidiaries:

- Generali Italia S.p.A.
- Generali Deutschland AG
- AachenMünchener Lebensversicherung AG
- Generali Deutschland Versicherung AG
- COSMOS Lebensversicherungs AG
- COSMOS Versicherung AG
- Central Krankenversicherung AG
- Generali Vie S.A.
- Generali IARD S.A.
- Česká Pojišťovna a.s.
- Generali España, Sociedad Anonima de Seguros y Reaseguros

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The Long-Term ICR of “bbb+” with a stable outlook has been affirmed for Generali France S.A.

The following Long-Term IRs have been affirmed with a stable outlook:

Assicurazioni Generali S.p.A.—

- “a” on EUR 1,250 million 2.875% senior unsecured notes, due 2020
- “a” on EUR 1,750 million 5.125% senior unsecured notes, due 2024
- “a-” on EUR 1,250 million 5.5% fixed/floating rate senior dated subordinated notes, due 2047, callable in 2027
- “a-” on EUR 850 million 5% fixed/floating rate senior dated subordinated notes, due 2048, callable in 2028
- “a-” on EUR 1,000 million 4.125% fixed rate senior dated subordinated notes, due 2026
- “a-” on EUR 1,250 million 7.75% fixed/floating rate senior subordinated notes, due 2042, callable in 2022 (of which EUR 984 million remains outstanding)
- “a-” on EUR 750 million 10.125% fixed/floating rate senior subordinated notes, due 2042, callable in 2022 (of which EUR 302 million remains outstanding)
- “a-” on EUR 500 million, 3.875% fixed rate senior dated subordinated notes, due 2029
- “a-” on EUR 750 million, 2.124% fixed rate senior dated subordinated notes, due 2030
- “bbb+” on GBP 495 million 6.416% fixed/floating rate junior subordinated perpetual debentures, callable in 2022 (of which GBP 243 million remains outstanding)
- “bbb+” on GBP 350 million 6.269% fixed/floating rate junior subordinated perpetual debentures, callable in 2026
- “bbb+” on EUR 1,500 million 4.596% fixed/floating rate more deeply subordinated perpetual notes, callable in 2025 (originally issued by Generali Finance B.V.)

The following indicative Long-Term IRs on securities available under the EUR 15 billion medium-term note programme have been affirmed as indicated, with a stable outlook:

Assicurazioni Generali S.p.A.—

- “a” on all senior unsecured notes to be issued under the programme
- “a-” on all senior subordinated notes to be issued under the programme
- “bbb+” on all junior subordinated notes to be issued under the programme

This press release relates to Credit Ratings that have been published on AM Best’s website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see AM Best’s [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Guide to Best’s Credit Ratings](#). For information on the proper media use of Best’s

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