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PRESS RELEASE

## Generali, Fitch affirms rating A- and outlook stable

Trieste – The rating agency Fitch announced today that it has affirmed Generali's and its core subsidiaries' IFS ratings at A-; the Outlooks are Stable.

Fitch said that ratings reflect the improvement in Group's capital position, the expectations that Generali's operations will remain strong and that management's ongoing focus will be to preserve capital and reduce financial leverage. On the basis of Fitch's internal model (FBM), Generali's score remained 'Strong' at end 2014 and it is now very close to the 'Very Strong' level, reflecting the improvement in the Group's capitalisation.

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**Please find attached Fitch's original press release.**

### THE GENERALI GROUP

The Generali Group is one of the largest global insurance providers with 2014 total premium income of €70 billion. With 77,000 employees worldwide serving 72 million insured persons in more than 60 countries, the Group occupies a leadership position on West European markets and an increasingly important place on markets in Central Eastern Europe and Asia.

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

Fitch Ratings-Frankfurt/London-26 January 2016: Fitch Ratings has affirmed Assicurazioni Generali SpA's (Generali) and its 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 at the end of this commentary.

### KEY RATING DRIVERS

The ratings reflects the improvement in Generali's capital position and Fitch's expectations that Generali's operations will remain strong and that management's ongoing focus will be to preserve capital and reduce financial leverage. Fitch's Prism factor-based capital model (FBM) score for Generali remained 'Strong' at end-2014, unchanged from end-2013. However, the score is now very close to the 'Very Strong' level, reflecting the improvement in Generali's capitalisation.

Nonetheless, Fitch believes that Generali's capital is vulnerable to stress due to its substantial exposure to Italian sovereign debt and high investment leverage. Furthermore, Generali's significant levels of goodwill and intangibles negatively affect the quality of its capital.

Generali's ratings are heavily influenced by the group's exposure to Italian sovereign debt (EUR61bn or 2.7x consolidated shareholders' funds at end-9M15). This holding represents a large concentration risk and a potential source of volatility for capital adequacy. The group's exposure to Italian sovereign debt, which is to match domestic liabilities in Italy, is underlined by the application of the sovereign constraint on its ratings. No rating can exceed the sovereign constraint, which Fitch has set at 'A-' for Generali, one notch higher than the sovereign rating of Italy (BBB+). The unconstrained IFS rating of Generali and its core subsidiaries is 'A', and its unconstrained IDR is 'A-'.

Fitch's financial leverage ratio (FLR) for Generali was high at 35% at end-2014. 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 5.1x in 2014, improved from 4.1x in 2013. Fitch expects FCC to improve over time as the group deleverages and the new debt is expected to have lower coupons than the existing outstanding notes. Fitch also considers Generali has high financial flexibility, as demonstrated, for example, by pre-funding activities carried out during the past two years.

Operating performance has been strong over the past two years. The positive trend continued in 9H15, with operating result up 4.7% to EUR3.8bn and a return on equity of 13.9%. Despite Generali's efforts to grow its non-life business, its earnings remain highly dependent on life insurance 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 medium term given the group's large exposure to Italian government debt. However, an upgrade could occur if Italy's rating were upgraded to the 'A' category, and at the same time Generali's FLR, as calculated by Fitch, falls to below 30% and its Prism FBM score reaches 'Very Strong'.

Generali's ratings could be downgraded if its Prism FBM score were to fall below 'Strong' for a prolonged period or its FLR rises to more than 35%. Generali's ratings are also likely to be downgraded if Italy is downgraded.

The rating actions are as follows:

Assicurazioni Generali SpA: IDR affirmed at 'A-'; IFS affirmed at 'A-'; Outlook 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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#### Applicable Criteria

Insurance Rating Methodology (pub. 16 Sep 2015)

[https://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=871172](https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=871172)

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