

## Press release

### Fitch reviews SACE rating to BBB+

Rome, 26 April 2017 - Following the Italian Sovereign downgrade, Fitch Ratings has reviewed SACE rating to BBB+, with stable outlook. Please find enclosed the related press release.

### Fitch Takes Rating Action on Italian Insurers on Sovereign Downgrade

Fitch Ratings has affirmed Assicurazioni Generali Spa's (Generali) and core subsidiaries' Insurer Financial Strength (IFS) Ratings at 'A-' and Societa Reale Mutua di Assicurazioni's (Reale Mutua) and its core Spanish subsidiary Reale Seguros Generales' (Reale Seguros) IFS ratings at 'BBB+'. Fitch has downgraded SACE S.p.A.'s (SACE) Long-Term Issuer Default Rating (IDR) at 'BBB+'. The Outlooks are Stable. A full list of rating actions is at the end of this commentary.

#### KEY RATING DRIVERS

The rating actions follow Fitch's recent downgrade of Italy's Long-Term Foreign- and Local-Currency IDRs to 'BBB' from 'BBB+', with Stable Outlook (see Fitch Downgrades Italy to 'BBB'; Outlook Stable dated 21 April 2017 on [www.fitchratings.com](http://www.fitchratings.com)).

Generali's ratings are heavily influenced by the concentrated exposure to Italian sovereign debt (EUR66 billion at end-2016, 2.7x consolidated shareholders' funds), which is reflected in the sovereign constraint on Generali's ratings at 'A-'. This is two notches higher than the sovereign rating of Italy (BBB/Stable), in recognition of 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.



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**SACE**, 100% controlled by Cassa depositi e prestiti (the Italian National Promotion Institution), offers export credit, credit insurance, foreign investment protection, financial guarantees, bonding and factoring services. With € 87 billion in insured transactions in 198 countries, SACE supports the competitiveness of companies in Italy and abroad, ensuring more stable cash flows and transforming companies' default risks into development opportunities. Holding a 76% of SIMEST, SACE is the Italian Export and Internationalization Hub: the national single point of reference to access all insurance and financial products of the CDP Group supporting the international growth and competitiveness of Italian companies.

Reale Mutua's ratings are also influenced by its concentrated exposure to Italian sovereign debt, and this is reflected in our view of the company's asset concentration risk. To match domestic liabilities, Reale Mutua held EUR4.9 billion of Italian sovereign bonds or around 2x consolidated shareholders' funds at end-June 2016. This is reflected in the sovereign constraint on Reale Mutua's ratings at 'BBB+', one notch above the sovereign rating, in recognition of Reale Mutua's strong credit profile and international diversification (with 25% of net premiums from Spain).

The concentrated asset exposure in Italy also heavily influences SACE's ratings, and this is reflected in our view of its asset concentration risk and the sovereign constraint on SACE's ratings at 'BBB+'. This is one notch higher than Italy's sovereign rating, in recognition of SACE's strong credit profile and diversification by geography. At end-2015, SACE held EUR1.5 billion (25% of total invested assets) of domestic sovereign bonds and EUR3.6 billion (60% of total invested assets) of cash balances with Cassa Depositi e Prestiti, SACE's parent company, and some Italian banks.

The ratings of Unipol Gruppo Finanziario (Unipol: Long-Term IDR BBB-/Stable), UnipolSai (Unipol's primary insurance subsidiary: IFS BBB/Stable) and SIAT Societa Italiana Assicurazioni e Riassicurazioni p.A (IFS BBB/Stable) are not affected by the Italian sovereign downgrade. The IFS ratings of UnipolSai and SIAT are at the same level as Italy's IDR, and their concentrated exposure to Italian government debt is already factored into their ratings. Unipol's Long-Term IDR is below Italy's Long-Term IDR and is not constrained by the sovereign.

## RATING SENSITIVITIES

### Generali

Generali's ratings could be downgraded if the group's Prism FBM score falls below 'Strong' for a sustained period or financial leverage ratio rises to more than 35%. Generali's ratings will also be downgraded if Italy's sovereign rating is downgraded. An upgrade of Generali's ratings is unlikely in the near future given the sovereign constraint at two notches above the sovereign rating, the maximum level possible according to our methodology.



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## Reale Mutua

Reale Mutua's ratings could be downgraded if the group's combined ratio deteriorates to above 105% or if the Prism FBM score falls below 'Very Strong'. Reale Mutua's ratings will also be downgraded if Italy's sovereign rating is downgraded. An upgrade of Reale Mutua's ratings is unlikely in the near future given the sovereign constraint already at one notch above the sovereign rating.

## SACE

Deterioration in the credit quality of SACE's investments could lead to a downgrade of SACE, as could a significant weakening in SACE's capitalisation. SACE's ratings will be downgraded if Italy's sovereign rating is downgraded. Should Italy's rating be downgraded to 'BBB-' or lower, it is likely that Fitch would reconsider its approach of rating SACE one notch above the sovereign and would equalise its rating with the sovereign. An upgrade of SACE's ratings is unlikely in the near future given the sovereign constraint already at one notch above the sovereign rating.

## FULL LIST OF RATING ACTIONS

### Generali

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 LebensversicherungsAG: 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



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affirmed at 'A-'; Outlook Stable Dialog LebensversicherungsAG: 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'

## Reale Mutua

Societa Reale Mutua di Assicurazioni: IFS affirmed at 'BBB+'; Outlook Stable Reale Seguros Generales: IFS affirmed at 'BBB+'; Outlook Stable

## SACE

Long-Term Foreign-Currency IDR downgraded to 'BBB+' from 'A-'; Outlook Stable Long-Term Local-Currency IDR downgraded to 'BBB+' from 'A-'; Outlook Stable Short-Term IDR affirmed at 'F2' Perpetual subordinated notes downgraded to 'BBB-' from 'BBB'



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