2012 First Quarter Report

MILANO ASSICURAZIONI S.p.A.
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Share Capital Euro 373,682,600.42 fully paid-in – Milan Company Registration Office, Tax and VAT Number 00957670151 - Company authorised to exercise insurance activities (art. 65 R.D.L. 29-4-1923 n. 966) –
Registered at Section I of the ISVAP Company Role at number 1.00010.
Company belonging to the Fondiaria-SAI Group, recorded in the Insurance Group Register at No. 030 - management and co-ordination of FONDIARIA-SAI S.p.A.

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2012 FIRST QUARTER REPORT

BOARD OF DIRECTORS

Massimo **Pini** *	*Chairman*
Gioacchino Paolo **Ligresti** *	*Vice Chairman*
Emanuele **Erbetta** *	*Chief Executive Officer - General Manager*
Paolo **Arbarello**	
Barbara **De Marchi**	
Giuseppe **Lazzaroni**	
Jonella **Ligresti**	
Nicola **Maione**	
Nicola **Miglietta**	
Aldo **Milanese** *	
Ugo **Milazzo** *	
Salvatore **Rubino**	
Antonio **Salvi**	
Roberto **Schiesari**	
Simone **Tabacci**	
Alessandra **Talarico**	
Antonio **Talarico** *	
Giuseppe **Tardivo**	

(*) Members of the Executive Committee

Fausto **Rapisarda**	*Secretary of the Board and the Executive Committee*

Under paragraph 1 of Article 36 of Legs. Decree No. 201 of December 6, 2011, enacted into Law No. 214 of December 22, 2011 (the so-called *interlocking directories* regulation) – Messrs. Angelo Casò, Chairman, Umberto Bocchino, Maurizio Burnengo, Maurizio Di Maio, Davide Maggi and Aldo Milanese, all of whom independent directors, resigned from the board. The Director Mr. Mariano Frey, an independent director, also resigned.

The Board of Directors of May 8, 2012, in consideration of the above mentioned resignations, appointed new Directors, in accordance with Article 2386 of the civil code, until the next Shareholders' Meeting called for June 28/29, as follows: Paolo Arbarello, Nicola Maione, Aldo Milanese, Ugo Milazzo, Antonio Salvi, Roberto Schiesari and Giuseppe Tardivo. All of the directors are independent in accordance with the Self-Governance Code of listed companies and with the Consolidated Finance Act.

In relation to Mr. Milanese, who resigned from the office of Director of Milano Assicurazioni in accordance with the interlocking directorates regulation, following his resignation from office which was considered incompatible, he was newly considered available to undertake the office of director of the Company.

The Board meeting of May 8, 2012 also appointed to the office of Chairman Mr. Massimo Pini, for the duration of the mandate of the Board, and therefore until the approval of the 2013 financial statements.

The Board appointed, for the duration of its mandate, an Executive Committee comprising 6 directors in the persons, in addition to the Chairman, the Vice Chairman and the Chief Executive Officer, of Messrs. Ugo Milazzo, Aldo Milanese and Antonio Talarico.

BOARD OF STATUTORY AUDITORS

Claudio **De Re**
Chairman

Michela **Zeme**
Statutory Auditor

Under paragraph 1 of Article 36 of Legs. Decree No. 201 of December 6, 2011, enacted into Law No. 214 of December 22, 2011 (the so-called interlocking directories regulation) – the statutory auditors Giovanni Ossola (Chairman), Maria Luisa Mosconi and Alessandro Rayneri resigned, in addition to the alternate auditor Giuseppe Aldè. The alternate auditors Mr. Claudio De Re joins as a Statutory Auditor and also Chairman of the Board of Statutory Auditors and Ms. Michela Zeme joins as a Statutory Auditor. The shareholders' meeting for the nomination of the Board of Statutory Auditors has been called for June 28/29, 2012.

INDEPENDENT AUDITOR

RECONTA ERNST & YOUNG S.P.A.

GENERAL MANAGEMENT

Emanuele **Erbetta**

EXECUTIVE RESPONSIBLE

for the preparation of the corporate accounting documents

Massimo **Dalfelli**

GROUP FINANCIAL HIGHLIGHTS

(Euro millions)	**Q1 2012**	**Q1 2011**
Group net profit/(loss)	17.0	-16.5
Gross premiums written	816.1	880.6
of which:		
Gross Non-Life premiums written	730.4	786.3
Gross Life premiums written	85.7	94.3
Investment policies written	2.0	1.8
APE (*)	7.3	8.1
Combined ratio Non-Life sector (**)	98.9	101.3
Loss ratio Non-Life sector	73.3	74.2

(Euro millions)	**31/03/2012**	**31/12/2011**
Investments	8,738.7	8,355.9
Net technical reserves - Non-Life division	5,192.4	5,283.0
Net technical reserves - Life division	3,369.1	3,460.3
Financial liabilities	348.7	370.2

(*) Sum of the first premiums of the new annual premium contracts, plus one tenth of the new annual premium contracts.

(**) Includes technical charges.

THE MILANO ASSICURAZIONI GROUP

At March 31, 2012, the Milano Assicurazioni Group, including the Parent Company, was made up of 11 Companies, of which 5 operating in the insurance sector, 4 in the real estate sector and 2 in various services.

Milano Assicurazioni S.p.A. is a leading insurance player on the Italian market, operating in the non-life and life sectors, with consolidated annual premiums of approx. Euro 3.4 billion and a sales network of over 1,800 agencies spread throughout the country.

The registered office of the company is Via Senigallia 18/2, Milan. The Company is listed on the Italian Stock Exchange. The present interim report outlines the sectors in which the group companies operate and their relative performances.

Milano Assicurazioni is controlled by Fondiaria-Sai which exercises management and co-ordination pursuant to article 2497 bis of the civil code.

FINANCIAL HIGHLIGHTS

The group reports a net profit of Euro 17 million in Q1 2012 (loss of Euro 16.5 million in Q1 2011). The financial highlights for the quarter are illustrated in the table below, compared to the first quarter of 2011.

(in Euro thousands)	**Q1 2012**	**Q1 2011**	**Change**
Net premiums	823,774	886,655	-62,881
Commission income	188	63	125
Net Income from financial instruments recorded at fair value through profit or loss	8,783	2,124	6,659
Income from subsidiaries, ass. and jt. ventures	271	203	68
Income from other financial instruments and property investments	115,396	106,724	8,672
- Interest income	61,110	53,487	7,623
- Other income	13,881	13,472	409
- Profits realised	40,405	39,765	640
- Valuation gains	-	-	-
Other revenue	52,955	50,721	2,234
Total revenues	**1,001,367**	**1,046,490**	**-45,123**
Net charges relating to claims	-643,737	-707,609	63,872
Commission expenses	-23	-20	-3
Charges from subsid., ass. & jt. ven.	-11,185	-4,861	-6,324
Charges from other financial instruments and property investments	-33,823	-50,287	16,464
- Interest expense	-2,838	-2,811	-27
- Other expenses	-5,105	-5,870	765
- Losses realised	-7,172	-21,248	14,076
- Valuation losses	-18,708	-20,358	1,650
Management expenses	-152,989	-162,816	9,827
- Commissions and other acquisition expenses	-124,431	-134,364	9,933
- Investment management charges	-1,520	-1,078	-442
- Other administration expenses	-27,038	-27,374	336
Other expenses	-117,208	-130,924	13,716
Total costs	**-958,965**	**-1,056,517**	**97,552**
Profit/(loss) before taxes in the period	**42,402**	**-10,027**	**52,429**
Income taxes	-26,542	-6,523	-20,019
Net profit/(loss) in the period	**15,860**	**-16,550**	**32,410**
Profit from discontinued operations	1,156	-	1,156
Consolidated Net Profit/(loss)	**17,016**	**-16,550**	**33,566**
Minority interest share	-29	-4	-25
Group net profit/(loss)	**17,045**	**-16,546**	**33,591**

The financial highlights in the first quarter of 2012 are summarised below:

- The **Non-Life sector** reports a pre-tax profit of Euro 25.7 million, compared to a loss of Euro 19.5 million in Q1 2011. The improvement stems from the return to a positive technical performance and from increased financial income in the quarter.
  The technical performance reports a combined ratio, net of reinsurance, of 98.9%, compared to 101.3% recorded in Q1 2011 and 114.1% for the full year 2011.
  The **Motor TPL** class in the first quarter reports an improvement in the current management already emerging in 2011 and a drop in claims reported of 17.3% and in the frequency. The settlement of prior years' claims did not have a significant negative effect on the income statement, confirming the level of claims reserves after the strengthening made in the 2011 accounts. Consequently the technical performance was positive.
  The **Land Vehicle** class also reports a positive technical performance and an improvement on the first quarter of 2011 following the greater impact of the initiatives implemented on the tariffs, on the procedures for the sale of the individual guarantees and on the underwriting risk, recently updated in light of market trends.
  The **Other Life classes** report contrasting technical performances, with particularly satisfying results in the Accident, Bond, Legal Protection and Assistance Classes while the General TPL class, against a small improvement in the current management, reports an unfavourable performance of prior year claims and a negative technical balance.

- The **Life sector** in the first quarter reports a pre-tax profit of Euro 18.7 million compared to Euro 12.3 million in the first quarter of 2011. The improvement was principally from the higher differential between overall income received and the portion relating to the policyholder, taking account also that in the first quarter of 2011 a temporary negative impact from deferred liabilities towards policyholders was evident.

- The **real estate sector** reports a pre-tax loss of Euro 1.4 million (loss of Euro 2.7 million in Q1 2011), principally due depreciation and operating charges concerning property held by Immobiliare Milano.

- The **financial and asset management** reports total net income of Euro 79.4 million, a significant improvement on Euro 53.9 million recorded in the same period of the previous year. In particular, in relation to the most significant accounts:
  - interest income amounted to Euro 61.1 million, compared to Euro 53.5 million in Q1 2011 (+14.3%);
  - the net profit realised amounted to Euro 33.2 million (Euro 18.5 million in the first quarter of 2011) and principally related to bond securities;
  - net valuation losses amounted to Euro 18.7 million (Euro 20.4 million in Q1 2011) and concern impairments on AFS financial instruments of Euro 12.1 million and depreciation on property for Euro 6.6 million;
  - the financial instruments at fair value recorded through the profit and loss report net income of Euro 8.8 million (Euro 2.1 million in the first quarter of 2011) and includes

income relating to life products with the risk borne by the policyholders of Euro 5.1 million and other net income of Euro 3.7 million;

- associated companies report net charges of Euro 10.9 million, of which Euro 3.6 million deriving from the share of the result of Atahotels, which continues to be impacted by the general difficult economic climate and the weak hotel sector, Euro 6.8 million relating to companies operating in the real estate sector, while the residual Euro 0.5 million principally derives from the result in the quarter of the consortium company Fondiaria-Sai Servizi Group.

- **Management expenses** in the non-life insurance sector amounted to Euro 145.6 million, with a percentage on net premiums of 19.6% (18.4% in Q1 2011). In the life division the management expenses amounted to Euro 7.4 million, with a percentage on net premiums of 8.9%. At March 31, 2012 employee numbers of the fully consolidated companies amounted to 1,858, an increase of 3 employees compared to December 31, 2011. The agency network of the companies of the Group at the end of the quarter numbered 1,825 agencies, a decrease of 30 agencies compared to the end of the previous year.

The result for the period was not impacted by significant non-recurring or unusual operations compared to the normal operations of the company.

The table below shows the results by sector. The real estate sector includes the real estate subsidiary companies (Immobiliare Milano Assicurazioni, Sintesi Seconda, Campo Carlo Magno) and the Athens Real Estate Fund, while the Other Activities include the subsidiary Sogeint, which provides commercial assistance to the Agencies.

(in Euro thousands)	**Non-Life**	**Life**	**Real-estate**	**Other**	**Inter-segment Elim.**	**Total**
Net premiums	740,876	82,898	-	-	-	823,774
Commission income	-	188	-	-	-	188
Net Income from financial instruments recorded at fair value through profit or loss	3,012	5,799	-28	-	-	8,783
Income from subsidiaries, ass. and jt. Ventures	271	-	-	-	-	271
Income from other financial instruments and property investments	60,316	51,649	3,431	-	-	115,396
- Interest income	24,006	36,958	146	-	-	61,110
- Other income	7,023	3,573	3,285	-	-	13,881
- Profits realised	29,287	11,118	-	-	-	40,405
- Valuation gains	-	-	-	-	-	-
Other revenue	50,180	1,722	474	1,346	-767	52,955
Total revenues	**854,655**	**142,256**	**3,877**	**1,346**	**-767**	**1,001,367**
Net charges relating to claims	-543,039	-100,698	-	-	-	-643,737
Commission expenses	-	-23	-	-	-	-23
Charges from subsid., ass. & jt. ven.	-11,021	-93	-71	-	-	-11,185
Charges from other financial instruments and property investments	-21,978	-7,571	-4,274	-	-	-33,823
- Interest expense	-1,567	-1,130	-141	-	-	-2,838
- Other expenses	-3,379	-59	-1,667	-	-	-5,105
- Losses realised	-2,426	-4,746	-	-	-	-7,172
- Valuation losses	-14,606	-1,636	-2,466	-	-	-18,708
Management expenses	-145,573	-7,416	-	-	-	-152,989
- Commissions and other acquisition	-119,588	-4,843	-	-	-	-124,431
- Investment management charges	-1,218	-302	-	-	-	-1,520
- Other administration expenses	-24,767	-2,271	-	-	-	-27,038
Other expenses	-107,367	-7,748	-937	-1,923	767	-117,208
Total costs	**-828,978**	**-123,549**	**-5,282**	**-1,923**	**767**	**-958,965**
Profit/(loss) before taxes – Q1 2012	**25,677**	**18,707**	**-1,405**	**-577**	**-**	**42,402**
Profit/(loss) before taxes – Q1 2011	**-19,511**	**12,252**	**-2,672**	**-96**	**-**	**-10,027**

OPERATIONAL PERFORMANCE AND NOTES

Non-Life Insurance Sector

Premiums written

Premiums written in the first quarter of 2012 totalled Euro 729.1 million, a decrease of 7.1% on the first quarter of 2011, and relates to the Motor classes for Euro 513.5 million (-8%) and to the Other non-life classes for Euro 215.6 million (-4.8%).

The premium performance of the **Motor TPL** class (-7.4%) confirms, although in a sharper manner, that established in the 2011 accounts and highlights more extensively the effect of the restructuring policies concerning the multi-risk portfolio and the impact of regulatory changes which significantly curtailed the efficacy of the Bonus-Malus system through applying the class at a family level and also applying Malus only in the case of principal responsibility.

The portfolio continues to be impacted by the sharp drop in new vehicle registrations, which in the first quarter of 2012 report a reduction of over 20%, caused by the depressed economy and the continual increase in motor related costs.

Also contributing to the decreasing premiums, although at modest levels, was the tariff applied from September 2011, which together with that applied from March 2012 (with limited effect on the premiums in the quarter) resulted in the recovery of probability without neglecting the portfolio, with a view to a reduction of tariff mutuality taking into account both the changed regulatory and marketplace conditions. The objective of the two tariffs is therefore to strongly improve the quality of the portfolio acquired through greater competitiveness on the guarantees offered throughout the country.

With the objective to implement a more competitive and less mutual tariff structuring, the revision of the technical-commercial policies relating to fleet agreements was stepped up, in order to reduce the level of the fleet portfolio and redistribute the agency discounts based on more stringent technical criteria.

The review process continued in a more focussed manner of the technical-commercial policies undertaken in relation to the fleets with particular attention to the recovery of profitability both in the Motor TPL and Land Vehicle classes - of which all of the principal contracts are monitored at least monthly.

For the **Land Vehicle class**, the contraction in premiums (-12.3%) was also principally due to the difficult economic environment, with a continual decline in new vehicle registrations and with the reduction in household disposable income making the insertion of accessory guarantees in the motor policies more difficult. The sales policies of the motor manufacturers have also impacted volumes with the inclusion in the vehicle sales price of insurance packages with fire, theft and assistance guarantees. The review of the portfolio with poor performances also impacted the result.

In the **Other Non-Life classes**, premiums, in addition to being impacted by the difficult economic environment, have benefitted from the initiatives taken to recover profitability which has seen the closure of agencies with particularly poor performances, the discontinuation of individual multi-risk contracts and a reduction in the exposure to corporate risks, particularly in relation to public companies and bodies, historically reporting an unsatisfactory technical performance.

In line with that previously reported, the current underwriting policy, which focuses particularly on profitability, has established the need to stringently apply correct technical parameters and is principally focused on the retail sector and on small-medium sized enterprises which operate in historically profitable sectors and regions.

Indirect premiums amount to Euro 1.4 million (unchanged on the same period of the previous year) and continued to be minimal due to the decision to cease underwriting on the inward reinsurance market with companies not belonging to the Fondiaria-Sai Group.

The breakdown of the premiums written by the direct business is as follows:

(in Euro thousands)	**Q1 2012**	**Q1 2011**	**Change %**
Accident & health	57,784	61,403	-5.9
Marine, aviation and transport	3,224	3,023	+6.6
Fire and other property damage	77,865	81,159	-4.1
General TPL	52,012	56,537	-8.0
Credit & Bonds	12,203	12,684	-3.8
General pecuniary losses	1,356	1,544	-12.2
Legal expenses	1,905	2,213	-13.9
Assistance	9,239	7,933	+16.5
TOTAL OTHER NON-LIFE DIVISION	**215,588**	**226,496**	**-4.8**
Land Motor TPL	451,852	488,094	-7.4
Land vehicles	61,666	70,330	-12.3
TOTAL MOTOR	**513,518**	**558,424**	**-8.0**
TOTAL	**729,106**	**784,920**	**-7.1**

Claims

The first quarter of 2012 saw consolidation of the improvement in the ordinary operations which emerged in 2011: total claims reported amounted to 166,857 and reports a decrease of 12.6% on the first quarter of 2011. Specifically, with reference to the motor classes, the claims reported in the quarter amounted to 99,501 and decreased on the same period of 2011 by 18.2%.

The claims paid in the first quarter of 2012, gross of outward reinsurance, amounted to Euro 601.7 million, a decrease of 3.1% on Euro 621.1 million in the same period of the previous year.

The table below shows the breakdown of the number of claims reported and the amount of the claims paid on direct Italian business:

	Claims reported Number			Claims paid (in Euro thousands)		
	Q1 2012	**Q1 2011**	**Cge. %**	**Q1 2012**	**Q1 2011**	**Cge. %**
Accident & health	17,710	21,761	-18.6	30,056	32,015	-6.1
Marine, aviation and transport	142	156	-9.0	3,210	1,476	+117.5
Fire and other property damage	24,027	20,751	+15.8	50,298	55,421	-9.2
General TPL	10,269	12,339	-16.8	46,613	44,809	+4.0
Credit & Bonds	132	202	-34.7	12,232	5,861	+108.7
General pecuniary losses	354	335	+5.7	2,193	1,104	+98.6
Legal expenses	212	198	+7.1	207	287	-27.9
Assistance	14,510	13,451	+7.9	2,606	1,798	+44.9
TOTAL OTHER NON-LIFE DIVISION	**67,356**	**69,193**	**-2.7**	**147,415**	**142,771**	**+3.3**
Land Motor TPL (*)	74,448	90,046	-17.3	414,858	435,444	-4.7
Land vehicles	25,053	31,620	-20.8	39,448	42,893	-8.0
TOTAL MOTOR	**99,501**	**121,666**	**-18.2**	**454,306**	**478,337**	**-5.0**
TOTAL	**166,857**	**190,859**	**-12.6**	**601,721**	**621,108**	**-3.1**

(*) The claims reported refer to claims caused by our policyholders (no card + debtor card). The amount of the payments also includes the difference between payments made and the flat rate recovery in relation to th e card management system.

Technical performance

The first quarter of 2012 saw a return to a technical profit: the total combined ratio in the first quarter, net of outward reinsurance, in fact amounted to 98.9% compared to 101.3% in the first quarter of 2011 and 114.1% for the full year 2011.

In particular, in the **Motor TPL class** claims reported decreased by 17.3% and there was a decrease in the frequency. The settlement of prior years' claims did not have a significant negative effect on the income statement, confirming the level of claims reserves after the strengthening made in the 2011 accounts. Consequently the technical performance was positive.

The **Land Vehicle** class also reports a positive technical performance and an improvement on the first quarter of 2011 following the greater impact of the initiatives implemented on the tariffs, on the procedures for the sale of the individual guarantees and on the underwriting risk, recently updated in light of market trends.

The **Other Life classes** report contrasting technical performances, with particularly satisfying results in the Accident, Bond, Legal Protection and Assistance Classes while the General TPL class, against a small improvement in the current management, reports an unfavourable performance of prior year claims and a negative technical balance.
Against a general economic climate which remains difficult, a more cautious underwriting policy will be employed compared to the past. In particular, the focused actions continue to be implemented to improve overall profitability both in the retail sector (concerning tariff flexibility and reform or a discontinuation of contracts with unsatisfactory performances, particularly in the professional and health sectors) and in the corporate sector, where it was decided to completely exit the Public Healthcare sector and to further reduce the Other Public Bodies portfolio.

New products issued on the market

No new products were launched on the market in the quarter.

However in the **Motor TPL class** we highlight the entry into force, from March 1, of the new tariff, which aims to acquire client loyalty and specific market segments through the introduction of new tariff factors and the review of some existing parameters, with a consequent greater competitiveness in certain regions and in certain market segments, while maintaining stringent technical parameters.

In the **retail segment**, the restructuring activity of the price list continued with a review of the areas with the greatest technical problems, undertaking important reforms of the portfolio, which were acquired with products no longer available, with particular reference to the policies of the household segment, accident policies and coverage of Civil Responsibility for independent professionals.

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Liguria Assicurazioni, with a predominantly multi-mandate sales network, reports direct premiums written of Euro 62.3 million in the quarter, a decrease of 9.4% on Q1 2011. Specifically, the Motor TPL Class recorded premiums of Euro 41.6 million (-12.5%), the Land Vehicle Class premiums of Euro 3.4 million (-20.7%) and the Other Classes reporting premiums of Euro 17.4 million (-2.5%).
In the quarter, the activities focused on a technical rebalance of the Motor TPL Class continued, also through re-establishing the discounts allowed. The greater coordination and control of the agency operations and the discontinuation of portfolios with negative performances also continued. In the Land Vehicle Class, the incentivisation actions are underway in relation to the agency networks concerning the inclusion of fire and theft guarantees in the motor policies and a new Land Vehicle "finished premium" tariff is in an advanced stage of completion, which will be distributed shortly. In the Non-Life Classes, a review of the products which attract greatest interest from clients is being carried out, and in general a particularly prudent underwriting policy continues, with specific attention to risks concerning the General TPL and Bond classes.
The synergies with the group were further implemented: in February the integration was completed of the Fondiaria-Sai Group structure of the claims settlement network and the adoption of the Group IT platform for the management and treatment of claims.
The actions undertaken resulted in an improvement in many technical parameters. In particular, in relation to the Motor TPL Class, which represents the majority of the portfolio, the frequency decreased and the current year claims to premium ratio improved significantly. The overall technical performance however remains negative.

The Other classes (excluding motor) report a negative technical performance, due particularly to the Bond Class.
The income statement for Q1 2012 prepared in accordance with IAS/IFRS accounting standards, reports a loss of Euro 4 million, compared to a loss of Euro 3.4 million in Q1 2011.

In relation to the telephone and internet channel, the premiums written by **Dialogo Assicurazioni** in Q1 2012 amount to Euro 8.2 million, decreasing 27.2% on Q1 2011, also as a result of the decreased advertising investment than the past.
The claims made in the quarter decreased by 15.1% on Q1 2011, but the average cost of accepted claims increased, resulting in a negative technical performance. The settlement of prior year claims did not have a substantial economic impact, confirming the maintenance of the reserves provisioned in the 2011 financial statements.
The contribution of the company to the consolidated result was a loss of Euro 3 million (a loss of Euro 1.6 million in Q1 2011).

In relation to the sale of standardised products distributed by the banking partners, **Systema Compagnia di Assicurazioni S.p.A.** recorded premiums of Euro 9.3 million, growth of 16.8% compared to Euro 7.9 million in Q1 2011. The overall technical performance was negative, although an improvement on the same period of the previous year - principally following an improved result in the non motor classes.
The net result in Q1 2012 was a loss of Euro 0.1 million (loss of Euro 0.2 million in Q1 2011).

Reinsurance

Premiums ceded amounted to Euro 31.1 million compared to Euro 31.7 million in the first three months of 2011. The percentage on direct premiums written was 4.3% (4% in the first quarter of 2011)

The reinsurance structure of the non-life division is based on proportional cover and non-proportional coverage in claim excess.
Proportional coverage is utilised for the Credit, Bonds, Transport, Technological Risks, Aviation, Assistance and Hailstorm Classes.
For the Bond and Aviation classes, there is also protection of the net retention with specific programmes in claim excess for protection of a single risk or event.
The net retention of the Technological Risks is protected following an event which jointly concerned the Fire and Land Vehicle classes. Protection by individual risk is only permitted for some specific guarantees.

The non-proportional programmes are also utilised to protect the Fire, Motor TPL, General TPL, Theft and Injury classes.

The reinsurance contracts are with the Irish company The Lawrence Re, indirectly controlled 100% by Fondiaria-Sai, which subsequently transfers the risks underwritten in reinsurance, utilising primary international operators with an adequate rating, in line with ISVAP circular 574/D.
The only exceptions are Aviation coverage, directly placed on the reinsurance market, the Assistance class and the Transport class: for the Assistance class, the protection is guaranteed by Pronto Assistance, while for the Transport classes, in line with the concentration programme of the underwriting with SIAT (the specialised company of the Fondiaria-SAI group), the company continues to reinsure the entire portfolio with SIAT, utilising a proportional coverage.

Life Insurance Sector

Premiums written and new business

Premiums written in the quarter amounted to Euro 85.7 million, a decrease of 9.2% on the first quarter of 2011.

A breakdown of the direct premiums written by class is shown below:

(in Euro thousands)	**Q1 2012**	**Q1 2011**	**Change %**
I - Insurance on human life expectancy	73,784	82,927	-11.0
III - Insurance related to market indices	-	35	-100.0
IV - Health insurance	79	74	+6.8
V - Securitisation operations	11,797	11,275	+4.6
TOTAL	**85,660**	**94,311**	**-9.2**

Life premiums reduced within a contracting overall domestic insurance market - as highlighted by the latest data released by ANIA on the Life sector.

In relation to the **Class I products**, the contraction is due in particular to the single premium products which, created essentially to satisfy investment needs, were impacted most by the current generalised liquidity crisis, which unfortunately extended to all types of clients and not just to those with significant disposable funds. Together with the decrease in single premiums, we highlight an improvement in the mix, which was seen in the percentage increase in annual premium new business, comprising approx. 9% of the total and increasing on the previous year. This shift, as seen in previous periods, is in line with the objective to rebalance over the medium term premiums in favour of products which engender loyalty and are more remunerative.

Also the **securitisation** sector continues to report, as in the previous year, a significant drop of interest from institutional clients with high levels of liquidity. The positive result (+4.6%) relates to premiums generated from products aimed at a target clientele with lower levels of funds.

In accordance with IFRS 4 (Insurance Contracts) the amounts recorded to the premiums account relate to the contracts with significant insurance risk and investment contracts with discretional participation. The other financial contracts and in particular the unit-linked policies and units of the Milano Assicurazioni Open Pension Funds are treated under the deposit accounting method which provides, substantially, for the recording in the income statement of only the profit margins and the recording under financial liabilities of the amount matured in favour of the counterparties. Contracts issued in the first three months of 2012 amounted to Euro 2 million (Euro 1.8 million in Q1 2011).

New business, calculated in terms of **Annual Premium Equivalent or APE** and thus adding to annual premiums 1/10th of single premiums, is shown in the table below, both under IAS/IFRS criteria, therefore excluding the contracts under the deposit accounting method, and under Local criteria, taking into consideration overall new business in the sector:

(in Euro thousands)	**Q1 2012 Ias/Ifrs**	**Q1 2011 Ias/Ifrs**	**Cge %**	**Q1 2012 Local**	**Q1 2011 Local**	**Cge %**
Insurance on human life expectancy	7,155	8,081	-11,5	7,155	8,081	-11.5
Insurance related to market indices	-	-	-	47	-	n.s.
Securitisation operations	180	52	+246,2	180	52	+246.2
Management operations of Pension Funds	-	-	-	130	153	-15.0
TOTAL	**7,335**	**8,133**	**-9,8**	**7,512**	**8,286**	**-9.3**

Sums Paid

The gross sums paid amounted to Euro 229.5 million (Euro 153.6 million in Q1 2011). The breakdown by class and type is reported in the following table:

(in Euro thousands)	**Claims**	**Redemptions**	**Maturity**	**Total**
Class I	3,860	60,713	73,970	138,543
Class III	39	1,131	9,835	11,005
Class V	73	76,550	3,310	79,933
Total	**3,972**	**138,394**	**87,115**	**229,481**
Total Q1 2011	**5,648**	**53,831**	**94,110**	**153,589**

Operational & technical performance

The **Life sector** in the first quarter reports a pre-tax profit of Euro 18.7 million compared to Euro 12.3 million in the first quarter of 2011. The improvement was principally from the higher differential between overall income received and the portion relating to the policyholder, taking account also that in the first quarter of 2011 a temporary negative impact from deferred liabilities towards policyholders was evident.
The profitability was supported in any case by a policy portfolio which is characterised principally by traditional type products, whose technical composition is focused on - through the selection of demographic and financial parameters - the guarantee of a satisfying margin. The products offered, for the quality and the wide range offered, satisfy all needs of clients, both in terms of savings (pension and non) and in terms of investments in relation to fulfilling security and protection needs.

Individual Insurance

New premiums written, also in the first quarter of 2012, principally related to the Separated Management products, embraced by the clientele as characterised by minimum guaranteed returns and protection of the investment. It is highlighted, among other issues, that from the beginning of the period for the single premium form the mechanism for the application of the minimum guaranteed yield was modified, which is no longer tested and consolidated on a recurring annual basis (“cliquet” mechanism), but recognised only on contractual maturity or in case of death.

It is noted that:

- the single premium products, with the usual attention to the capital maturity segment, contracted significantly in terms of new business compared to the same period of the previous year;
- the OPEN GOLD and OPEN RISPARMIO recurring premium products report significant contraction;
- a substantial decrease was recorded for the constant annual premium forms, with the exception of the “Mixed” sector, which saw the launch of the new OPEN FULL product in the middle of March resulting in a significant increase both in the number of policies and in the value of annual premiums.

The OPEN DINAMICO Multi-class product also reduced compared to the overall data in the previous year; however it is not possible to undertake a comparison with the first quarter of 2011, as the product was launched in April.

In March, the agency networks made available a new product with specific assets, VALORE CERTO, which was warmly received by clients and by agents, reaching its underwriting limit in the very first days of sale. The accounting effects of the placement will be seen in the second quarter of the current year.

The DEDICATA policy (Term Life product) recorded a slight contraction in new business.

In relation to the complementary pension segment, implemented through the Individual Pension Plans, in the first three months of the year there was a slight increase in the new business on the same period of the previous year.

Collective insurance and Pension Funds

In the first quarter of 2012 the "corporate" segment overall reports increased business on the first three months of the previous year.

Specifically the Pension sector, concerning both the Pre-existing Pension Funds and Open Pension Funds, reported an increase in volumes compared to the previous year.

The continued unfavourable economic climate, together with the regulatory obligations imposed by the legislature (allocation of employee leaving indemnity to complementary pension forms rather than to the INPS Treasury Fund for companies with over 50 workers), resulted in a decrease in business from products related to the provisioning of post-employment benefits (TFR and TFM).

Despite the continued difficulty of businesses in accessing credit, the products related to the management of corporate liquidity, in the form of securitisation or mixed special securitisation products, report a strong increase in revenues. The continued advanced redemption, particularly by Institutional Clients regarding significant investments, is highlighted.

The risk coverage segment reports a small increase in premiums; however these results do not fully reflect the potential within this market.

Reinsurance

The premiums ceded amounted to Euro 2.8 million compared to Euro 2.9 million in Q1 2011. The reinsurance structure is unchanged compared to the previous year, with a proportional coverage in excess and a catastrophic coverage in claims excess provided by the group company The Lawrence Re.

Real Estate Sector

The real estate sector includes the results of the subsidiary property companies of Milano Assicurazioni (Immobiliare Milano Assicurazioni S.r.l., Sintesi Seconda S.r.l., Campo Carlo Magno S.p.A.) and the Athens Real Estate Fund, entirely held by Milano Assicurazioni.

The pre-tax result for the first quarter was a loss of Euro 1.4 million (loss of Euro 2.7 million in Q1 2011). The result principally reflects depreciation and management charges of the property held by Immobiliare Milano.

IGLI

On March 8, 2012, Immobiliare Milano Assicurazioni sold to Autostrada Torino Milano S.p.A. the shareholding held in IGLI S.p.A., of 16.67% of the share capital, and simultaneously receiving the price of Euro 43.8 million. The acquisition price of each IGLI share subject to the sale was established at Euro 10.89572, based on the forecast balance sheet of IGLI at December 31, 2011, with each ordinary share of Impregilo S.p.A. attributed a value of Euro 3.65.

The sale resulted in a gain of approximately Euro 1.2 million.

The following is also noted:

- Immobiliare Fondiaria-Sai s.r.l. and Immobiliare Milano Assicurazioni s.r.l. each hold a 16.67% stake in IGLI and the Fondiaria-Sai Group therefore has a total holding in IGLI of 33.33% of the share capital, equal to the other two shareholders of IGLI, Autostrade per l’Italia S.p.A. and Argo Finanziaria S.p.A.;

- On December 27, 2011 Immobiliare Fondiaria-SAI and Immobiliare Milano Assicurazioni agreed the acquisition with Argo Finanziaria of 8,040,000 ordinary shares of IGLI, held by Immobiliare Fondiaria-SAI and Immobiliare Milano Assicurazioni and comprising 33.33% of the share capital of IGLI S.p.A.;

- Argo Finanziaria may designate its subsidiary Autostrada Torino Milano to acquire the IGLI shares.

Immobiliare Fondiaria-SAI and Immobiliare Milano Assicurazioni have committed, on their own behalf and on behalf of their affiliates, to abstain from acquiring directly or indirectly, shares, rights and equity instruments of Impregilo S.p.A., financial instruments or debt securities convertible into shares or equity instruments of Impregilo, in addition to any option rights concerning the subscription and/or the acquisition of any of the above-stated instruments for a period of 12 months from the execution of the operation.

Metropolis S.p.A.

On January 27, 2012, the Board of Directors of Metropolis, company in which Milano Assicurazioni has a 29.73% stake, called the Extraordinary Shareholders' Meeting for the Liquidation of the Company. To date, only Euro 720 of the share capital increase approved on December 2 has been paid in and the directors consider that the non payment by the majority of the shareholders indicates their wish not to further support the company from a financial viewpoint, thereby generating a situation of management impasse.
On March 30, 2012, the Shareholders Resolution winding up the company was registered at the Company's Registration Office. The book value of the investment was therefore zero.

Other Activities Sector

The diversified activities sector includes the company Sogeint S.r.l..

Sogeint (wholly owned by Milano Assicurazioni) provides commercial assistance to the agencies. At March 31, 2011, the company had 48 employees and 44 agencies. The contribution to the consolidated result for the period was a loss of Euro 0.6 million.

Asset and Financial Management

The first quarter of 2012 reported overall strong global growth, supported by a significant recovery in the United States which more than offset the slowdown in the Eurozone, in particular in the periphery countries, with the introduction of restrictive fiscal policies in order to improve the public finances, and in China, which was hit by the drop in exports to Europe and was forced to introduce a new development model more concentrated on internal consumption. The Fed continues to be prudent on the American recovery, maintaining official rates substantially at zero (0%-0.25%) and the ECB maintained the discount rate at 1% and at the same time promoting LTRO (Long-term Refinancing Operation) operations with 3-year maturity, rate of 1%, which significantly reduced the Credit Crunch risk contributing to a return to confidence in the European financial system and a consequent abatement of tensions on Eurozone sovereign debt.

Bond sector operations

In the non life segment intense activities took place on Government Securities and the exposure to Corporate securities increased slightly, in particular through new issues on the primary market.
The strong Italian performance enabled, through trading operations, the realisaiton of value and the diversification to supranational issues (rating AAA) and Core area issues, to achieve at the same time significant gains and an increased exposure towards less volatile bond instruments and with higher credit ratings. However, the main exposure is on Italian sovereign debt.
The overall duration of the Non-Life Portfolio in the quarter was lengthened slightly, also in light of the economic climate which forecasts weak growth and no particular concerns around inflation.
In the Life segment, the already mentioned good performance of the Italian government securities permitted the development of high levels of trading, returning gains on previous positions held and on new positions opened at the beginning of the quarter.

Based on the analyses of the Asset Liability Management, the portfolio profiles of the Separated Management in terms of cash flows mismatch were optimised, both in the short-term and medium-long term view. This activity, conducted also in the past, was intensified during the quarter in view of the good performance of the securities in portfolio and of the consequent greater operating leverage which gave greater efficiency to the remodulation of the portfolios. Also in the Life segment the portfolio strategy involved the continued diversification within the government bond sector, decreasing exposure to Italian government securities and increasing that of issuers with higher ratings and supranational securities.

In terms of the composition of the portfolio, the exposure to money market and zero coupon instruments was increased, with a decrease in the fixed rate component and partially of the variable rate component. In relation to the Corporate sector, the exposure was marginally reduced in favour of government securities.

The overall duration of the portfolios was reduced, preserving future profit levels against a limited decrease in current profitability.

Equity sector operations

In the first quarter of 2012, the reduction of tensions on Eurozone debt, the moderate improvement of the economy in the US and a reporting season in line (although contained) with market expectations supported an upward trend in the principal equity indices. The recovery market benefitted principally the cyclical sectors (Auto +27%, Chemicals +16%, Technology +15%) and the financial sector (Insurance +15%, Banks +11%), with more contained performances in the defensive market sectors (Utilities +1.5%, Healthcare +0.5%, Telecom -1.7%).

In general, trading activity saw substantial maintaining of the exposure in the first two months, and subsequently partially taking profits on sectors which outperformed in the period. Trading activity was undertaken to support the asset allocation.

Geographically a diversification policy was introduced, through the reduction of exposure to Italy in favour of securities in foreign currencies (Principally CHF and GBP), in line with the Group risk policy.

Overall trading on the portfolio reported performances above Eurostoxx50 (at March 30: +10.7% vs. +6.9% in the Life segment and +7.4% vs. +6.9% in the Non-Life segment).

Investments, liquidity and tangible assets

Investments at March 31, 2012 amounted to Euro 9,177 million, growth of Euro 298 million on December 31, 2011. The breakdown is illustrated in the following table.

(in Euro thousands)	**31/03/2012**	**31/12/2011**	**Change**
INVESTMENTS			
Investment property	860,161	910,693	-50,532
Investments in subsidiaries, associates and joint ventures	99,819	100,416	-597
Investments held to maturity	130,725	128,927	1,798
Loans and receivables	878,950	905,538	-26,588
AFS financial assets	6,558,258	6,084,206	474,052
Financial assets at fair value through the profit or loss account	210,827	226,104	-15,277
TOTAL INVESTMENTS	**8,738,740**	**8,355,884**	**382,856**
CASH AND CASH EQUIVALENTS	**385,894**	**470,804**	**-84,910**
PROPERTY, PLANT & EQUIPMENT			
Buildings	47,345	47,006	339
Other tangible assets	5,053	5,344	-291
TOTAL PROPERTY, PLANT & EQUIPMENT	**52,398**	**52,350**	**48**
TOTAL	**9,177,032**	**8,879,038**	**297,994**

Real estate investments are recorded at purchase cost and depreciated systematically over their useful life, with depreciation rates taking into account the different usage relating to the single components. For the buildings wholly owned, the amount depreciated does not include the value attributed to the land, which is not subject to deterioration.

Overall, the book value of property at March 31, 2012 was Euro 148.9 million lower than the valuation at December 31, 2011 carried out by specifically appointed independent experts.

The reduction of the book value compared to December 31, 2011 principally relates to the office building in Milan, piazza S. Maria Beltrade, recorded under discontinued assets.

On February 1, 2012, a preliminary sale/purchase agreement for the building was signed for a price of Euro 63 million, with a payment of a deposit of Euro 2 million. A further deposit was paid thereafter of Euro 10 million. The sales contract is expected to be signed on May 17, 2012 with a further payment on account of Euro 13 million. The remainder of the payment will be paid over a 3-year period 2012-2014. The gain deriving from the operation, which will be recognised on the signing of the agreement, amounts to approx. Euro 15 million.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures principally include:

- the holding of 32% in **Garibaldi S.C.A.** with a book value of Euro 54.5 million. The company is involved in the real estate project Porta Nuova Garibaldi which concerns an area in Milan between Corso Como, Piazzale Don Sturzo, via Melchiorre Gioia and the local railway station. The project concerns the development of approx. 50,000 sq.m. for office use, 4,000 sq.m. for residential use, 12,000 sq.m. for retail use and 20,000 sq.m. for exposition use.
- the holding of 34.63% in the consortium company **Fondiaria-Sai Servizi Group**, with a book value of Euro 11.1 million, which handles the IT and logistical services of the companies of the Fondiaria-Sai Group;
- the holding of 29.56% in **Isola S.C.A.** with a book value of Euro 9.8 million. The company, through its subsidiaries, is involved in the "Porta Nuova Isola" real estate project, promoted and managed by the US group Hines. The area concerned is located in Milan, between Via G. De Castillia and Via F. Confalonieri and involves the development of 29,000 sq. m. divided into: 21,900 sq.m. for residential use, 6,300 sq.m for office use and 800 sq. m for retail use;
- the holding of 35.83% in **Immobiliare Lombarda** with a book value of Euro 8.6 million;
- the holding of 50% in **Valore Immobiliare S.r.l.,** with a book value of Euro 5.3 million. With the completion of the sale of the property and therefore having completed its corporate purpose, the company was placed in liquidation in April. Within this liquidation, also in April, a first part of the equity was repaid to Milano Assicurazioni, amounting to Euro 4.7 million;
- a holding of 44.93% in **Borsetto S.r.l**., with a book value of Euro 2.8 million. The Company owns land comprising approx. 3.1 million sq.m., with a building area of approx. 276,000 sq.m., situated in the municipalities of Turin, Borgaro and Settimo. A study to enhance the value of this area which will be dedicated to civil and commercial construction is in progress;
- a holding of 49% in **Atahotels S.p.A.**, with a book value of Euro 5.2 million, corresponding to the share of net equity at March 31, 2012. It is recalled that in the first quarter of 2012 Milano Assicurazioni made a share capital payment of Euro 7.3 million to Atahotels.

- The *Investments held until maturity* account exclusively include securities related to policies with fixed returns or covered by contractual commitments realised through specific assets.

The account *Loans and Receivables* includes:
- debt securities of Euro 784.4 million;
- loans on life policies of Euro 20.5 million;
- Receivables from agents for end of mandate indemnities (Euro 57.4 million);
- Deposits with reinsuring companies of Euro 2.2 million;
- other loans and receivables for Euro 12.4 million;
- other financial investments for Euro 2 million.

The AFS financial assets include debt and capital securities not otherwise classified and represents the largest category of the financial instruments, in line with the characteristics and purposes of the insurance activity. The breakdown of the account is as follows:

(in Euro thousands)	**31/03/2012**	**31/12/2011**	**Change**
AFS financial assets	**6,558,258**	**6,084,206**	**474,052**
Equity securities and investment funds	882,978	888,844	-5,866
Debt securities	5,675,280	5,195,362	479,918

The listed financial instruments recorded in this category are valued at the market value at the last day of trading in the period or, in the absence of a listing on an active market, through alternative valuation models based on parameters generally utilised by operators.
The difference compared to the average weighted cost is recorded in a net equity reserve, except on the recording of impairment losses.

The impairments at March 31, 2012 amounted to Euro 12.1 million and principally relate to:
- further impairments on securities previously subject to impairment in the previous year, with particular reference to the Unicredit shares (Euro 3.6 million) whose book value was aligned to the share price at March 31, 2012 in accordance with IAS 39 (IG.E.4.9);
- impairments relating to securities impacted by the continued negative financial market performance resulting in the period of a listed value lower than the book value for a continuous period of at least 2 years. This amount includes Euro 3.5 million relating to the investments held in Alerion and Euro 1.1 million relates to the Investment Fund Units.

- The net equity reserve, based on the difference between the average weighted cost and the fair value of instruments classified in this category, was negative for Euro 26.1 million (negative for Euro 222.2 million at December 31, 2011). The following table highlights the composition and movements on the previous year:

(in Euro thousands)	**31/03/2012**	**31/12/2011**	**Change**
Debt securities	-130,306	-414,424	284,118
Fund units	48,397	49,024	-627
Equity securities	-3,597	-25,549	21,952
Shadow accounting reserve	41,993	71,515	-29,522
Tax effect	17,364	97,256	-79,892
AFS reserve at the end of the period	**26,149**	**-222,178**	**196,029**

Government bonds issued by Greece

As previously outlined, the difficult conditions which have affected the Greek economy for some time required the introduction of initiatives to restructure the Greek debt securities.

After various intervention proposals discussed in 2011, on February 24, 2012 an exchange offer on Greek government securities was finally approved which provides for every Euro 1,000 of nominal value of securities in circulation, the substitution with:

- 20 Greek government securities for a total nominal value of Euro 315 and expiry between 11 and 30 years;
- 2 new securities issued by the European Financial Stability Fund for a total nominal value of Euro 150;
- GDP linked securities issued by Greece with a notional value equal to the new exchanged securities (Euro 315) which will produce additional interest if Greek GDP grows beyond a fixed threshold;
- short-term Zero Coupon securities issued by the EFSF to hedge the interest matured and not paid on the old Greek government issues at the date of the agreement.

The plan, which establishes March 8 as the expiry date for the declaration of intent, reports a subscription rate by investors of approx. 95%. The companies of the Group subscribed for all securities held.

It is recalled that already in the 2011 annual accounts all the Greek securities held were recorded at year-end stock prices, recording the entire difference to the income statement of Euro 40.8 million. Following the impairment made, the total carrying value of these securities is Euro 13.1 million.

This value was also maintained at the end of the quarter while awaiting the completion of the exchange of the new securities within the agreement. At the present moment, there are no significant differences compared to the fair value of new securities.

Government bonds issued by Spain, Portugal, Ireland and Italy

The following table breaks down the exposure of the Milano Assicurazioni Group to government securities issued by other countries (the so-called Peripheral countries of the Eurozone) recorded to AFS assets. In accordance with that recently requested by the European Securities and Markets Authority (ESMA) the Italian government securities are also reported in the table (in thousands of Euro).

State	Maturity within 12 months	Maturity between 1 and 5 years	Maturity between 6 and 10 years	Maturity beyond 10 years	Total Fair value (level 1)	AFS reserve (gross)	AFS reserve (net shadow)
Spain	-	-	-	19,144	19,144	-5,722	-3,040
Portugal	-	729	-	-	729	-270	-143
Ireland	-	1,233	1,755	-	2,988	-248	-131
Italy	780,729	1,697,918	1,014,913	432,653	3,926,213	-117,895	-92,521

Also in portfolio at March 31, 2012 are:

- Euro 483.5 million of Italian government debt securities classified in the Loans & Receivables category (of which Euro 75 million with maturity between 1 and 5 years and Euro 408.5 million with maturity between 6 and 10 years), presenting a loss on the stock market value at the end of March of Euro 4.8 million;
- Euro 18.9 million of Italian government debt securities classified in the Held to Maturity category with maturity between 1 and 5 years. These securities report a gain compared to the stock market prices at the end of March of Euro 0.1 million.

Financial assets at fair value through the profit or loss account

The *Financial assets valued at fair value through profit or loss* includes the securities held for trading as well as those specifically allocated to this category. The listed financial instruments recorded in this category are valued at market value at the last day of trading in the period, with allocation of the difference to the carrying value to the income statement. The breakdown of the account is as follows:

(in Euro thousands)	**31/03/2012**	**31/12/2011**	**Change**
Financial assets at fair value through profit and loss	**210,827**	**226,104**	**-15,277**
Equity securities and investment funds	37,602	48,775	-11,173
Debt securities	153,840	165,203	-11,363
Other financial investments	19,385	12,126	7,259

Property and other fixed assets

The account *Property*, recorded under *Tangible fixed assets*, includes buildings for use by the company. These buildings are recorded at cost and depreciated systematically over their useful life, with depreciation rates taking into account the different usage relating to the single components. For the buildings wholly owned, the amount depreciated does not include the value attributed to the land, which is not subject to deterioration.

Financial instrument, property investments and holdings income and charges

The key results of the financial and real estate activities are shown below:

(in Euro thousands)	**Q1 2012**	**Q1 2011**	**Change**
Net income from financial instruments recorded at fair value through profit or loss	8,783	2,124	6,659
Income from investments in subsidiaries, associates and joint ventures	271	203	68
Income from other financial instruments and property investments of which:	115,396	106,724	8,672
Interest income	61,110	53,487	7,623
Other income	13,881	13,472	409
Profits realised	40,405	39,765	640
Valuation gains	-	-	-
Total income	**124,450**	**109,051**	**15,399**
Charges from investments in subsidiaries, associates and joint ventures	-11,185	-4,861	-6,324
Charges from other financial instruments and property investments of which:	-33,823	-50,287	16,464
Interest expense	-2,838	-2,811	-27
Other charges	-5,105	-5,870	765
Losses realised	-7,172	-21,248	14,076
Valuation losses	-18,708	-20,358	1,650
Total charges	**-45,008**	**-55,148**	**10,140**
TOTAL NET INCOME	**79,442**	**53,903**	**25,539**

Net income in Q1 2012 amounted to Euro 79.4 million compared to Euro 53.9 million in the previous year (+47.4%). In particular, in relation to the most significant accounts:

- interest income amounted to Euro 61.1 million, compared to Euro 53.5 million in Q1 2011 (+14.3%);
- the net profit realised amounted to Euro 33.2 million (Euro 18.5 million in the first quarter of 2011) and principally related to bond securities;
- net valuation losses amounted to Euro 18.7 million (Euro 20.4 million in Q1 2011) and concern impairments on AFS financial instruments of Euro 12.1 million and depreciation on property for Euro 6.6 million. The impairments principally relate to:
    - further impairments on securities previously subject to impairment in the previous year, with particular reference to the Unicredit shares (Euro 3.6 million), whose book value was aligned to the share price at March 31, 2012 in accordance with IAS 39 (IG.E.4.9);
    - impairments relating to securities impacted by the continued negative financial market performance resulting in the period of a listed value lower than the book value for a continuous period of at least 2 years. This amount includes Euro 3.5 million relating to the investments held in Alerion and Euro 1.1 million relates to the Investment Fund Units;
    - the financial instruments at fair value recorded through the profit and loss report net income of Euro 8.8 million (Euro 2.1 million in the first quarter of 2011) and includes income relating to life products with the risk borne by the policyholders of Euro 5.1 million and other net income of Euro 3.7 million;
- the associated companies report net charges of Euro 10.9 million, of which Euro 3.6 million deriving from the share of the result of Atahotels, which continues to be impacted by the general difficult economic climate and the weak hotel sector, Euro 6.8 million relating to companies operating in the real sector, while the residual Euro 0.5 million principally derives from the result in the quarter of the consortium company Fondiaria-Sai Servizi Group.

Net technical reserves

The table below illustrates the breakdown and the comparison with the previous year.

(in Euro thousands)	**31/03/2012**	**31/12/2011**	**Change**
NON-LIFE DIVISION			
Unearned premium reserve	1,051,825	1,093,043	-41,218
Claims reserve	4,137,911	4,187,055	-49,144
Other reserves	2,614	2,897	-283
Total Non-Life Division	**5,192,350**	**5,282,995**	**-90,645**
LIFE DIVISION			
Actuarial reserves	3,253,635	3,375,254	-121,619
Reserve for claims to be paid	47,997	39,652	8,345
Technical reserves where investment risk is borne by policyholders and pension fund management	124,779	133,304	-8,525
Other reserves	-57,328	-87,937	30,609
Total Life Division	**3,369,083**	**3,460,273**	**-91,190**
TOTAL	**8,561,433**	**8,743,268**	**-181,835**

The *unearned premium reserves* in the non-life classes are calculated under the pro-rata temporis method, as supplemented by the regulations in force regarding risks of a particular nature.

The *claims reserves* are calculated at last cost under the principles adopted for the annual accounts, taking account of that stated in the paragraph relating to the accounting principles for the present quarterly report.

The *other technical reserves* of the non-life division relate to the ageing reserve of the health class, in order to compensate the deterioration of the insurance risk due to the ageing of the policyholders, where the premiums are determined, for the entire contractual duration, by the age of the policyholders at the moment of the signing of the contract.

We recall that with the introduction of international accounting standards IAS/IFRS, the non-life technical reserves no longer includes the equalisation reserves and the reserves to cover risks of a catastrophic nature, determined with flat rate methods on the basis of specific national legislation.
The amount of these accumulated reserves at the transition date to the international accounting standards was recorded as an increase of net equity.

The technical reserves of the life classes are those relating to the insurance contracts and the investment contracts with discretional participation, governed by IFRS 4. This account does not include the liabilities relating to unit linked policies and units of the Milano Assicurazioni Open Pension Fund which, having an insignificant insurance risk, are governed by IAS 39 (Financial instruments) and are therefore recorded under financial liabilities.

Financial liabilities

The account amounts to Euro 348.7 million, broken down as follows:

(in Euro thousands)	**31/03/2012**	**31/12/2011**	**Change**
Financial liabilities at fair value through profit or loss account	64,367	70,858	-6,491
Other financial liabilities	284,334	299,339	-15,005
TOTAL	**348,701**	**370,197**	**-21,496**

The *liabilities at fair value through profit and loss* relate for Euro 54.5 million to unit-linked policies and units of the Milano Assicurazioni Open Pension Fund, all contracts which, not having significant insurance risk, are treated under the deposit accounting method.

The account *other financial liabilities* consists of deposits from reinsurers according to various contractual provisions (Euro 133.7 million) and subordinated loans of Euro 150.6 million.

The subordinated liabilities are composed as follows:

- Euro 50.4 million, equal to the amortised cost of the residual subordinated loan provided to Milano Assicurazioni by Mediobanca in 2006 for an original amount of Euro 150 million (Euro 100 million was repaid in 2008). This loan provides for an interest rate of Euribor at 6 months +180 basis points and repayable in five equal annual instalments from the 16th anniversary of the loan. The loan may also be repaid in advance, including partially, from the tenth anniversary of the loan and with authorisation from ISVAP.
- Euro 100 million, equal to the amortised costs of the loan of Euro 100 million provided to Milano Assicurazioni by Mediobanca in July 2008. This loan was of a hybrid nature and perpetual duration and is therefore included in the solvency margin up to 50% of the lower value between the available margin and the solvency margin requested. The payment of the interest is made in arrears on a half-yearly basis, at an interest rate of Euribor at 6 months +350 basis points for the first ten years and subsequently 450 basis points. The repayment may be made in one repayment after 10 years.

In accordance with CONSOB Resolution No. DEM/6064293 of 28/7/2006, the above-stated subordinated liabilities are supported by particular contractual clauses protecting the rights and interests of the lenders.

In relation to the subordinated loan issued in 2006 (of which a nominal Euro 50 million is outstanding and concerning the subordinated loan contract of Euro 300 million signed on June 22, 2006, undertaken for 50% by Fondiaria-SAI S.p.A. and the other 50% by Milano Assicurazioni S.p.A.), Article 6.2.1 letter (e) of the contract establishes, as a general obligation of the Parent Company, the continued control (in accordance with Article 2359, paragraph 1, No. 1 of the Civil Code) of the direction and coordination of Milano Assicurazioni S.p.A. by Fondiaria-SAI S.p.A..

In relation to the hybrid loan of Euro 100 million, the faculty to convert into shares of the Issuer is subject to, in addition to any resolution by the extraordinary shareholders' meeting of the Issuer of a share capital increase to service the conversion in line with the contractual terms indicated, the occurrence at the same time (and for a consecutive three year period) of the following situations:

(i) the downgrade of the Standard & Poor's rating (or any other agency to which the Issuer is voluntarily subject, no longer being subject to the Standard & Poor's rating) of the beneficiary companies to "BBB-" or a lower grade;
(ii) the reduction in the solvency margin of the beneficiary companies, as established by Article 44 of the Insurance Code, to a level below or equal to 120% of the solvency margin required by Article 1, paragraph hh) of the Insurance Code,

if (a) the situation causing the above stated events is not resolved, for both events, in the two fiscal years immediately subsequent, or (b) the solvency margin in the two subsequent fiscal years is not rectified to at least 130% of the requested solvency margin, Milano Assicurazioni may, over a period of more than two years, put in place measures to enable compliance with the requested parameters.

This information is provided although there is little possibility of contractual events arising for the protection of the investors. The defining factors of the subordinated and/or hybrid loans relate in general not just to the repayment of such before the payment of all other payables owing to the insurance company at the settlement date, but also the need to obtain, in accordance with the applicable regulation, prior authorisation for repayment by ISVAP.

SHAREHOLDERS' EQUITY

The group shareholders' equity at March 31, 2012 is Euro 1,140.1 million. The breakdown of the account is as follows:

(in Euro thousands)	**31/03/2012**	**31/12/2011**	**Change**
Group Net Equity	**1,140,128**	**928,212**	**211,916**
Share capital	373,682	373,682	-
Capital reserves	406,635	951,244	-544,609
Retained earnings and other reserves	408,915	350,086	58,829
Treasury shares	*-31,353*	*-31,353*	-
Profit or loss on AFS financial assets	-26,149	-222,178	196,029
Other gains and losses recorded directly in equity	-8,647	-5,790	-2,857
Group net loss	17,045	-487,479	504,524
Minority interest equity	**1,325**	**1,325**	**-**
Share capital and reserves pertaining to minority interests	1,357	1,461	-104
Gains and losses recorded directly in equity	-3	-8	5
Minority interest loss	-29	-128	99
TOTAL	**1,141,453**	**929,537**	**211,916**

The capital reserves refer only to the share premium reserve. This account is net of the Euro 9.7 million relating to the costs related to the share capital increase in 2011 which, in accordance with paragraph 35 of IAS 32, is recorded as a direct deduction of net equity. The amount at March 31 is recorded net of the share premium reserve utilised for the coverage of the 2011 losses of Milano Assicurazioni.

The profit and other capital reserves include:

- retained earnings for Euro 463.8 million;
- the consolidation reserve, negative for Euro 36.7 million;
- the reserve for gains and losses deriving from the first-time application of the international accounting standards, negative for Euro 44.1 million;
- merger reserves for Euro 25.9 million.

The **profits or losses on AFS financial assets** derive from the fair value adjustment of the financial instruments classified in this category, net of the relative deferred taxes and of the part attributed to policyholders. The significant reduction compared to December 2011 principally reflects the significant improvement on the Italian government securities at the end of March 2012 compared to that recorded at the end of 2011 when the BTP and German Bund spread was above 500 basis points.

The **other gains and losses recorded directly in equity** include the actuarial losses following the application of IAS 19 (Euro 4.3 million) and the losses relating to the valuation of derivative financial instruments to hedge cash flows (Euro 4.3 million).

OTHER INFORMATION

Transactions with related parties

In the first quarter of the year, no significant transactions with related parties were undertaken.

In relation to the companies of the Fondiaria-Sai group, the quarterly accounts recorded the business relations already in place - regarding essentially:

- transactions related to reinsurance activities, principally with the group company Lawrence Re Ltd;
- transactions based on the breakdown between the Fondiaria-SAI Group companies of common service costs at group level and principally provided by Consorzio Gruppo Fondiaria-SAI Servizi S.c.r.l.,

In relation to transactions with other related parties in the first quarter of the year, further payments on account were made to the Company IM.CO for Euro 3.5 million in relation to real estate operations in course at Milan, Via Confalonieri - Via de Castillia (Lunetta dell'Isola). The project included the sale in 2005 to IM.CO. S.p.A. of land and the purchase of a building for office use to be constructed on the land for a price of Euro 99.1 million in accordance with the supplement to the contract agreed in 2011.
At the end of the quarter, the property initiative was recorded for Euro 61.9 million (of which Euro 60.6 million relating to IM.CO.). The residual commitment amounts to Euro 26.2 million.

Further payments were not made in the quarter relating to the property operation concerning the building at Rome, via Fiorentini, as the work was suspended while awaiting agreement of a new Convention with the Rome Municipality in replacement of the Convention of August 8, 2000. The amount recorded for this operation in the account *Property Investments* at March 31 was therefore unchanged compared to December 2011 of Euro 73.6 million (of which Euro 72.6 million relating to Avvenimenti e Sviluppo Alberghiero s.r.l.). We recall that this operation, undertaken in 2003, included the sale to "Avvenimenti e Sviluppo Alberghiero S.r.l." of a site and the purchase of the completed real estate complex to be constructed on the land in question at a price of Euro 110 million, including the supplementary contract signed in 2009. The residual commitment at March 31, 2012 amounts to Euro 8.3 million.

In relation to the above-mentioned real estate project Milano Assicurazioni will only become owner of the buildings once the work is completed and approved. These types of contracts expose the companies of the Group, where the selling counterparties (IM.CO. and Avvenimenti e Sviluppo Alberghiero, subsidiaries of Sinergia Holding di Partecipazioni S.p.A.) are unable to comply with their obligations, to the risk of losing their right to the delivery of the assets subject to these contracts, remaining debtor of the sums paid on account, as these real estate projects under development do not have guarantees.

Finally, we report that the above-mentioned related parties have recently requested the Company for the payment of further sums against changes to the original plans. It is considered that these requests, for which the necessary examinations are taking place, are not founded and for the moment are therefore rejected.

Therefore following the Bankruptcy Proceedings instituted by the Court against the company Im.Co. and Sinergia (hereafter "the Holdings") on May 2, 2012, the case was heard at the 2nd section court of the Bankruptcy Court of Milan. The hearing was postponed to June 13 of this year, the date by which the Holdings must present a Restructuring Plan as per Article 182 *bis* of the bankruptcy law for ratification by the Court. In order to achieve ratification it is essential that the Restructuring Plan is approved by the creditors of the Holdings and that financial equilibrium is proven.

In order to secure the receivables of the Group, establish relations with the Holding and contribute to the creation of a plan ensuring the financial equilibrium of the Holding, the Fondiaria-Sai Group, once the requirements have been fulfilled, will undertake a settlement agreement with the Holding. The settlement, which will be subject to the ratification of the Restructuring Plan as per Article 182 *bis* by the Court, must be signed by the parties in sufficient time for its presentation at the hearing of June 13, 2012. The expected charges are covered by risk funds.

Adjusted solvency

At March 31, 2012 the adjusted solvency margin presents coverage of commitments of approx. 138%.
The company availed of the provisions introduced by Article 29, paragraph 16-*terdecies* of Legislative Decree No. 216 of December 29, 2011, as converted into Law 14/2012, applied in accordance with Isvap Regulation No. 37. Therefore, for the adjusted solvency, the securities issued or guaranteed by European Union states, allocated as non-current were valued based on the calculation of the carrying amount in the separate financial statements. The effect on the solvency ratios was however contained (3.3 percentage points).

Treasury shares and shares of holding companies

At March 31, 2012, the Parent Company Milano Assicurazioni held treasury shares, shares of the direct parent company Fondiaria-SAI and of the indirect parent company Premafin as shown in the table below:

(in Euro thousands)	**Number**	**Erroneous**
Treasury shares	6,764,860	31,353
Fondiaria-SAI shares	9,982,557	10,706
Premafin shares	9,157,710	2,651

As established by IAS 32.33, treasury shares are valued at acquisition cost and the corresponding value is subtracted from shareholders' equity. The shares of the direct parent company Fondiaria-Sai and the indirect parent company Premafin are recognised under “AFS financial assets” and as such are valued at the market price on the last contracting day of the period.

Agency Network

The following table summarises the contribution and the territorial distribution of the agency networks of the fully consolidated companies:

	31/03/2012	31/12/2011
North	919	936
Centre	439	452
South and islands	467	467
Total agencies	**1,825**	**1,855**

The restructuring of the network continues with the closure of non profitable sales points and the reorganisation of the territorial coverage to increase productivity. In the first three months of 2012, 35 sales points were closed and 5 new agencies opened.

Employees

At March 31, 2012, the number of employees of the Parent Company and of the consolidated companies amounted to 1,858 (1,855 at 31/12/11), divided as follows:

	31/03/2012	31/12/2011
Executives	18	18
Managers & white collar	1,833	1,830
Building caretakers	7	7
	1,858	**1,855**

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

Integration project with the Unipol Group

The Board of Directors of Milano Assicurazioni, in a meeting held on April 20, 2012, chaired by Angelo Casò, and with the support of the advisors, examined the industrial aspects of the merger proposal with the Unipol Group.

The Board of Directors consider, based on the information received, that no issues exist which may impede discussions, although no decision has been made in relation to the proposed integration.

This decision, following the necessary further investigations, will depend in any case on the negotiation, also with the support of the advisors, of an adequate share swap ratio for the minority shareholders of Milano Assicurazioni.

These decisions are in line with the indications of the Committee of Independent Directors, constituted in compliance with the procedure for transactions with related parties, in relation to the proposed integration with the Unipol Group.

Resignation of members of the Board of Directors

Under paragraph 1 of Article 36 of Legs. Decree No. 201 of December 6, 2011, enacted into Law No. 214 of December 22, 2011 (the so-called *interlocking directories* regulation) – Messrs. Angelo Casò, Chairman, Umberto Bocchino, Maurizio Burnengo, Maurizio Di Maio, Davide Maggi and Aldo Milanese, all of whom independent directors, resigned from the board. The Director Mr. Mariano Frey, an independent director, also resigned.
The Board therefore comprises of 11 Directors, compared to the 18 appointed by the Shareholders' Meeting.

The Statutory Auditors Mr. Giovanni Ossola, Chairman of the Board of Statutory Auditors, Ms. Maria Luisa Mosconi and Mr. Alessandro Rayneri, in addition to the Alternate Auditor Mr. Giuseppe Aldè, also resigned under the above-stated regulation. Mr. Claudio De Re joins as a Statutory Auditor and also Chairman of the Board of Statutory Auditors and Ms. Michela Zeme joins as a Statutory Auditor.

OUTLOOK

The results in the first three months of 2012 confirmed the strategy implemented on the initiatives undertaken to recover the technical profitability. In the coming months the underwriting policy will therefore continue in line with the guidelines already illustrated.

In particular, in the **Motor TPL** class focus will be on an increased calibration of the tariff mutuality based on the effective risk of the insured party, while at the same time undertaking interventions on the portfolio with negative performances as well as the initiatives to combat fraud.

In the **Other non-Life classes** focus will continue to be on the retail clientele and the small and medium size businesses which operate in profitable regions and the actions will continue on the portfolio acquired with products no longer on the price list. In the corporate sector, focus will be on particular attention to underwriting with the objective to improve the portfolio mix, also through the discontinuation of non profitable sectors.

In the **Life class**, attention will be focused on the traditional products (annual or recurring), which are more remunerative and engender client loyalty, creating therefore long-term value.

In the financial sector, further improvements are expected with a stabilisation of the financial markets.

PREPARATION CRITERIA AND CONSOLIDATION SCOPE

The present interim report was prepared on a consolidated basis and in accordance with the provisions of article 154-ter of Legislative Decree No. 58/98.

In the first quarter of 2012, there were no changes in the consolidation scope. A list of the Subsidiaries and Associated Companies in accordance with the above-mentioned ISVAP Regulation No. 7 of July 13, 2007 and subsequent amendments is provided as an attachment.

The amounts are expressed in millions or thousands of Euro, as indicated.

The quarterly financial statements have not been audited.

In the preparation of the financial statements, consideration was taken of ISVAP Regulation No. 7, concerning the instructions for the format of the consolidated financial statements as per the international accounting standards; the data contained in the financial statements derives from the application of the same accounting principles used for the preparation of the 2011 consolidated financial statements, to which reference should be made for a detailed description of the individual methodologies, except for those indicated below.

Claims reserve

Motor TPL
For current claims, the valuation of the reserve, in consideration of the low maturity levels reached by these claims, also took account of valuations related to the average cost of the same generation, relating this value also to the available market targets. In particular the technical reserve, established through the application of the statistical average costs previously applied for the 2011 financial statements (except for specific changes made by the settlement networks), was supplemented in order to obtain an average current accepted claims cost in line with that established for 2011, taking account of the forecasts for the average cost for the present year.

For previous year claims, already recorded to reserves at the beginning of the period, the valuation was based on the last costs at the end of 2011 based on the same statistical methodology of the claims cost taking account of the reversals to the reserve in the quarter.

Reinsurance

The technical reserves relating to the reinsurers are calculated based on the portion ceded for the proportional reinsurance and in a revisional manner for the excess and stop-loss reinsurance, on the basis of the information available and utilising the same criteria for the direct premium reserves, taking into account the contractual clauses.

The indirect business items concern the share of the results estimated for the current year; the inward and outward reinsurance relating to contracts with Companies of the group are recorded on an accruals basis. The items relating to contracts with third parties concern however the year 2011, in line with that established by the applicable regulation and international practices.

Valuation and impairment of financial instruments

In relation to the valuation of financial instruments classified as available-for-sale, the impairment policy utilised in the present interim financial statements is the same as that utilised in the 2011 annual accounts to which reference is made for greater detail.

For the purposes of the objective recording of the reduction of value of an equity instrument, the Group has defined the conditions of a prolonged and significant reduction of fair value, defined alternatively as follows:

1. a reduction of the market value above 60% of the original cost at the reporting date of the accounts;
2. a market value continuously lower than the original cost for a period of two years,

where the original cost relates to, in conformity with that applied from the introduction of the IAS principles, the average weighted cost at the date of preparation of the accounting documents.

In relation to financial instruments which report a significant decrease in fair value and not within the thresholds above, the analysis of the existence of impairment was made on the basis of a mixed valuation approach, differentiated by the quality and the size of the holding. It is also reported that some valuation processes of financial assets available-for-sale, are - given their complexity - generally made in the preparation of the annual financial statements. During the year, the absence of issues regarding the issuing companies of securities in portfolio which may significantly affect the valuations in the accounts was verified.

In relation to the debt financial instruments, there is evidence of impairment if one of the qualitative factors exists of the above-mentioned paragraph 59 of IAS 39 and therefore:

- significant financial difficulties of the issuer;
- non contractual compliance or non payment of interest or capital;
- the risk of commencement or the commencement of receivership of the issuer;
- the elimination of an active market for the financial assets subject to valuation;
- data which indicates the existence of a significant decrease in the future financial cash flows estimated for a group of financial assets, including:
  - unfavourable changes in the payments of the beneficiaries in the group;
  - local or national economic conditions which are related to the non compliance of the activities within the group.

Milan, May 8, 2012

MILANO ASSICURAZIONI S.p.A.
For the Board of Directors

CONSOLIDATION SCOPE

Consolidation scope

Company	State	Method (1)	Activities (2)
ATHENS R.E. FUND	ITALY	G	10
CAMPO CARLO MAGNO S.p.A.	ITALY	G	10
DIALOGO ASSICURAZIONI S.p.A.	ITALY	G	1
IMMOBILIARE MILANO ASSICURAZIONI S.r.l.	ITALY	G	10
LIGURIA SOCIETA' DI ASSICURAZIONI S.p.A.	ITALY	G	1
LIGURIA VITA S.p.A.	ITALY	G	1
PRONTO ASSISTANCE SERVIZI S.c.r.l.	ITALY	G	11
SINTESI SECONDA S.r.l.	ITALY	G	10
SOGEINT S.r.l.	ITALY	G	11
SYSTEMA COMPAGNIA DI ASSICURAZIONI S.p.A.	ITALY	G	1

(1) Consolidation method: Line-by-line =G, Proportional=P, Line-by-line for man. unit =U

(2) 1= Italian Ins; 2= EU Ins; 3=Other Ins; 4=Holding insurance; 5=EU reins; 6=Reins. other; 7=Banks; 8=SGR; 9=Other holding; 10=Property 11=Other

(3) total shareholding relating to all companies which, through the various holdings, connect the company that prepares the consolidated financial statements and the company held. Where this company is held directly by more than one subsidiary it is necessary to sum the holdings

(4) total voting rights in an ordinary shareholders meeting if different from the direct or indirect shareholding

% direct holding	% total holding (3)	% votes at ordinary shareholders' meeting (4)	% of consolidation
100.00	100.00	100.00	100.00
100.00	100.00	100.00	100.00
99.85	99.85	99.85	100.00
100.00	100.00	100.00	100.00
99.97	99.97	99.97	100.00
-	99.97	100.00	100.00
28.00	54.51	54.55	100.00
-	100.00	100.00	100.00
100.00	100.00	100.00	100.00
100.00	100.00	100.00	100.00

Non consolidated investments

Company	State	Activities (1)	Type (2)
A7 S.r.l. in liquidazione	ITALY	10	B
ATAHOTELS S.p.A.	ITALY	11	B
BORSETTO S.r.l.	ITALY	10	B
GARIBALDI S.C.A.	LUXEMBOURG	10	B
GLOBAL CARD SERVICE S.r.l.	ITALY	11	A
GRUPPO FONDIARIA-SAI SERVIZI S.c.r.l.	ITALY	11	B
ISOLA S.C.A.	LUXEMBOURG	10	B
IMMOBILIARE LOMBARDA S.p.A.	ITALY	10	B
METROPOLIS S.p.A. in liquidazione	ITALY	10	B
PENTA DOMUS S.r.l.	ITALY	10	(*)
SAI INVESTIMENTI S.G.R. S.p.A.	ITALY	8	B
SERVICE GRUPPO FONDIARIA-SAI S.r.l.	ITALY	11	B
SERVIZI IMMOBILIARI MARTINELLI S.p.A.	ITALY	10	B
SVILUPPO CENTRO EST S.r.l.	ITALY	10	B
VALORE IMMOBILIARE S.r.l.	ITALY	10	B

(1) 1= Italian Ins; 2= EU Ins; 3=Other Ins; 4=Holding insurance; 5=EU reins; 6=Reins. other; 7=Banks; 8=SGR; 9=Other holding; 10=Property 11=Other

(2) a=subsidiaries (IAS27) ; b=associated companies (IAS28); c=joint venture (IAS 31); indicate with an asterisk (*) the companies classified as held for sale in accordance with IFRS 5

(3) total shareholding relating to all companies which, through the various holdings, connect the company that prepares the consolidated financial statements and the company held. Where this company is held directly by more than one subsidiary it is necessary to sum the individual holdings

(4) total voting rights in an ordinary shareholders meeting if different from the direct or indirect shareholding

% direct holding	% total holding (3)	% votes at ordinary shareholders' meeting (4)	Book Value
-	20.00	20.00	266
49.00	49.00	49.00	5,154
-	44.93	44.93	2,820
32.00	32.00	32.00	54,492
-	94.97	95.00	-
34.21	34.63	34.65	11,129
29.56	29.56	29.56	9,761
35.83	35.83	35.83	8,573
-	29.73	29.73	
-	20.00	20.00	0
29.00	29.00	29.00	1,808
30.00	30.00	30.00	354
-	20.00	20.00	129
-	40.00	40.00	
50.00	50.00	50.00	5,333

Declaration of the Executive Responsible

in accordance with art. 154 bis, paragraph 2 of Legislative Decree 24/02/1998, n. 58

The undersigned Massimo Dalfelli, as Executive Responsible for the preparation of the corporate financial documents of Milano Assicurazioni S.p.A.

AFFIRMS

pursuant to the provisions of Article 154 *bis* of the “Finance Act for financial intermediaries” that the Interim Report at March 31, 2012 corresponds to the underlying accounting documents, records and accounting entries.

Milan, May 8, 2012

The executive responsible for the preparation of the corporate accounting documents

Mr. Massimo DALFELLI