

PRESS RELEASE

**MILANO ASSICURAZIONI S.p.A.:
CONSOLIDATED HALF-YEAR REPORT AT JUNE 30, 2011 APPROVED
TOTAL PREMIUMS WRITTEN OF EURO 1,753.3 MILLION (-6.4%)
SIGNIFICANT DROP IN MOTOR TPL CLAIMS (-16.4%)**

Direct premiums written

- Non-Life division: Euro 1,556.2 million (-2.9%)
- Life division: Euro 194.5 million (-27.1%)

Technical performance

- Combined Ratio of 102.4% (105.3% in H1 2010).
- Motor TPL claims frequency: -10.8%

Result for the period

- Group loss of Euro 58.7 million (loss of Euro 195.3 million in H1 2010)

Balance Sheet

- Shareholders' equity of Euro 1,232.5 million (Euro 1,304.6 million at 31/12/2010)
- Solvency I ratio (pre share capital increase) of 152% (155.3% at the end of 2010)

Milan, August 29, 2011. The Milano Assicurazioni S.p.A. Board of Directors today approved the consolidated results for the first half of 2011.

Total **premiums written** amounted to Euro 1,753.3 million, a decrease of 6.4% on the same period of the previous year.

In the **Non-Life** Division direct premiums written totalled Euro 1,556.2 million (-2.9% on H1 2010). Premiums have benefitted from the initiatives taken to recover profitability which has resulted in 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 the **Motor** sector premiums totalled Euro 1,113.3, posting a slight contraction (-0.3%); in detail, the Motor TPL sector, benefitting from recent tariff restructuring which led to average premium growth, increased 0.9% despite reduced portfolios concerning the agencies and regions reporting particularly poor performances.

Weak demand and the challenging economic environment impacted the **Land Vehicle** sector with premiums contracting 7.9%.

In the **Other Non-Life Classes** premiums amounted to Euro 442.9 million (-8.8%). The contraction is principally relates to aeronautical risks and the pecuniary losses class of the Sasa division.

In relation to claims the Motor sector reports a significant drop with Motor TPL claims contracting 16.4% and Land Vehicle claims by 9.7%; the Other Non-Life Classes report a reduction of 6.7% and therefore the entire sector overall saw claims drop by 12%; these results are testament to the decisive actions taken in the last part of the previous year and continued in the current year.

As a result of that highlighted, the Loss Ratio decreased to 76.7% (79.8% in H1 2010) with the Expense Ratio stable at 20.6% (20.4% in H1 2010), while the Combined Ratio including technical charges amounted to 102.4% (105.3% in H1 2010).

The sector reports a pre-tax loss of Euro 61.1 million (loss of Euro 226 million in H1 2010). The improved technical management and the reduction in financial instrument impairments compared to the same period of the previous year enabled this significant improvement.

In the **Life** division premiums written amounted to Euro 194.5 million, a drop of 27.1% within a weak domestic insurance market - both for Class I and Class III products.

The Division reports a pre-tax profit of Euro 18.4 million compared to Euro 29.8 million in the first half of 2010. The reduction principally relates to impairments on Greek government bonds of Euro 7.7 million, net of the policyholder's share.

The real estate sector reports a pre-tax loss of Euro 0.7 million, improving on a loss of Euro 6.3 million in the first half of the previous year.

The financial and asset management reports overall net income of Euro 79 million compared to net charges of Euro 25.1 million in H1 2010.

The significant improvement principally owes to reduced impairments (Euro 59.6 million compared to Euro 178.5 million), despite net charges on financial instruments recorded at fair value to profit and loss of Euro 19.1 million (compared to net income of Euro 1.5 million); interest income also grew (from Euro 106.7 million to Euro 109.1 million).

The Group **net result** was a loss of Euro 58.7 million (profit of Euro -195.3 million in H1 2010).

The **consolidated net equity**, including the result for the period and minority interest share, decreased from Euro 1,304.6 million at 31/12/2010 to Euro 1,232.5 million.

The solvency margin, excluding the effect of the share capital increase, decreased from 155.3% at 31/12/2010 to 152%. The benefit from the above-mentioned share capital increase was approx. 44 percentage points.

In the coming months we will continue to implement the new Fondiaria-Sai Group strategies.

In particular, with reference to the Non-Life sector:

- in the Motor sector the initiatives taken to increase the average policy premium will continue through the reduction of tariff flexibility and the renegotiation of collective agreements. The close performance monitoring will continue with prompt action taken in relation to agencies with particularly poor results. The coming months will benefit also from the anti-fraud measures implemented through a recently formed section specifically targeting this issue;
- The underwriting policy of the other non-life classes will focus on the retail client and on the Small-Medium-size business sector while the risk exposure to the public body sector will be reduced.

In the Life class, attention will continue to be focused on improving the portfolio quality, increasing the level of periodic premium Class I products (annual or recurring), which are more remunerative and engender client loyalty, creating therefore long-term value.

The real estate sector will benefit in particular from the exercise of the put option on the Citylife investment which, following the closing of August 3, will recognise a gain of approx. Euro 31 million.

The Executive Responsible for the preparation of the corporate accounting documents, Pier Giorgio Bedogni, declares in accordance with Article 154 *bis*, paragraph 2, of the Consolidated Finance Act, that the accounting information contained in the present press release corresponds to the underlying accounting documents, records and accounting entries.

Further details on the Group's financial results will be provided to the financial community by the CEO Mr. Emanuele Erbetta tomorrow at the time of 4 PM CET, through a conference call and webcasting. Further information is available on the Internet site of the company.

The presentation will also be available on the Internet site of the company at the beginning of the conference call.

Definitions and Glossary

Combined Ratio = the Loss Ratio and total expenses (general and acquisition charges and other net technical charges) on premiums.

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MILANO ASSICURAZIONI S.p.A.

2011 FIRST HALF-YEAR CONSOLIDATED REPORT

in Euro thousands

BALANCE SHEET - ASSETS

		30/06/2011	31/12/2010
1	INTANGIBLE ASSETS	246.106	250.012
1.1	Goodwill	231.052	231.052
1.2	Other intangible assets	15.054	18.960
2	PROPERTY, PLANT & EQUIPMENT	64.204	64.111
2.1	Buildings	58.045	58.141
2.2	Other tangible assets	6.159	5.970
3	TECHNICAL RESERVES – REINSURANCE AMOUNT	424.391	434.652
4	INVESTMENTS	8.853.944	9.101.143
4.1	Investment property	990.429	1.000.349
4.2	Investments in subsidiaries, associates and joint ventures	141.077	202.391
4.3	Investments held to maturity	124.558	121.798
4.4	Loans and receivables	819.761	660.504
4.5	AFS financial assets	6.524.787	6.827.511
4.6	Financial assets at fair value through the profit or loss account	253.332	288.590
5	OTHER RECEIVABLES	789.706	1.034.818
5.1	Receivables from direct insurance operations	526.482	662.794
5.2	Receivables from reinsurance operations	29.937	69.553
5.3	Other receivables	233.287	302.471
6	OTHER ASSETS	490.630	327.893
6.1	Non-current assets or of a discontinued group held for sale	81.539	3.451
6.2	Deferred acquisition costs	6.665	7.477
6.3	Deferred tax assets	205.450	205.915
6.4	Current tax assets	44.634	42.821
6.5	Other assets	152.342	68.229
7	CASH AND CASH EQUIVALENTS	291.954	284.665
	TOTAL ASSETS	11.160.935	11.497.294

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BALANCE SHEET – SHAREHOLDERS' EQUITY & LIABILITIES

		30/06/2011	31/12/2010
1	SHAREHOLDERS' EQUITY	1.232.473	1.304.567
1.1	Group	1.231.174	1.303.248
1.1.1	Share Capital	305.851	305.851
1.1.2	Other equity instruments		
1.1.3	Capital reserves	678.981	718.147
1.1.4	Retained earnings and other reserves	350.514	980.995
1.1.5	(Treasury shares)	-31.353	-31.353
1.1.6	Translation reserve		
1.1.7	Profit or loss on AFS financial assets	-10.137	1.989
1.1.8	Other gains and losses recorded directly in equity	-4.010	-3.670
1.1.9	Group net loss	-58.672	-668.711
1.2	minority interest	1.299	1.319
1.2.1	Minority capital and reserves	1.370	1.502
1.2.2	Gains and losses recorded directly in equity	-3	-3
1.2.3	Minority interest loss	-68	-180
2	PROVISIONS	108.480	136.139
3	TECHNICAL RESERVES	8.966.269	9.144.336
4	FINANCIAL LIABILITIES	379.343	427.946
4.1	Financial liabilities at fair value through profit or loss account	61.806	61.643
4.2	Other financial liabilities	317.537	366.303
5	PAYABLES	270.327	309.410
5.1	Payables from direct insurance operations	20.859	31.388
5.2	Payables from reinsurance operations	28.343	40.428
5.3	Other payables	221.125	237.594
6	OTHER LIABILITIES	204.043	174.896
6.1	Liabilities in a discontinued group held for sale	0	0
6.2	Deferred tax liabilities	39.629	33.223
6.3	Current tax liabilities	10.713	2.164
6.4	Other liabilities	153.701	139.509
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	11.160.935	11.497.294

MILANO ASSICURAZIONI S.p.A.

2011 FIRST HALF-YEAR CONSOLIDATED REPORT

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INCOME STATEMENT

		H1 2011	H1 2010
1.1	Net premiums	1.700.646	1.797.236
1.1.1	Gross premiums written	1.762.832	1.865.211
1.1.2	Premiums ceded to re-insurers	-62.186	-67.975
1.2	Commission income	220	138
1.3	Income and charges from financial instruments recorded at fair value through profit or loss	-19.105	1.499
1.4	Income from investments in subsidiaries, associates and joint ventures	6.979	271
1.5	Income from other financial instruments and property investments	200.433	211.584
1.5.1	Interest income	109.137	106.691
1.5.2	Other income	31.978	39.737
1.5.3	Profits realised	59.318	65.156
1.5.4	Valuation gains		
1.6	Other revenues	108.907	96.708
1	TOTAL REVENUES AND INCOME	1.998.080	2.107.436
2.1	Net charges relating to claims	-1.378.547	-1.512.749
2.1.1	Amounts paid and changes in technical reserves	-1.408.537	-1.536.443
2.1.2	Reinsurers' share	29.990	23.694
2.2	Commission expenses	-101	-35
2.3	Charges from investments in subsidiaries, associates and joint ventures	-8.098	-13.479
2.4	Charges from other financial instruments and property investments	-101.243	-224.988
2.4.1	Interest expense	-5.936	-7.042
2.4.2	Other charges	-10.488	-10.099
2.4.3	Losses realised	-25.222	-29.341
2.4.4	Valuation losses	-59.597	-178.506
2.5	Management expenses	-328.185	-338.780
2.5.1	Commissions and other acquisition expenses	-265.657	-277.710
2.5.2	Investment management charges	-1.966	-1.367
2.5.3	Other administration expenses	-60.562	-59.703
2.6	Other costs	-225.279	-219.463
2	TOTAL COSTS AND CHARGES	-2.041.453	-2.309.494
	LOSS BEFORE TAXES	-43.373	-202.058
3	Income tax	-15.367	3.485
	NET LOSS FOR THE PERIOD	-58.740	-198.573
4	PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS		3.281
	CONSOLIDATED LOSS	-58.740	-195.292
	group share	-58.672	-195.275
	minority share	-68	-17

MILANO ASSICURAZIONI S.p.A.

2011 FIRST HALF-YEAR CONSOLIDATED REPORT

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COMPREHENSIVE INCOME STATEMENT

	H1 2011	H1 2010
CONSOLIDATED LOSS	-58.740	-195.292
Change in reserve for net exchange differences		
Profit or loss on AFS financial assets	-12.126	-1.115
Profit or loss on cash flow hedges	455	-1.212
Profit or loss on a net foreign investment hedge	0	0
Change in net equity of holdings	0	0
Change in revaluation reserve of intangible assets	0	0
Change in revaluation reserve of tangible fixed assets	0	0
Income/(charges) on non-current assets or of a discontinued group held for sale	0	1.322
Actuarial profits and losses and adjustments to employee defined plans	-795	-796
Others items		
TOTAL OTHER COMPREHENSIVE INCOME STATEMENT ITEMS	-12.466	-1.801
TOTAL COMPREHENSIVE CONSOLIDATED INCOME	-71.206	-197.093
group share	-71.138	-197.680
minority share	-68	587

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Segment Income Statement

	Non-Life Insurance Sector			Life Insurance Sector			Real Estate Sector			Other Activities Sector		Inter-segment Eliminations		Total	
	H1 2011	H1 2010		H1 2011	H1 2010		H1 2011	H1 2010		H1 2011	H1 2010	H1 2011	H1 2010	H1 2011	H1 2010
1.1 Net premiums	1,511,702	1,536,794		188,944	280,442		-	-		-	-	-	-	1,700,646	1,797,236
1.1.1 Gross premiums written	1,568,334	1,598,519		194,488	286,692									1,762,832	1,865,211
1.1.2 Premiums ceded to re-insurers	- 56,632	- 61,725		- 5,554	- 6,250									- 62,186	- 67,975
1.2 Commission income	-	-		220	138									220	138
1.3 Income and charges from financial instruments recorded at fair value through profit or loss	- 19,134	- 1,969		- 417	3,351		446	117						- 19,105	1,499
1.4 Income from investments in subsidiaries, associates and joint ventures	214	271					6,765							6,979	271
1.5 Income from other financial instruments and property investments	82,959	102,251		111,434	103,601		6,041	5,730		2				200,433	211,594
1.6 Other revenues	102,516	75,306		2,762	10,512		919	893		16,779	- 6,782	- 2,479	- 6,782	108,907	96,708
1 TOTAL REVENUES AND INCOME	1,678,266	1,712,653		302,943	378,044		14,171	6,740		16,781	- 6,782	2,479	- 6,782	1,998,060	2,107,436
2.1 Net charges relating to claims	- 1,159,255	- 1,226,409		- 219,292	- 286,341		-	-		-	-	-	-	- 1,378,547	- 1,512,749
2.1.1 Amounts paid and charges in technical reserves	- 1,182,712	- 1,246,890		- 225,825	- 289,553									- 1,408,537	- 1,536,443
2.1.2 Reinsurers' share	23,457	20,482		6,533	3,212									29,990	23,694
2.2 Commission expenses	-	-		-	-									- 101	- 35
2.3 Charges from investments in subsidiaries, associates and joint ventures	- 7,877	- 10,479		- 174	- 161		- 47	- 2,539						- 8,098	- 13,479
2.4 Charges from other financial instruments and property investments	- 55,916	- 188,926		- 32,911	- 27,781		- 12,416	- 8,274		- 7				- 101,243	- 224,988
2.5 Management expenses	- 313,075	- 325,054		- 15,110	- 13,726									- 328,185	- 338,780
2.6 Other costs	- 203,210	- 187,739		- 16,955	- 20,195		- 2,413	- 1,925		- 5,180	- 16,386	2,479	6,782	- 225,279	- 219,463
2 TOTAL COSTS AND CHARGES	- 1,739,333	- 1,938,606		- 284,543	- 348,239		- 14,876	- 13,038		- 5,180	- 16,386	2,479	6,782	- 2,041,453	- 2,309,494
PROFIT/(LOSS) BEFORE TAXES	- 61,077	- 225,953		18,400	29,805		705	- 6,298		9	388	-	-	43,373	- 202,058