

PRESS RELEASE

MILANO ASSICURAZIONI S.p.A.: CONSOLIDATED REPORT AT SEPTEMBER 30, 2011 APPROVED

**TOTAL DIRECT PREMIUMS WRITTEN OF EURO 2,425.9 MILLION
(EURO 2,587.2 MILLION IN 9M 2010, -6.2%)**

**SIGNIFICANT DROP IN CLAIMS REPORTED: -12.5% NON-LIFE;
MOTOR TPL -16.6%**

REVALUATION OF PRIOR YEAR CLAIMS RESERVES CONTINUES

SOLVENCY MARGIN AT MAXIMUM MARKET LEVELS: 175%

Direct premiums written

- Non-Life division: Euro 2,167.3 million (-2.6%)
- Life division: Euro 258.6 million (-28.6%)

Technical performance

- Combined Ratio including technical charges of 105.5% (105.4% in 9M 2010)

Result for the period

- Consolidated net loss of Euro 145.1 million (loss of Euro 373.0 million in 9M 2010)

Balance Sheet

- Group Shareholders' equity of Euro 1,344.4 million (Euro 1,303.2 million at 31/12/2010)

Milan, November 10, 2011 - In a meeting chaired by Angelo Casò, the Milano Assicurazioni S.p.A. Board of Directors approved the consolidated results for the third quarter of 2011.

Total direct premiums written amounted to Euro 2,425.9 million, a decrease of 6.2% on the same period of the previous year.

In the **Non-Life Division**, direct premiums written totalled Euro 2,167.3 million (-2.6% on 9M 2010).

Premiums in the **Motor** classes amounted to Euro 1,563.2 million, with the contraction curtailed to 0.4% although following the undertaking of actions to recover profitability in a sector with an established technical deterioration and particularly due to the cancellation of multi-risk contracts.

Motor TPL premiums recovered (+0.9%), despite an extensive restructuring of the policy portfolio and a significant reduction in discounting. Performance monitoring on individual contracts indicate that the actions undertaken are significantly improving profitability; the Land Vehicle class however continues to be impacted by the difficult economic environment and the continued drop in new vehicle registrations, reporting a contraction of 8.7%.

The Motor TPL Class again reports a negative performance due to the contracts issued in previous years, particularly in certain regions, with a higher percentage of claims reporting physical injury and where the risk of fraud is greatest.

Current generation contracts decisively improved following a significant decrease in claims reported and in the frequency.

The cost of previous generation claims remained high with a gradual revaluation of the residual load which will also be apparent at the end of the year. This revaluation impacted the period income statement for over **Euro 154 million** (Euro 45 million in 9M 2010), gross of the corresponding tax effect.

The number of Motor TPL **claims reported** decreased by 16.6%. Overall the number of claims reported decreased by 12.5%. The continued improvement of the Land Vehicle class (-9.5%) is noted.

In the **other Non-Life Classes**, premiums amounted to Euro 604.1 million, a decrease of 7.8%. This follows both the contraction in the aeronautical business of the Sasa division and the containment of Corporate risks, particularly in relation to the businesses and public bodies areas.

As a result of that outlined above, the **Loss Ratio** amounted to 81.8% (81.2% in 9M 2010) with an **Expense Ratio** of 20.1% (20.5% in 9M 2010), while the **Combined Ratio**, including technical charges, was 105.5% (105.4% in 9M 2010).

The strong current generation performance is highlighted by the Parent Company Milano Assicurazioni combined ratio (calculated excluding the contribution of the prior year claims) of 94.7% (97.7% in 9M 2010).

The Non-Life sector reported a loss of Euro 198.5 million compared to a loss of Euro 371.1 million in the first nine months of 2010. The result was strongly affected by the adjustment of AFS financial instrument values, with a negative impact of Euro 92.5 million (Euro 290 million in 9M 2010).

Direct **Life** premiums written amounted to Euro 258.6 million (-28.6%). The reduction in premiums is considered within a weak domestic market and in particular for the securitisation sector which saw a significant drop off in interest compared to the past from institutional clients, within the current generalised liquidity crisis.

New business in terms of Annual Premium Equivalent (APE) amounted to Euro 24.2 million (-31.9%).

The sector reports a pre-tax profit of Euro 29.7 million compared to a loss of Euro 0.2 million in 9M 2010, after impairments on AFS financial instruments of Euro 42.1 million (Euro 54.9 million in 9M), gross of the portion borne by policyholders.

The **real estate** sector reports a pre-tax loss of Euro 2.8 million (a loss of Euro 10.1 million in the same period of the previous year).

The result does not include the gain of Euro 30.9 million from the sale of the investment in Citylife, which despite occurring within the real estate sector was classified to the "profit from discontinued operations" account.

The **financial and asset management** recorded impairments on AFS instruments for a total amount of Euro 134.6 million (Euro 344.9 million in 9M 2010). In line with the Group impairment policy, the book value of these instruments was aligned with the stock exchange value of September 30.

The impairments carried out principally relate to investments held by Milano Assicurazioni in the following companies:

- Fondiaria-SAI for Euro 22.4 million, of which Euro 11.2 million already recognised at June 30;
- Generali for Euro 23.1 million, fully recognised in the third quarter;
- Unicredit for Euro 36.4 million, of which Euro 6.5 million already recognised at June 30;
- Premafin for Euro 9.7 million, of which Euro 7.2 million recognised at June 30;
- Greek Government Securities for Euro 23.7 million, of which Euro 14 million recognised at June 30.

In relation to other types of financial income, interest income amounted to Euro 170.5 million - recovering on Euro 159.1 million in Q3 2010.

Trading activity facilitated net gains of Euro 39.0 million (Euro 42.4 million in the same period of the previous year).

The Group **net result** was a loss of Euro 145.1 million (loss of Euro 373.0 million in 9M 2010). As previously stated, the loss follows the revaluation of the claims reserves and the impairment on AFS financial instruments, which had a negative impact of Euro 134.6 million.

The **Group net equity**, including the result for the period, improved from Euro 1,303.2 million at 31/12/2010 to Euro 1,344.4 million at 30/09/2011.

In relation to the **adjusted solvency margin**, at 30/09/2011 the ratio between the constituting elements and the required solvency margin was 175% (155% at 31/12/2010), in consideration also of Isvap Reg. No. 37/2011.

The revaluation requirements of the claims reserves will only be definitively established on the completion of the review process underway and will also be based on the operating performance in the final part of the year.

In consideration of this - as stated in the communication to the market of October 6 - it is assumed that the Group net result in the budget 2011 will not be met with a loss likely to be returned. At the present time it is not possible to establish the extent of the further reduction on budget due to the turbulent financial market situation and the difficulties - considering such volatility of the market - to forecast the listing prices of securities in portfolio at year-end, in addition to the need to carry out impairment tests on goodwill as part of the industrial plans of the various Group entities which are currently being drawn up.

The Non-Life sector in the final part of the year will see a continuation of the actions taken to recover technical profitability. In particular, in the Motor sector a new tariff will be implemented which remodels the tariff mutuality based on further analyses of the effective risk of the policyholder and the initiatives concerning particularly poorly performing portfolios will continue.

In the Other Non-Life Classes, the underwriting policy will continue to favour the retail client and the small-medium size business sector, while business in regions with particularly satisfying technical performances will be developed further.

In the Life Classes, the actions to improve the portfolio quality will continue, increasing the level of premium Class I products (annual or recurring), which are more remunerative and engender client loyalty.

The actions taken to contain operating costs will continue through a more stringent resource allocation plan, the elimination of non essential services and the re-launch of leaving incentives for those who have fulfilled their pensionable requirements.

The Executive Responsible for the preparation of the corporate accounting documents, Massimo Dalfelli, 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 11 AM, 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.

Annual Premium Equivalent (APE) = Total of new business annual premiums and one-tenth of single premiums.

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

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MILANO ASSICURAZIONI

Consolidated Income Statement

(in Euro thousands)

	9M	9M	Q3	Q3
	2011	2010	2011	2010
Net premiums	2.446.233	2.598.090	745.587	800.854
Commission income	299	706	79	568
Income and charges from financial instruments at fair value through profit/loss	-26.659	5.617	-7.554	4.118
Income from investments in subsidiaries, associates and joint ventures	7.077	442	98	171
Income from other financial instruments and property investments	286.628	302.552	86.195	90.968
<i>Interest income</i>	<i>170.505</i>	<i>159.065</i>	<i>61.368</i>	<i>52.374</i>
<i>Other income</i>	<i>43.197</i>	<i>58.981</i>	<i>11.219</i>	<i>19.244</i>
<i>Profits realised</i>	<i>72.926</i>	<i>84.302</i>	<i>13.608</i>	<i>19.146</i>
<i>Valuation gains</i>	<i>0</i>	<i>204</i>	<i>0</i>	<i>204</i>
Other revenues	132.988	130.063	24.081	33.355
TOTAL REVENUES	2.846.566	3.037.470	848.486	930.034
Net charges relating to claims	-2.079.706	-2.226.197	-701.159	-713.448
Commission expenses	-165	-48	-64	-13
Charges from investments in subsidiaries, associates and joint ventures	-7.803	-15.857	295	-2.378
Charges from other financial instruments and property investments	-214.113	-427.162	-112.870	-202.174
<i>Interest expense</i>	<i>-8.540</i>	<i>-9.644</i>	<i>-2.604</i>	<i>-2.602</i>
<i>Other charges</i>	<i>-14.857</i>	<i>-14.357</i>	<i>-4.369</i>	<i>-4.258</i>
<i>Losses realised</i>	<i>-33.885</i>	<i>-41.943</i>	<i>-8.663</i>	<i>-12.602</i>
<i>Valuation losses</i>	<i>-156.831</i>	<i>-361.218</i>	<i>-97.234</i>	<i>-182.712</i>
Management expenses	-465.163	-484.246	-136.978	-145.466
<i>Commissions and other acquisition expenses</i>	<i>-372.506</i>	<i>-395.697</i>	<i>-106.849</i>	<i>-117.987</i>
<i>Investment management charges</i>	<i>-2.870</i>	<i>-2.979</i>	<i>-904</i>	<i>-1.612</i>
<i>Other administration expenses</i>	<i>-89.787</i>	<i>-85.570</i>	<i>-29.225</i>	<i>-25.867</i>
Other costs	-251.380	-265.021	-26.101	-45.558
TOTAL COSTS	-3.018.330	-3.418.531	-976.877	-1.109.037
LOSS BEFORE TAXES	-171.764	-381.061	-128.391	-179.003
Income taxes	-4.229	4.714	11.138	1.229
NET LOSS	-175.993	-376.347	-117.253	-177.774
PROFIT FROM DISCONTINUED OPERATIONS	30.850	3.281	30.850	0
CONSOLIDATED LOSS	-145.143	-373.066	-86.403	-177.774
GROUP SHARE	-145.072	-373.041	-86.400	-177.766
MINORITY SHARE	-71	-25	-3	-8

MILANO ASSICURAZIONI

Consolidated Balance Sheet

(in Euro thousands)

	Sep. 30, 2011	June 30, 2011	Cge. %	Dec. 31, 2010
INVESTMENTS				
Investment property	992.593	990.429	0,22%	1.000.349
Investments in subsidiaries, associates and joint ventures	144.859	141.077	2,68%	202.391
Investments held to maturity	127.175	124.558	2,10%	121.798
Loans and receivables	913.416	819.761	11,42%	660.504
Financial assets available-for-sale	6.571.109	6.524.787	0,71%	6.827.511
Financial assets at fair value through the profit or loss acc.	241.434	253.332	-4,70%	288.590
Total investments	8.990.586	8.853.944	1,54%	9.101.143
Prop., plant and equip.: Buildings and other tangible assets	63.713	64.204	-0,76%	64.111
Total non-current assets	9.054.299	8.918.148	1,53%	9.165.254
Cash and cash equivalents	235.966	291.954	-19,18%	284.665
Total non-current assets & cash and cash equivalents	9.290.265	9.210.102	0,87%	9.449.919
NET TECHNICAL RESERVES				
Non-Life technical reserves				
Premiums reserve	1.027.591	1.127.510	-8,86%	1.136.093
Claims reserve	3.907.881	3.752.641	4,14%	3.820.422
Other reserves	2.925	2.942	-0,58%	3.287
Total non-life reserves	4.938.397	4.883.093	1,13%	4.959.802
Life technical reserves				
Reserve for sums to pay	30.529	31.652	-3,55%	44.477
Actuarial reserves	3.411.053	3.502.813	-2,62%	3.550.177
Tech. prov. for which the risk is borne by the policyholder	149.313	158.708	-5,92%	188.076
Other reserves	-127.813	-34.388	271,68%	-32.848
Total Life Reserves	3.463.082	3.658.785	-5,35%	3.749.882
Total net technical reserves	8.401.479	8.541.878	-1,64%	8.709.684
FINANCIAL LIABILITIES				
Financial liabilities at fair value through profit or loss acc.	66.301	61.806	7,27%	61.643
Other financial liabilities	315.516	317.537	-0,64%	366.303
Total financial liabilities	381.817	379.343	0,65%	427.946

MILANO ASSICURAZIONI

Segment Income Statement - 9M 2011

(Euro thousands)

		Non-Life	Life	Real Estate	Other activities	Inter seg. elim.	Total
1.1	Net premiums	2.195.324	250.909				2.446.233
1.2	Commission income		299				299
1.3	Income and charges from financial instruments at fair value through profit/loss	-21.944	-5.121	406			-26.659
1.4	Income from investments in subsidiaries, associates and joint ventures	311		6.766			7.077
1.5	Income from other financial instruments and property investments	118.403	159.264	8.961			286.628
1.6	Other revenues	124.147	4.189	1.588	7.564	-4.500	132.988
1	TOTAL REVENUES AND INCOME	2.416.241	409.540	17.721	7.564	-4.500	2.846.566
2.1	Net charges relating to claims	-1.795.651	-284.055				-2.079.706
2.2	Commission expenses		-165				-165
2.3	Charges from investments in subsidiaries, associates and joint ventures	-7.495	-260	-48			-7.803
2.4	Charges from other financial instruments and property investments	-136.817	-60.668	-16.628			-214.113
2.5	Management expenses	-443.891	-21.272				-465.163
2.6	Other costs	-230.898	-13.383	-3.803	-7.796	4.500	-251.380
2	TOTAL COSTS AND CHARGES	-2.614.752	-379.803	-20.479	-7.796	4.500	-3.018.330
	PRE-TAX PROFIT/(LOSS) - 9M 2011	-198.511	29.737	-2.768	-232	0	-171.764
	Income taxes						-4.229
	Profit from discontinued operations						30.850
	CONSOLIDATED NET LOSS - 9M 2011						-145.143
	PRE-TAX PROFIT/(LOSS) - 9M 2010	-371.059	-234	-10.095	327	0	-381.061
	Income taxes						4.714
	<i>Profit from discontinued operations</i>						3.281
	CONSOLIDATED NET LOSS - 9M 2010						-373.066