

PRESS RELEASE

MILANO ASSICURAZIONI S.p.A.:
CONSOLIDATED REPORT AT SEPTEMBER 30, 2012 APPROVED

CURRENT INDUSTRIAL OPERATIONS IMPROVEMENTS CONTINUE

GROUP NET LOSS OF EURO 11.5 MILLION (LOSS OF EURO 145.1 MILLION IN 9M 2011)

ADJUSTED SOLVENCY RATIO AT 1.37

Direct premiums written

- Non-Life Division: Euro 1,998.1 million (-7.8%)
- Life Division: Euro 256.3 million (-0.9%)

Technical performance

- Combined ratio (including technical charges and reinsurance) at 101.1%, from 105.5% in 9M 2011

Net Result for the period

- Group net loss of Euro 11.5 million (loss of Euro 145.1 million in 9M 2011)

Balance Sheet

- Group Shareholders' Equity of Euro 1,147.6 million (Euro 928.2 million at December 31, 2011)

Bologna, November 13, 2012. The Milano Assicurazioni S.p.A. Board of Directors, meeting today, approved the consolidated results for the third quarter of 2012.

The Milano Assicurazioni Group reports a **net loss** of Euro 11.5 million compared to a loss of Euro 145.5 million in 9M 2011.

As previously reported, the result was impacted by the bankruptcy of the companies Sinergia and Im.Co., with which Milano Assicurazioni had undertaken property operations, resulting in a total charge before taxes of Euro 61.6 million, while from an operating and managerial viewpoint the year to date results confirm the operational improvements which emerged in the first part of the year.

The **Non-Life** business in the first nine months reports a pre-tax loss of Euro 22.5 million compared to a loss of Euro 198.5 million in 9M2011. The operating highlights were as follows:

- direct business **premiums** of Euro 1,998.1 million, which contracted 7.8% on 9M 2011, however in line with the preceding quarters, as a result of the multi-claims portfolio restructuring policies and the difficult economic environment;

- a **combined ratio** (including technical charges and re-insurance) of 101.1% compared to 105.5% in 9M2011 (114.1% at December 31, 2011), with a loss ratio of 78%;
- net income of Euro 78.8 million compared to net charges of Euro 47.5 million in the same period of the previous year;
- bad debts of Euro 61.1 million concerning real estate operations in place with the companies Im.Co and Sinergia, declared bankrupt.

In the **Motor** division premiums totaled Euro 1,428 million (-8.6%). No major events occurred in the third quarter compared to that reported previously for the half-year and therefore the **Motor TPL** premiums for the nine months again report a contraction of 8.1%, impacted by the review of the technical-commercial policies and significantly by the portfolio reform policy introduced to recover profitability. Current operating figures confirm that the actions taken are providing the sought after results. Claims reported reduced by approx. 20%, the frequency decreased significantly and the average costs of claims paid was substantially stable due to the lower percentage of physical injury.

Weak demand, the challenging economic environment and the sharp drop in registrations (over 20%) continue to impact **Land Vehicle** Class premiums, which reduced 12.6% year-on-year, although the division reports a positive technical result and improving on 9M 2011, thanks to the actions taken on tariffs, distribution methods and underwriting limits. This is highlighted by the significant contraction (-22.4%) in claims reported.

The **Other Non-Life Classes** report premiums of Euro 570.1 million. The contraction in volumes of 5.6% follows the corporate portfolio restructuring policies, in addition to the reduction, due to the extensive crisis, in retail sector premiums.

We recall that the Fire class was impacted by the recent earthquake in Emilia Romagna, although the effects were mitigated by reinsurance.

The **Life** division reports a pre-tax profit of Euro 32.1 million compared to Euro 29.7 million in the same period of the previous year, although impacted by impairments on Available for Sale (AFS) instruments of Euro 13.5 million. Premiums in the third quarter overall reached Euro 256.3 million, with a contraction of less than 1% on 9M 2011. New business in terms of Annual Premium Equivalent (APE) amounted to Euro 24.2 million, unchanged on the previous year.

The **real estate** sector reports a pre-tax loss of Euro 5.5 million (loss of Euro 2.8 million in the same period of the previous year). The result was impacted by operating charges and depreciation not offset by current income.

It is recalled that during the period Immobiliare Milano Assicurazioni sold its holding in Igli S.p.A. (16.67% of the share capital) and that the gain realised (Euro 1.2 million) was recorded in the account Profit from discontinued operations.

The **Other Activities** division reports a loss in the first nine months of 2012 of Euro 1.1 million.

The **asset and financial management** reports overall net income of Euro 192.6 million, a strong increase on Euro 45.1 million in 9M 2011, which suffered a greater impact from valuation losses.

The **Group net equity**, including the result for the period, increased from Euro 928.2 million at December 31, 2011 to Euro 1,147.6 million at September 30, 2012.

The adjusted **Solvency Margin** at September 30 reports coverage of approx. 137%.

It is recalled that on September 20, 2012, following the acquisition of control by Unipol Gruppo Finanziario S.p.A. of Premafin Finanziaria S.p.A. and therefore indirectly of the Company, the entire Board of Milano Assicurazioni resigned their positions, resulting in the lapse of the Board in accordance with the company by-laws. The current Board, which remains in office in *Prorogatio* until the next Shareholders' Meeting, therefore called the Shareholders' Meeting for the appointment of the new Board of Directors for November 30, 2012 at 10:30 AM in Milan, viale Don Luigi Sturzo 45, at the Atahotel Executive in first call and, if required, on December 3, 2012 in second call at the same place and time.

Significant events after the end of the quarter and outlook

On November 5, 2012 the new Board of Directors of the parent company Fondiaria-SAI took office, based on the slate presented by the majority shareholder Unipol Group of Finanziario S.p.A.. Management will focus on consolidating the work performed to date on the integration project, towards a conclusion of the merger operations between the companies Premafin, Fondiaria-SAI, Milano Assicurazioni and Unipol Assicurazioni, which represent a vital step for the restructuring and simplification of the Group, in order to fully draw on the synergies identified.

The Interim Report at September 30, 2012 will be made available to the public at the registered offices in Milan, via Senigallia 18/2 and at the stock market management company Borsa Italiana S.p.A. by November 14, 2012. The report will also be available at the internet site of the Company at www.gruppofondiarisai.it.

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.

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.

Available for Sale (AFS) = Financial instruments available for sale

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MILANO ASSICURAZIONI

Highlights Net Financial Position

	30/09/2012	30/06/2012	Ch. %	31/12/2011
€/000				
INVESTMENTS				
Investment properties	710,734	717,243	-0.91%	910,693
Investments in subsidiaries, associates and joint ventures	99,859	97,928	1.97%	100,416
Held to maturity assets	176,275	175,753	0.30%	128,927
Loans and receivables	889,077	889,258	-0.02%	905,538
Available-for-sale financial assets	6,445,564	5,946,740	8.39%	6,084,206
Assets at fair value through profit and loss	182,404	193,846	-5.90%	226,104
Total investments	8,503,913	8,020,768	6.02%	8,355,884
Tangible assets: buildings and other	51,754	52,275	-1.00%	52,350
Total non-current assets	8,555,667	8,073,043	5.98%	8,408,234
Cash and cash equivalents	392,447	658,706	-40.42%	470,804
Total non-current assets and cash	8,948,114	8,731,749	2.48%	8,879,038
NET TECHNICAL RESERVES				
Non-Life net technical reserves				
Provision for unearned premiums	943,909	1,052,949	-10.36%	1,093,043
Provision for outstanding claims	4,150,530	4,056,851	2.31%	4,187,055
Other provisions	2,506	2,501	0.20%	2,897
Total Non-Life net technical reserves	5,096,945	5,112,301	-0.30%	5,282,995
Life net technical reserves				
Mathematical provision	28,556	40,543	-29.57%	39,652
Provision for outstanding claims	3,171,132	3,181,466	-0.32%	3,375,254
Provisions for policies where the investment risk is borne by the policyholders	113,149	116,855	-3.17%	133,304
Other provisions	-38,412	-80,391	-52.22%	-87,937
Total Life net technical reserves	3,274,425	3,258,473	0.49%	3,460,273
Total net technical reserves	8,371,370	8,370,774	0.01%	8,743,268
FINANCIAL LIABILITIES				
Financial liabilities at fair value through profit and loss	71,618	64,663	10.76%	70,858
Other financial liabilities	286,191	288,480	-0.79%	299,339
Total financial liabilities	357,809	353,143	1.32%	370,197

MILANO ASSICURAZIONI

CONSOLIDATED NET EQUITY

(Euro thousand)

	30/09/2012	30/06/2012	Change	31/12/2011
Group Shareholders' Equity	1,147,579	1,031,456	116,123	928,212
Share capital	373,682	373,682	-	373,682
Capital reserves	406,634	406,634	-	951,244
Retained earnings and other capital reserves	408,986	409,183	-197	350,086
<i>Treasury shares</i>	<i>-31,353</i>	<i>-31,353</i>	-	<i>-31,353</i>
Profit or loss on AFS financial assets	13,097	-119,394	132,491	-222,178
Other gains and losses recorded directly in equity	-11,954	-10,361	-1,593	-5,790
Group net profit/(loss)	-11,513	3,065	-14,578	-487,479
Minority interest shareholders' equity	1,376	1,397	-21	1,325
Capital and reserves	1,456	1,456	-	1,461
Gains and losses recorded directly in equity	-3	-7	4	-8
Minority interest result	-77	-52	-25	-128
TOTAL	1,148,955	1,032,853	116,102	929,537

MILANO ASSICURAZIONI

Consolidated Profit and Loss

€/000

	Jan - Sept 2012	Jan - Sept 2011	3Q 2012	3Q 2011
Net premium	2,320,278	2,446,233	696,201	745,587
Commission income	444	299	87	79
Net income on financial instruments at fair value through profit and loss	13,547	-26,659	-11,039	-7,554
Income from subsidiaries, associates and joint ventures	425	7,077	-132	98
Income from other financial instruments and investment property	293,886	286,628	81,345	86,195
<i>Interest income</i>	176,400	170,505	57,109	61,368
<i>Other income</i>	38,112	43,197	10,771	11,219
<i>Realised gains</i>	77,275	72,926	13,465	13,608
<i>Unrealised gains</i>	2,099	0	0	0
Other revenues	128,448	132,988	37,340	24,081
TOTAL REVENUES	2,757,028	2,846,566	803,802	848,486
Net charges relating to claims	-1,921,382	-2,079,706	-630,049	-701,159
Commission expense	-78	-165	-22	-64
Charges from subsidiaries, associates and joint ventures	-9,692	-7,803	-1,307	295
Charges from other financial instruments and investment property	-105,591	-214,113	-20,147	-112,870
<i>Interest expense</i>	-8,318	-8,540	-2,445	-2,604
<i>Other expense</i>	-15,837	-14,857	-4,700	-4,369
<i>Realised losses</i>	-19,690	-33,885	-2,968	-8,663
<i>Unrealised losses</i>	-61,746	-156,831	-10,034	-97,234
Management expense	-436,942	-465,163	-130,095	-136,978
<i>Commissions and other acquisition expense</i>	-349,154	-372,506	-101,207	-106,849
<i>Investment management expense</i>	-2,879	-2,870	-677	-904
<i>Other administrative expense</i>	-84,909	-89,787	-28,211	-29,225
Other costs	-280,303	-251,380	-46,423	-26,101
TOTAL COSTS AND CHARGES	-2,753,988	-3,018,330	-828,043	-976,877
PROFIT (LOSS) FOR THE PERIOD BEFORE TAX	3,040	-171,764	-24,241	-128,391
Tax	-9,014	-4,229	9,816	11,138
NET PROFIT (LOSS) FOR THE PERIOD	-5,974	-175,993	-14,425	-117,253
PROFIT (LOSS) ON DISCONTINUED OPERATIONS	-5,616	30,850	-178	30,850
CONSOLIDATED PROFIT (LOSS)	-11,590	-145,143	-14,603	-86,403
attributable to the Group	-11,513	-145,072	-14,578	-86,400
attributable to Minorities	-77	-71	-25	-3

