

Interim Report at 30 September 2013

Unipol
GRUPPO



MILANO ASSICURAZIONI S.p.A.
Sede Legale e Direzione

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BOARD OF DIRECTORS

Fabio Cerchiai *	<i>Chairman</i>
Pierluigi Stefanini *	<i>Vice Chairman</i>
Carlo Cimbri *	<i>Chief Executive Officer</i>
Carla Angela	
Gianluca Brancadoro	
Cristina De Benetti	
Daniele Ferrè	
Germana Ravaoli	
Antonio Rizzi	

** Members of the Executive Committee*

Roberto GIAY	<i>Secretary to the Board of Directors</i>
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The Board of Directors was appointed by the Shareholders' Meeting of 29 April 2013 for the three-year period 2013, 2014 and 2015 and therefore until the approval of the 2015 Annual Accounts by the Shareholders' Meeting.

The Board of Directors on 8 May appointed the corporate officers and the internal committees of the board as reported below.

The Board appointed, for the duration of its mandate, and therefore until the approval of the 2015 Annual Accounts, Fabio Cerchiai as Chairman, Pierluigi Stefanini as Vice Chairman and Carlo Cimbri as Chief Executive Officer.

The Vice Chairman Pierluigi Stefanini was also appointed Director in charge of the internal control and risk management system, in accordance with the Self-Governance Code for listed companies.

The Board of Directors appointed, for the duration of its mandate and therefore until the approval of the 2015 Annual Accounts, an Executive Committee comprising 3 Directors in the persons of those qualifying under Article 18 of the By-laws and therefore the Chairman Fabio Cerchiai, the Vice Chairman Pierluigi Stefanini and the Chief Executive Officer Carlo Cimbri.

The Board of Directors also appointed:

- The Remuneration Committee as Directors Gianluca Brancadoro (Chairman), Carla Angela and Cristina De Benetti, all independent;
- The Control and Risks Committee as Directors Antonio Rizzi (Chairman), Carla Angela and Cristina De Benetti, all independent;
- Massimo Dalfelli as the executive responsible for the preparation of the corporate accounting documents.

JOINT REPRESENTATIVE OF THE SAVINGS SHAREHOLDERS

Emanuele **Rimini**

BOARD OF STATUTORY AUDITORS

Giuseppe **Angiolini**
Chairman

Antonino **D'Ambrosio**
Statutory Auditor

Giorgio **Loli**
Statutory Auditor

Francesco **Bavagnoli**
Alternate Auditor

Claudio **De Re**
Alternate Auditor

Michela **Zeme**
Alternate Auditor

The Board of Statutory Auditors was appointed by the Shareholders' Meeting on 10 July 2012 and will remain in office until the approval of the financial statements by the Shareholders' Meeting for the year ended 31 December 2014.

INDEPENDENT AUDITOR

PRICEWATERHOUSECOOPERS S.P.A.

EXECUTIVE RESPONSIBLE
for preparation of the company's financial statements

Massimo **Dalfelli**

Interim Report at 30 September 2013

PREMIUMS WRITTEN

Direct and indirect premiums in 9M 2013 amounted to Euro 2,011.3 million (-11% on 9M 2012), of which Euro 1,762.3 million relating to the Non-Life business (-12%) and Euro 249 million relating to the Life business (-2.9%).

In the Non-Life classes, the **MV sector** reported a 13.7% decrease in premiums. The reduction, although slightly easing in the third quarter, is due to the continued reform of the multi-claim portfolio and the drop in new vehicle registrations, which in the first nine months of 2013 contracted 8.3% due to the challenging economic environment which heavily impacted the sector. Premiums were also affected by the tariff reductions recently introduced to safeguard the existing portfolio of valuable clients and to attract new business to a market which, in light of the general improvement of the technical indicators, is becoming increasingly competitive.

The other **Non-Life classes** reported a 7.7% contraction, principally due to the decrease within the Corporate portfolio, following the review begun in 2012 and continued in the current year, the continued recession, in addition to the maintenance of a particularly prudent underwriting policy. The Retail sector also contracted, impacted by the extensive economic crisis which has hit the amount of household disposable income allocated to insurance coverage.

The uncertainties surrounding recent events within the former Fondiaria-Sai Group, resulting in the acquisition of control by the Unipol Group, also had a negative impact.

Direct **Life business** premiums amounted to Euro 249 million, reducing 2.9% on 9M 2012. The reduction, largely against the general market, was due to uncertainties surrounding the future of the brand in light of the divestment project in progress.

The **indirect business** continues to be marginal due to the decision to cease underwriting on the inward reinsurance market with companies not belonging to the Group.

The details of the premiums written with the changes on 9M 2012 are shown in the table below:

(in Euro thousands)	9M 2013	9M 2012	Change %
DIRECT PREMIUMS			
Non-Life business	1,758,173	1,998,133	-12.0
Life business	248,973	256,321	-2.9
TOTAL DIRECT PREMIUMS	2,007,146	2,254,454	-11.0
INDIRECT PREMIUMS			
Non-Life business	4,110	4,961	-17.1
Life business	1	1	-
TOTAL INDIRECT PREMIUMS	4,111	4,962	-17.1
TOTAL	2,011,257	2,259,416	-11.0
of which:			
Non-Life business	1,762,283	2,003,094	-12.0
Life business	248,974	256,322	-2.9

Disposals under the Anti-trust Authority order

The Anti-trust Authority order of 19 June 2012 authorised the acquisition of control by Unipol of the Premafin/Fonditaria-SAI Group and specifically the companies Premafin, Fonditaria-SAI and Milano Assicurazioni, prescribing, in accordance with Article 6, paragraph 2 of Law No. 287/90, among other issues, that Unipol disposes of companies and business units comprising, in particular, brands, insurance portfolios (comprising significant amounts of premiums) and agency contracts, infrastructure and instrumental resources, for a total value of approx. Euro 1.7 billion.

The Order also establishes that, following the sale of these assets, the Group post-merger shall have its market share at national and regional level reduced to under 30% (or to guarantee the disposal of the entire share acquired under the operation if the 30% share had been held pre-merger) for both the Non-Life and Life businesses considered individually and based on IVASS figures.

Unipol instigated a disposal process, inviting major Italian and overseas operators and interested financial investors to participate.

On 8 May 2013 the Board of Directors of Milano Assicurazioni and Fonditaria-SAI and on 9 May 2013 the Board of Directors of Unipol Gruppo Finanziario respectively identified, also in exercising direction and coordination of the Group, the assets subject to disposal, specifically identifying the companies, assets and liabilities, in addition to the contracts and the Mediobanca – Banca di Credito Finanziario S.p.A. debt to be disposed of, to ensure fulfillment of the Order.

In the days immediately following interested investors were sent the Information Memorandum concerning the assets and liabilities to be disposed of, in order to prepare any non-binding offers. In relation to the expressions of interest received following the sending of the Memorandum, a data room was organised and opened to interested parties, a number of which are currently involved in negotiations.

From the Condensed Consolidated Half-Year Financial Statements, IFRS 5 – Assets held for sale has been applied to those assets subject to disposal.

In particular, in the consolidated statement of financial position at 30/9/2013 the assets held for sale, amounting to Euro 3,934 million were reclassified to the single account called “Non-current assets held for sale or disposal groups” (account 6.1 of Assets), while the liabilities for Euro 3,629 million were similarly reclassified to a single account called “Liabilities associated with disposal groups” (account 6.1 Liabilities). Both the accounts are net of inter-company transactions.

As the assets and liabilities within the disposal group do not represent collectively “disposed operating assets”, the income components held for sale are stated according to the normal classification rules through the various income statement accounts.

The application of IFRS 5 did not have any effects on the consolidated results, nor on the consolidated equity.

The Anti-trust Authority Order also requires the reduction of the holdings in Mediobanca – Banca di Credito Finanziario S.p.A. (“Mediobanca”) and Assicurazioni Generali S.p.A., through the full disposal of the equities portfolio held in these companies by the Premafin/Fonsai Group.

The holding in Assicurazioni Generali S.p.A. was fully disposed of in 2012.

In relation to the reduction of the holding of the Premafin/Fonsai Group in Mediobanca, overall comprising 33,019,886 shares (3.83% share capital), on 9 October 2013 Fondiaria-SAI, Milano Assicurazioni and Finsai International sold 23,114,386 ordinary Mediobanca S.p.A. shares, comprising approx. 2.68% of share capital, through an accelerated book-building procedure targeted exclusively at qualifying investors in Italy, under Article 34-ter, paragraph 1, letter b of CONSOB Regulation NO. 11971/1999, and foreign institutional investors.

Milano Assicurazioni sold 3,107,047 shares for consideration of Euro 17.9 million and a gain of Euro 5.2 million. The operation was concluded on 15 October 2013.

The shares sold were recognised to the financial statements at 30/09/2013 under available-for-sale financial assets and valued at fair value. IFRS 5 is not applicable, as financial assets governed by IAS 39 are expressly excluded under this standard.

9M OPERATING PERFORMANCE

The Group Net Profit for the first nine months of 2013 was Euro 169.7 million (loss of Euro 11.5 million in the first nine months of 2012). This significant improvement stems from the positive Non-Life technical performance and the absence of extraordinary costs which impacted the same period of 2012. The 2012 result was impacted by the bankruptcy of the companies Im.co and Sinergia, resulting in charges of Euro 61.6 million against the property operations which Milano Assicurazioni had undertaken with Im.Co. and its subsidiary Avvenimenti e Sviluppo Alberghiero.

The table below shows the income statement for the first nine months of the year and for the third quarter, compared to the same periods of the previous year.

<i>(in Euro thousands)</i>	9M 2013	9M 2012	Q3 2013	Q3 2012
Net premiums	2,075,293	2,320,278	641,085	696,201
Commission income	333	444	115	87
Gains and losses of financial instruments at fair value through profit or loss	-3,499	13,547	-1,017	-11,039
Gains on invest. in subs., ass. & inter. in jt.ven.	401	425	137	-132
Gains on other financial instruments and investment property	263,716	293,886	88,940	81,345
- Interest income	194,857	176,400	65,227	57,109
- Other income	26,240	38,112	8,386	10,771
- Realised gains	42,619	77,275	15,327	13,465
- Unrealised gains	-	2,099	-	-
Other income	117,195	128,448	32,571	37,340
Total revenues	2,453,439	2,757,028	761,831	803,802
Net charges relating to claims	-1,524,783	-1,921,382	-471,806	-630,049
Commission expenses	-62	-78	-20	-22
Losses on subs., ass., & inter. In jt. ven.	-6,001	-9,692	6,017	-1,307
Losses on other financial instruments and investment property	-56,993	-105,591	-17,596	-20,147
- Interest expense	-5,884	-8,318	-1,409	-2,445
- Other charges	-15,467	-15,837	-5,693	-4,700
- Realised losses	-8,769	-19,690	-1,352	-2,968
- Unrealised losses	-26,873	-61,746	-9,142	-10,034
Operating expenses	-403,009	-436,942	-126,849	-130,095
- Commissions and other acquisition expenses	-320,206	-349,154	-98,580	-101,207
- Investment management charges	-2,848	-2,879	-919	-677
- Other administration expenses	-79,955	-84,909	-27,350	-28,211
Other costs	-188,496	-280,303	-38,041	-46,423
Total costs	-2,179,344	-2,753,988	-648,295	-828,043
Pre-tax profit/(loss)	274,095	3,040	113,536	-24,241
Income taxes	-104,462	-9,014	-36,702	9,816
Net profit/(loss) for the period	169,633	-5,974	76,834	-14,425
Loss from discontinued operations	-	-5,616	-	-178
Consolidated Profit/(loss)	169,633	-11,590	76,834	-14,603
Attributable to non-controlling interests	-80	-77	-34	-25
Attributable to owners of the parent	169,713	-11,513	76,868	-14,578

Highlights:

- the **Non-Life business** reported a pre-tax profit of Euro 230.5 million, a significant turnaround on the first nine months of 2012 which recorded a loss of Euro 22.5 million. The improvement principally stems from the technical performance, with an overall combined ratio of 92.6% compared to 102.6% in the same period of 2012.
As outlined in the preceding interim reports, the **MV TPL Class** benefitted from the measures taken to boost profitability and the more favourable market, with significantly improved technical indicators. In particular, claims reported dropped 10%, with the frequency reducing and a positive technical balance, against a favourable current claims trend and a prior year claims performance which did not have a significant negative impact on the income statement, with the 2012 provision adequately covering liabilities.
The **Land Vehicle Class** also reported a positive technical performance, although reducing on the same period of the previous year. The overall performance of the **Other Non-Life Classes** was also strong, with particularly satisfying results for the Accident, Bonds, Legal Protection and Assistance Classes. The General TPL Class again reported a loss, with a significantly improved technical balance compared to 30 September 2012, both due to the reduction in the current year claims/premiums ratio and the prior year claims performances, which did not significantly impact results.
- the **Life business** reported a pre-tax profit in the period of Euro 52.9 million, significantly improving on Euro 32.1 million in the first nine months of 2012. The improvement principally owes to the greater differential between the total income and the portion attributable to policyholders. 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.
- the **Real estate business** reported a pre-tax loss of Euro 9.5 million, relating to Immobiliare Milano s.r.l., which reported a pre-tax loss of Euro 7.6 million, whose ordinary income does not currently cover in full maintenance costs and depreciation, also due to the fact that a number of complexes are largely not rented and the Athens Real Estate Fund which reports a loss Euro 1.9 million, principally due to the write-down on the “Petriolo Spa Resort” hotel complex.

- **asset and financial management** reported overall net income of Euro 197.6 million (Euro 192.6 million in the first nine months of 2012). In particular, in relation to the most significant accounts:
 - interest income amounted to Euro 194.9 million, compared to Euro 176.4 million in 9M 2012;
 - net realised gains amounted to Euro 33.8 million (Euro 57.6 million in 9M 2012), of which Euro 28.2 million relates to bond securities, Euro 6.5 million to equities, Euro 0.8 million to property investments and Euro 1.7 million to net losses on investment fund units;
 - net unrealised losses amounted to Euro 26.9 million (Euro 59.6 million in 9M 2012) and concern impairments on AFS financial instruments of Euro 8.6 million and depreciation on property for Euro 18.3 million;
- the financial instruments at fair value through profit and loss reported net charges of Euro 3.5 million, principally due to the fair value adjustments of financial instruments within this category, with an impact of Euro 3.2 million. The results for the same period of the preceding year (net income of Euro 13.5 million) benefitted from Euro 6 million of gains on equity hedging options held in portfolio.
- the associated companies reported income of Euro 0.4 million and charges of Euro 6 million, of which Euro 3.6 million concerning Atahotels, which continues to feel the effects of the hotel sector crisis and a high proportion of overhead costs and Euro 1.4 million relating to the loss in the period of the consortium company Gruppo Fondiaria-Sai Servizi.
- the operating expenses in the non-life insurance business amounted to Euro 382 million, with a percentage on net premiums of 20.8% (20.1% in 9M 2012). In the Life insurance business, operating expenses amounted to Euro 21 million, with a percentage on net premiums of 8.6% (8.3% in 9M 2012).

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.

<i>(in Euro thousands)</i>	Non-Life	Life	Real Estate	Other	Inter-segment Elim.	Total
Net premiums	1,832,543	242,750	-	-	-	2,075,293
Commission income	-	333	-	-	-	333
Gain or loss on financial instruments at fair value through profit or loss	-5,371	1,872	-	-	-	-3,499
Gains on investments in subsidiaries, associates & interests in jt. ventures	9	374	18	-	-	401
Gains on other financial instruments and investment property	124,732	130,393	8,591	-	-	263,716
- Interest income	90,372	104,136	349			194,857
- Other income	11,511	6,487	8,242			26,240
- Realised gains	22,849	19,770	-			42,619
- Unrealised gains	-	-	-			-
Other income	108,591	3,922	1,879	5,057	-2,254	117,195
Total revenues	2,060,504	379,644	10,488	5,057	-2,254	2,453,439
Net charges relating to claims	-1,242,421	-282,362	-	-	-	-1,524,783
Commission expenses	-	-62	-	-	-	-62
Losses on investments in subsidiaries, associates and interests in jt. ventures	-5,682	-217	-102	-	-	-6,001
Losses on other financial instruments and investment property	-34,696	-8,973	-13,324	-	-	-56,993
- Interest expense	-3,023	-2,860	-1	-	-	-5,884
- Other charges	-9,678	-260	-5,529	-	-	-15,467
- Realised losses	-5,373	-3,386	-10	-	-	-8,769
- Unrealised losses	-16,622	-2,467	-7,784	-	-	-26,873
Operating expenses	-382,042	-20,967	-	-	-	-403,009
- Commissions and other acquisition	-307,753	-12,453	-	-	-	-320,206
- Investment management charges	-1,930	-918	-	-	-	-2,848
- Other administration expenses	-72,359	-7,596	-	-	-	-79,955
Other costs	-165,169	-14,128	-6,594	-4,859	2,254	-188,496
Total costs	-1,830,010	-326,709	-20,020	-4,859	2,254	-2,179,344
Pre-tax profit/(loss) 9M 2013	230,494	52,935	-9,532	198	-	274,095
Pre-tax profit/(loss) 9M 2012	-22,516	32,123	-5,517	-1,050	-	3,040

The **Comprehensive income statement**, which includes the profits and losses recorded to net equity as established by IAS/IFRS Accounting Standards, reported a Group Net Profit of Euro 167.1 million compared to a profit of Euro 217.6 million in 9M 2012. It should be noted that the 2012 result benefitted in particular from the strong recovery of Italian government bonds which, as classified in the *Available for sale* category, significantly improved the relative net equity reserve. The following table reports the comparable results.

<i>(in Euro thousands)</i>	30/09/2013	30/09/2012
Consolidated profit/(loss)	169,633	-11,590
Other comprehensive income statement items	-2,597	229,116
Total Comprehensive consolidated profit	167,036	217,526
Group	167,116	217,598
Non-controlling interest	-80	-72

For a detailed breakdown of the Comprehensive Income Statement, reference should be made to the attachment to the present report, which includes the additional information required by the recent amendments to IAS 1.

In the statement, in accordance with paragraph IAS 1.82A, introduced with the amendment to IAS 1 issued on 16 June 2011 and applicable to financial statements beginning 1 July 2012, the “Other Comprehensive Income Statement items” are categorised by type, in addition to whether or not they may be reclassified to profit/(loss) for the period in the presence of particular conditions.

Changes to the regulatory framework

With reference to the principal regulatory developments concerning the Italian insurance market in the first nine months of 2013, the following information is provided.

Direct compensation

From 1 January 2013, the direct compensation flat rates were amended, as established by the Ministerial Technical Committee (Article 13 of Presidential Decree No. 254/2006), based on the segmentation criteria identified by Ministerial Decree of 11 December 2009.

In this regard, the structure of the flat rates remained unchanged compared to 2012, having not yet introduced an enacting provision of Article 29 of Law No. 27/2012.

In particular:

CID single flat rate (damage to property and damage to the driver), broken down into three territories and by type of vehicle (vehicles other than motorbikes and mopeds);

CID single flat rate (damage to property and damage to the driver), broken down into three territories and by type of motorbike (motorbikes and mopeds);

CTT flat rate, for passengers in a motor vehicle;

CTT flat rate for passengers on motorcycles and mopeds.

For claims made as of 1 January 2013, compensation between companies will be subject to the following rates:

1. **CID motor vehicles flat-rate:**

Area 1: € 2,239

Area 2: € 1,930

Area 3: € 1,683

2. **CID motorbikes flat-rate:**

Area 1: € 4,079

Area 2: € 3,740

Area 3: € 3,455

The breakdown of the provinces between regional areas differs according to motorcycles and cars.

3. **CTT flat rate for passengers in motor vehicles:** for damage for an amount equal to or less than the plafond of Euro 5,000 suffered by third parties as passengers in motor vehicles, a flat rate of Euro 32,990 will be applied, with a total excess of Euro 500. For damage higher than the plafond of Euro 5,000 suffered by third parties transported in motor vehicles, the payment will consist of a flat rate of Euro 2,990 plus the differential between the effective damage and the stated plafond less an excess of 10%, with a maximum of Euro 20,000, to be calculated on the compensation.
4. **CTT flat rate for passengers on motorcycles and mopeds:** for damage for an amount equal to or less than the plafond of Euro 5,000 or less to passengers transported on motorcycles and mopeds will be subject to a flat rate of Euro 3,700, with a fixed excess of Euro 500. In cases where the damage to passengers transported on motorcycles and mopeds is greater than Euro 5,000, the payout will comprise the flat rate of Euro 3,700, plus the difference between the damage actually compensated and the Euro 5,000 threshold, minus an excess of 10%, up to a maximum of Euro 20,000, to be calculated on the amount of the compensation.
Claims made in prior years are still subject to the flat rates established by the Ministerial Technical Committee for each of the years taken into consideration by the applicable resolutions.

IVASS

It is noted that on 1 January 2013, IVASS (Insurance Oversight Authority) took over all powers, functions and duties of ISVAP.

The creation of IVASS, in accordance with Legislative Decree No. 95 of 6 July 2012 (urgent provisions for the review of public expenditure with continuity of citizen services) converted into Law No. 135 of 7 August 2012, was undertaken in order to ensure the full integration of insurance supervisory activities through a closer link with banking oversight.

IVASS is headed by the General Director of the Bank of Italy.

The Authority operates on the basis of the principles of organisational, financial and accounting autonomy, in addition to those of transparency and prudence, to ensure the stability and correct functioning of the insurance system and the protection of consumers.

Anti-Money Laundering/Anti-Terrorism: sufficient checks and Centralised Archive

On 3 April the Bank of Italy adopted two measures concerning anti-money laundering/anti-terrorism (sufficient checks and a Centralised Archive).

The first, concerning sufficient checks, is not applied to insurance companies and their distribution network, however knowledge of such is considered necessary as forming a reference point for the IVASS measure on the same issue which will come under public consultation shortly.

The second, concerning a Centralised Archive, however also concerns insurance companies. The Centralised Archive, compiled and managed through IT systems, centralises the data and information acquired from the identification and registration requirements as set out under the Anti-Money Laundering Decree and the orders issued by the Bank of Italy.

The orders enter into force from 1 January 2014 and will be applied to contracts signed and operations carried out from that date.

Home insurance

In July, IVASS published the “Home insurance” provision, enacting Article 22, paragraph 8 of Legislative Decree No. 179 of 18 October 2012 concerning urgent measures for economic growth. From 1 September 2013, consumers signing an insurance policy may request access to a login area of the insurance company website, with protected access to consult in real time their insurance profile, verifying their coverage, the redemption value of their life policy or the value of insurance products with financial content, consulting and downloading the coverage certification for MV TPL policies and receiving periodic communications from their insurer.

The IVASS provision outlines the content of the protected areas and the transparency measures and allows the individual companies to provide further client options, such as for example online insurance premium payment procedures.

Reduction of tax deductions on Life policies

Legislative Decree No. 102 of 31 August 2013 “Urgent home property tax measures, other property taxes, in support of housing and local finance policies, in addition to lay-off scheme and pension provisions”, provides for a maximum premium deduction reduced to Euro 630 for 2013 and Euro 230 for 2014 and subsequent years from the current Euro 1,291.14.

The measure applies to policies covering the risk of death, permanent invalidity above 5% and long-term care (loss of self-sufficiency in everyday life). The provision, in addition, concerns also contracts signed or renewed before 2001, which included a tax on premiums of 2.5%.

At the time of writing, the provision has been approved with an amendment proposal increasing the 2014 deduction limit to Euro 530, which the Decree had reduced to Euro 230. From the same tax period the ceiling returns to Euro 1,291.14, “limited to premiums” relating to the risk of non self-sufficiency. The deductibility of life and accident premiums signed or renewed by 2000 increases from Euro 230 to Euro 530.

The measure is financed by the removal of the deductibility of the share of MV TPL premiums allocated to the National Health Service. The deductibility reduction to Euro 630 for 2013 is therefore confirmed.

Car Tax Disks

The Ministry of Economic Development Decree No. 110 of 9 August 2013 defines the regulation enacted by the Liberalisation Decree (LD 1/2012), which entered into force from 18 October 2013. Over a period of two years, paper MV TPL discs will be phased out: during checks police may refer to a centralised MV policy databank, updated in real time.

The provision was introduced both to reduce incidences of fraud and to speed up and automate vehicle checks.

Solvency II: recent regulatory changes

Difficulties in the process of drawing up and approving the details of the new Solvency II project regulations have resulted in a deferment of its entry into force, via the issuance of the Omnibus II Directive, whose approval is expected in a plenary sitting of the European Parliament, likely to take place in February 2014. The document should include significant amendments to the 2014/138/EC Directive, including a series of transitional measures, with a view to considering the possibility of a “soft launch” of the new European supervisory framework. On 2 October 2013, the European Commission also presented, on the request of Commissioner Michel Barnier, a further Directive proposal (so called “Quick Fix 2”, which follows on from that of May 2012 ahead of the entry into force of the new system from 1 January 2014), which postpones Solvency II to 1 January 2016, in addition to the relative transposition into domestic law of the Member States to 30 January 2015.

As noted, on 27 March 2013 the EIOPA approved the public consultation of the draft Guidelines for the preparation for the entry into force of Solvency II, addressed to the Supervisory Authorities of the individual Member States, which are not necessarily required to apply them under the “comply or explain” principle (therefore their adoption or explanation of reasons for non-adoption); the Authorities must send the EIOPA a Progress Report from 25 February 2015 concerning 2014. The Guidelines, whose consultation on the market concluded on 19 June 2013, seek to establish a uniform advance introduction of Solvency II, concentrating efforts initially on a number of specific issues, such as: Governance, Own Risk and Solvency Assessment, the pre-application phase of the Internal Models and Reporting to the Supervisory Authority. On 27 September 2013, the EIOPA finally released the definitive version of the above-stated Guidelines, with publication planned in all official European Union languages.

Non-Life

Premiums written

In relation to direct business, which comprises almost the entire portfolio, premiums in the first nine months amounted to Euro 1,758.2 million (-12% on 9M 2012), of which Euro 1,231.9 million relating to the MV classes (-13.7%) and Euro 526.3 million concerning the Non-MV classes (-7.7%).

Specifically, **MV TPL** premiums totalled Euro 1,089.8 million, down 13.5% compared to 9M 2012. The reduction, slightly easing in the third quarter, is due to the continued reform of the multi-claim portfolio and the drop in new vehicle registrations, which in the first nine months of 2013 contracted 8.3% due to the challenging economic environment which heavily impacted the sector, in addition to the continued increase of vehicle running costs.

In order to establish a more competitive and less mutual tariff structure, in the first nine months of 2013 the review process of the technical-commercial policies concerning collective agreements also continued. The focus is to reduce the share of the collective agreements portfolio, both in terms of number of policies and of discounts applied and to redistribute the agency discounts through technically rigorous policies.

Premiums were also affected by the tariff reductions introduced in September and December 2012 and in June 2013 to safeguard the existing portfolio of valuable clients and to attract new business to a market which, in light of the general improvement of the technical indicators, is becoming increasingly competitive. In this environment, a targeted discount was utilised to improve tariff competitiveness across the country, protecting also the portfolio quality. Following these actions, an easing of the reduction in policy numbers in portfolio is finally emerging and in the coming months a sharper uptake is expected, with the objective to achieve a stable portfolio - although the reduction in the average premium may continue to affect overall premiums.

For the **Land Vehicle** class, premiums totalled Euro 142 million, decreasing 15.9% on 9M 2012. The reduction in class premiums was also principally due to the difficult economic environment, with a contraction in new vehicle registrations and a reduction in household disposable income making the inclusion 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 restructuring of the multi-claim portfolio also impacted the result.

In the **other non-life classes**, premiums totalled Euro 526.3 million (-7.7% compared to the first nine months of 2012).

In the *Corporate* sector, the revenue reduction (approx. -11% and approx. -21% for the broker portfolio alone), stems principally from the recovery actions introduced in 2012 and continued in the current year. These actions impacted both the Property and Casualty sectors, relating to contracts with a high proportion of claims acquired both through the agency channel and through brokers. The continued recession and recent events concerning the

former Fondiaria-Sai group, culminating in the acquisition of control by the Unipol Group, also significantly impacted revenues in the period.

The underwriting policy was again particularly prudent, principally in relation to catastrophe coverage, private healthcare TPL coverage (following the full disengagement in 2012 from the public healthcare market) and public body and construction business insurance.

The Retail sector also contracted, impacted by the extensive economic crisis which has hit the amount of household disposable income allocated to insurance coverage.

For the **indirect business** premiums amount to Euro 4.1 million and continue to be marginal due to the decision to cease underwriting on the inward reinsurance market with companies not belonging to the Group.

The breakdown of the gross direct premiums is as follows:

<i>(in Euro thousands)</i>	9M 2013	9M 2012	Change %	Q3 2013	Q3 2012	Change %
Accident & health	141,149	149,358	-5.5%	38,368	40,623	-5.6%
Marine, aviation and transport	7,842	9,652	-18.8%	2,521	2,869	-12.1%
Fire and Property	197,352	209,505	-5.8%	53,317	55,673	-4.2%
General TPL	115,862	133,389	-13.1%	26,059	33,393	-22.0%
Credit and Bonds	25,804	32,676	-21.0%	7,335	8,924	-17.8%
General pecuniary losses	3,143	4,026	-21.9%	826	955	-13.5%
Legal expenses	6,816	5,453	25.0%	2,255	1,565	44.1%
Assistance	28,313	26,020	8.8%	8,903	7,505	18.6%
TOTAL NON-MV CLASSES	526,281	570,079	-7.7%	139,584	151,507	-7.9%
Land Motor TPL	1,089,845	1,259,214	-13.5%	320,101	365,616	-12.4%
Land vehicles	142,047	168,840	-15.9%	37,956	45,130	-15.9%
TOTAL MV CLASSES	1,231,892	1,428,054	-13.7%	358,057	410,746	-12.8%
TOTAL	1,758,173	1,998,133	-12.0%	497,641	562,253	-11.5%

Claims reported and paid

In 9M 2013, claims reported totaled 424,731 claims (-10%), of which 247,701 relating to the MV classes (-12.6%) and 177,030 relating to the other non-life classes (-6.1%). The amounts paid for claims, including the direct and settlement expenses, amounted to Euro 1,556.1 million compared to Euro 1,679.2 million in 9M 2012 (-7.3%). The performance substantially confirms the improvements reported for the first half-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)		
	9M 2013	9M 2012	Cge. %	9M 2013	9M 2012	Cge. %
Accident & health	37,798	45,602	-17.1%	76,088	79,879	-4.7%
Marine, aviation and transport	360	482	-25.3%	7,972	6,023	32.4%
Fire and Property	63,456	66,771	-5.0%	165,161	143,831	14.8%
General TPL	25,263	28,577	-11.6%	146,782	138,671	5.8%
Credit and Bonds	538	448	20.1%	21,371	25,212	-15.2%
General pecuniary losses	872	865	0.8%	6,750	4,715	43.2%
Legal expenses	545	541	0.7%	911	852	6.9%
Assistance	48,198	45,228	6.6%	7,963	8,177	-2.6%
TOTAL NON-MV CLASSES	177,030	188,514	-6.1%	432,998	407,360	6.3%
MV TPL (*)	177,604	209,495	-15.2%	1,027,790	1,164,060	-11.7%
Land vehicles	70,097	73,952	-5.2%	95,333	107,825	-11.6%
TOTAL MV CLASSES	247,701	283,447	-12.6%	1,123,123	1,271,885	-11.7%
TOTAL	424,731	471,961	-10.0%	1,556,121	1,679,245	-7.3%

Technical performance

The main Non-Life business technical indicators are summarised in the table below:

	9M 2013	9M 2012
Loss ratio	67.8%	78.0%
Expense ratio (*)	22.8%	21.5%
OTI ratio (**)	2.0%	3.1%
Combined ratio net of reinsurance	92.6%	102.6%
Combined ratio gross direct business	92.3%	102.7%

(*) Operating expenses/premiums written

(**) Net technical charges/net premiums

As outlined in the table, the combined ratio in the first nine months of 2013, net of outward reinsurance, was 92.6% - a significant improvement on 102.6% in the same period of 2012.

As outlined in the preceding interim reports, the **MV TPL Class** benefitted from the measures taken to boost profitability and the more favourable market, with significantly improved technical indicators. In particular, claims reported dropped 10%, with the frequency reducing and a positive technical balance, against a favourable current claims trend and a prior year claims performance which did not have a significant negative impact on the income statement, with the 2012 provision adequately covering liabilities.

The **Land Vehicle Class** also reported a positive technical performance, although reducing on the same period of the previous year.

The overall performance of the **Other Non-Life Classes** was also strong, with particularly satisfying results for the Accident, Bonds, Legal Protection and Assistance Classes. Specifically, for the bonds class, following the favourable judgement of the Court, the provisions allocated against a number of claim positions concerning guarantees for customs duties issued in 1992 were significantly reduced, with consequent extensive financial benefits. The Fire class reports a profit, although impacted by a significant claim which also impacted the pecuniary losses for indirect damage class.

The General TPL Class again reported a loss, with a significantly improved technical balance compared to 30 September 2012, both due to the reduction in the current year claims/premiums ratio and the prior year claims performances, which did not significantly impact results.

In the current difficult economic context, the underwriting policy continues to employ prudent criteria and is principally focused on the retail sector and on small-medium sized enterprises which operate in historically profitable sectors and regions.

In the Corporate sector the poorly performing portfolio restructuring continued. The underwriting policy was particularly prudent, particularly in relation to catastrophe coverage and private healthcare TPL coverage (following the full disengagement in 2012 from the public healthcare market), public body and construction business coverage. The poorly performing portfolio restructuring activities however continued.

In relation to **Liguria Assicurazioni**, a principally multi-mandate agency network, 9M 2013 premiums totalled Euro 126.4 million compared to Euro 155.4 million in the first nine months of 2012 (-18.7%). In particular the MV TPL class reports a reduction of 23.3%, with premiums of Euro 79.3 million (Euro 103.3 million in the first nine months of 2012), while the Land Vehicle class reports premiums of Euro 6.5 million (-20.4%) and the Other Non-Life classes recorded premiums of Euro 40.5 million (-7.5%).

The decreases relate to the portfolio restructuring actions and the closure of non-profitable sales points carried out principally in the previous year and continued also in the period. In 2012 collaboration with the largest agent was discontinued, whose portfolio totalled approx. Euro 20 million.

The agencies at 30 September numbered 305 (296 at 31 December 2012).

The MV TPL Class reports positive indicators in the technical balance: claims reported dropped by approx. 26%, with the frequency reducing to 5.8%. Prior generation claims also performed well with a substantially balanced run-off. Consequently, the technical result was positive.

In the Land Vehicle class, claims reduced by 4%, with substantial breakeven for the direct premium technical balance.

In the other non-life classes, claims reported reduced 3.8% and the current year claims/premiums ratio improved compared to the previous year, which however was impacted by claims relating to the Emilia Romagna earthquake. The overall technical performance remained negative, also due to the bond class, impacted by a number of particularly significant claims and the General TPL class which again reported a high claims level.

Overall, the net technical balance was negative for Euro 1.6 million compared to a negative Euro 18.1 million at 30 September 2012.

The net result for the first nine months of 2013 as per IAS/IFRS was a profit of Euro 6 million compared to a loss of Euro 10.6 million for the same period of the previous year.

In relation to the telephone and internet channel, the premiums written by **Dialogo Assicurazioni** in 9M 2013 amount to Euro 17.1 million, decreasing 20.8% on 9M 2012, also as a result of the decreased advertising investment than the past.

While claims reported in the first nine months dropped by 28.1%, the company's technical performance was again negative, although improving on 9M 2012, due to the continued unsatisfying claims/premiums ratio and the high proportion of overhead costs as a result of the contained size of the portfolio.

The contribution of the company to the consolidated result was a loss of Euro 3.1 million (a loss of Euro 3.9 million in 9M 2012).

In relation to the sale of standardised products distributed by the banking partners, **Systema Compagnia di Assicurazioni S.p.A.** in the first nine months of 2013 recorded premiums of Euro 27.7 million, reducing 10% compared to Euro 30.8 million in 9M 2012. The premiums are essentially concentrated in the MV classes. The decrease relates principally to the reduced contribution from the Banca Popolare di Milano Group branches.

The overall technical performance was negative due to the above stated decrease in premiums, following an unfavourable claims reported trend - with a significant increase in current claims - and due to the impact from prior year claims, previously provisioned.

A loss of Euro 0.9 million is reported in the first nine months of 2013 (profit of Euro 0.8 million in the first nine months of 2012).

New Products launched on the market and commercial actions

In relation to the MV sector:

- from April the conditions for motor policy premiums linked to satellite technology were amended both in relation to new contracts and renewals, through a review of discounting in consideration of the reduced spending capacity of households;
- from 1 June the new MV TPL tariff entered into force, which safeguards margins through redefining the risk portfolio, the retention of the best Clients and through attracting new business, also through a “welcoming bonus” for new Clients;
- from 1 June the new Special Motor TPL Condition entered into force for vehicles other than cars, mopeds and motorbikes, structured into eighteen separate classes. The objective is to target a better risk profile and simultaneously award the best Clients through a new bonus/malus scale which takes into consideration, in addition to prior claims, also other factors.

In the retail segment within the **Other Non-Life classes**, on 1 January 2013 the new *Difesa per Infortuni da Circolazione* product was launched which may be undertaken both by physical persons and companies and guarantees a complete coverage for the driver of vehicles indicated on the policy and passengers, protecting against the economic impact of traffic accidents. The product is flexible and provides the possibility for extension of coverage to all vehicles owned by the policyholder, including bicycles.

In the third quarter, the Group also continued to scale back its product catalogue and monitor technically critical areas. The most important initiatives implemented are as follows:

- overhaul of home insurance policies in 2013. The Group continued to restructure its home insurance portfolio in relation to off-catalogue products with a view to encouraging people, by offering promotional guarantees and discounts, to take out its *Difesa Più Casa* product, which is currently on the market;
- overhaul of Accident insurance policies in 2013. The reform of the more recent portfolio and which presents regulatory/tariff conditions no longer in line with those currently applied continued; In particular, the transfer of risks were altered on the *Difesa Più Infortuni* product by offering special discounts and dedicated supplements to update its old, no-excess policies;
- earthquake Coverage on home/buildings products. This coverage continued in the third quarter on the *Difesa Più Casa* and *Difesa Più Fabbricati* products, with automatic issue of the extension of the agencies guarantee;

- up-selling actions on: Home policies 2013; Accident policies 2013; Commercial/Small business/Industry policies 2013. In the third quarter, offers to increase insured amounts continued or were introduced, and in a number of cases guarantees were extended against a proportional lowering of the overall policy premium. This initiative was drawn up to improve insurance coverage for Clients who currently do not have the resources available to undertake new policies;
- restyling of the *Difesa Più Fabbricati in Locazione all'Azienda* product. The product restyling – operative since July - enables an independent undertaking of Earthquake risks and provides a fully available Assistance guarantee;
- restyling of the *Difesa Più Commercio* product. To better serve the needs of the retail and commercial enterprise segment, a new version of the *Difesa Più Commercio* product was created. The product restyling in this case also enables an independent undertaking of Earthquake risks and provides a fully available Assistance guarantee.

Reinsurance

Premiums ceded amounted to Euro 94.4 million compared to Euro 79 million in the first nine months of 2012. The percentage on direct premiums written was 5.4% (4% in 9M 2012).

The reinsurance structure of the non-life insurance sector, unchanged on the previous year, is based on proportional coverage 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. For the Assistance and Transport class specialised group companies are utilised: for the Assistance class, the protection is guaranteed by Pronto Assistance, while for the Transport classes, the company continues to reinsure the entire portfolio with the specialised company SIAT, utilising in both cases adequate proportional coverage.

The non-proportional programmes are also utilised to protect the Fire, Motor TPL, General TPL, Theft and Injury classes. The reinsurance contracts concerning the Accident, Theft, General TPL (excluding Pollution TPL products), Credit, Bonds and Technological Risks classes 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 reinsurance coverage of the Motor TPL, Maritime TPL, Fire, Land Vehicles and Technological Risks classes (limited to the protection by event) was however underwritten with the group company Unipol Assicurazioni, which subsequently transferred these underwriting risks on the international market, utilising also in this case reinsurers of high standing.

Life

Direct premiums in the first nine months of 2013 totalled Euro 249 million, reducing 2.9% compared to the same period of the previous year. The reduction in volumes, although significantly levelling off in the third quarter, were against the general market trend, also due to the uncertainties surrounding the future of the brand in view of the disposal project in progress. The following table outlines the composition of premiums by class and the comparison with the previous year. It highlights a significant increase compared to Q3 2012.

<i>(in Euro thousands)</i>	9M 2013	9M 2012	Change %	Q3 2013	Q3 2012	Change %
I - Whole and term life insurance	221,069	225,233	-1.8%	64,595	44,795	+44.2%
III - Index-linked policies	55	73	-24.7%	15	73	-79.5%
IV - Health insurance	95	87	+9.2%	-	5	-100.0%
V - Capitalisation insurance	27,754	30,928	-10.3%	8,608	10,057	-14.4%
TOTAL	248,973	256,321	-2.9%	73,218	54,930	+33.3%

Financial type contracts amounting to Euro 4.4 million were issued in the period. In accordance with IFRS 4, these contracts were recorded under the deposit accounting method, which provides for recognition in the income statement, under the account commission income, of only the profit margins.

New business, expressed in terms of Annual Premium Equivalent, is reported in the table below. It is calculated through adding the annual premiums from new business and a tenth of single premiums. This is calculated both under the IAS/IFRS criteria, excluding therefore the contracts treated under the “deposit accounting” method, and under Local GAAP criteria taking into consideration all new premiums in the sector.

<i>(in Euro thousands)</i>	9M 2013 IAS/IFRS	9M 2012 IAS/IFRS	Cge. %	9M 2013 Local	9M 2012 Local	Cge. %
Whole and term life insurance	24,870	23,740	+4.8%	24,870	23,740	+4.8%
Index-linked policies	-	-	-	36	234	-84.6%
Health insurance	3	-	n.a.	3	-	n.a.
Capitalisation insurance	413	499	-17.2%	413	499	-17.2%
Management of Pension Funds	-	-	-	154	195	-21.0%
TOTAL	25,286	24,239	+4.3%	25,476	24,668	+3.3%

Sums Paid

The gross sums paid amounted to Euro 368.6 million, reducing by 33% on Euro 550.3 million in the first nine months of 2012, which included a high number of redemptions on policies undertaken by institutional investors.

The breakdown by class and type is reported in the following table:

<i>(in Euro thousands)</i>	Claims	Redemptions	Maturities	Total
Class I	12,485	124,131	151,073	287,689
Class III	812	3,862	41,592	46,266
Class V	225	29,247	5,177	34,649
Total	13,522	157,240	197,842	368,604
Total 9M 2012	12,499	304,878	232,935	550,312

Technical performance

The **Life business** reports a pre-tax profit in the period of Euro 52.9 million, significantly improving on Euro 32.1 million in the first nine months of 2012. The improvement principally owes to the greater differential between the total income and the portion attributable to policyholders. 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

In the individual segment, policies underwritten by the distribution network again primarily focused on the Segregated Fund products characterised by minimum guaranteed returns and capital protection. In particular:

- the variable single premium products, important also for the capital maturity segment (for which a new dedicated product was drawn up in March), significantly improved new business, nearly matching the strong levels in 9M 2012 of the VALORE CERTO product with specific assets;
- the recurring premium products OPEN GOLD and OPEN RISPARMIO reported a very significant increase in new business, in particular for the OPEN GOLD product;
- for the constant annual premium form, business volumes increased slightly, with the exception of the OPEN PIU product which reported a minimal volume contraction.

For the OPEN DINAMICO multi-class product, new business was significantly lower than the first nine months of 2012.

The DEDICATA policy (Term Life) reports a significant drop in new business, both in relation to the number of policies and the amount of premiums written.

For the supplementary pension segment, implemented through the Individual Pension Plans, in the first nine months of the year there was a significant increase in new business on the same period of 2012.

Collective insurance and Pension Funds

In line with the trend established in the preceding periods, the collective insurance sector continues to report a reduction in premiums across all sectors, as indicated below.

The supplementary pension sector, which features Pre-Existing Pension Funds and newly created Open Pension Funds, was impacted by the challenging economy and reports a drop in premium volumes.

The Corporate client capitalisation products for liquidity management reported a reduction in premiums written. In relation to payments, we report however a reduction in redemptions compared to the same period of the previous year.

The extensive jobs crisis continues to impact employee leaving indemnity related products (TFR and TFM), which report a minimal contraction.

The group contract insurance sector, although continuing to return favourable technical performances, reported a reduction in revenues on the first nine months of 2012.

Reinsurance

Premiums ceded totalled Euro 6.2 million, comprising 2.5% of direct premiums (Euro 7.2 million in the first nine months of 2012, with direct premiums comprising 2.8%). 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

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 nine months of 2013 reports a loss of Euro 9.5 million, compared to a loss of Euro 5.5 million in the same period of 2012. The result essentially concerns:

- Immobiliare Milano s.r.l., which reported a pre-tax loss of Euro 7.6 million, principally as ordinary income did not entirely cover maintenance costs and depreciation and due to the allocation of provisions against open disputes with the lessor of the real estate complex at Via Missaglia;
- The Athens Real Estate Fund, which reported a loss of Euro 1.9 million, principally due to the impairment on the “Petriolo Spa Resort” hotel complex.

We highlight the following in relation to operations in the period:

Metropolis S.p.A.

During the first half-year the liquidator of Metropolis tabled the sale of the investment held by Metropolis in Manifattura Tabacchi to the company Fintecna Immobiliare, which expressed an interest in the purchase but at a price lower than the equity paid-in by shareholders to date.

Penta Domus S.p.A.

At the end of 2012, the Company, in order to cover the needs of the associated company Cinque Cerchi, approved a capital increase in several tranches. The first tranche was subscribed pro-quota by the shareholders Immobiliare Milano Assicurazioni Srl, Codelfa SpA and Zoppoli & Pulcher. In January 2013, these latter companies also subscribed to a part of the unopted shares and in April 2013 subscribed to the second and final tranche of the capital increase.

Consequently the original holdings in Penta Domus altered, as outlined below:

- Immobiliare Milano srl, Codelfa SpA, Zoppoli & Pulcher SpA: approx. 24.66% each;
- Maire Tecnimont SpA and Imato Srl in liquidation (former Impresa Rosso e Figli): approx. 13.01% each;

The capital portion paid by Immobiliare Milano amounted to Euro 0.6 million.

Other activities

The diversified activities sector includes the company SOGEINT.

SOGEINT (wholly owned by Milano Assicurazioni) provides commercial assistance to the agencies. At 30 September 2013, the company had 58 employees and 28 agencies. Substantial breakeven was reported for the period.

Asset and financial management

In the third quarter of 2013 the world economy expanded at approx. 3% on an annual basis. The principal factors behind this performance were the ending of the Eurozone recession, the stabilisation of the Chinese economy and the continuing recovery in the US.

The Eurozone recently exited recession (+0.3% in Q2 2013) and the economic recovery, although weak and fragile, was confirmed by a series of economic indicators from various EU countries. Economic conditions therefore improved slightly, due essentially to a loosening of fiscal pressures and increased exports, which benefitted from continued global economic growth.

The European Central Bank therefore left the discount rate unchanged at 0.5%, stating that official rates will remain at this level or lower for an “*extended period*” - as long as growth is weak and in the absence of inflationary pressures. Inflation in fact at 1.1% in September is not at a worrying level and well under the Monetary Authorities target of close to 2%.

The US economy is in its fifth consecutive year of expansion and, despite a still partially restrictive fiscal policy, is growing at over 2% annually. Unemployment levels continue to decline (7.3% according to the latest available data), with consumer spending increasing and inflationary pressures absent for the time being (1.5% according to the most recent data). On the other hand, governmental tensions continue to surround the drawing up of a fiscal policy which could play a similar role to the monetary policy of recent years.

The Federal Reserve announced at the meetings of mid-June and the end of July the imminent normalisation of monetary policy through a gradual reduction of extraordinary stimuli, prompting a significant increase in the rate curve and in particular of maturities related to the setting of mortgage rates (10 and 30 years). The movement in US yields was reflected in the increase of Eurozone rates.

In order to stave off a weakening of the real estate sector, driven by sustained economic growth, the US Central Bank subsequently decided in the meeting of mid-September to postpone this action.

The Governor, in the subsequent press conference, underlined the need for further proof to back up the extent of the US recovery before the withdrawal of non-conventional monetary stimulus. This decision resulted in a partial reduction of the long-term US swap and bond curve, with this movement replicated in the corresponding Eurozone rate curves.

Italian yields - although benefitting from the movement - in the final part of the quarter suffered increased volatility due to complex internal political events. After the months of July and August in which the spread between the Italian and German bond curve reduced, in September this trend was partially interrupted; government bonds therefore reduced in value at period-end. The short period of political stability - re-established at the beginning of October - enabled the quick recovery of pre-crisis market conditions.

Japan continued on a path of sustained growth (approx. 3% annually), thanks to the simultaneous implementation of expansive fiscal and monetary policies. With the decision taken to increase VAT from 5% to 8% next April, attempts are being made to improve the extremely fragile public accounts.

In China, the political authorities seek to ensure a soft landing for the economy, based on a new development model with a greater focus on internal demand rather than investments and exports.

In Italy, although the latest available GDP data indicates that the Country is still in recession (-0.3% in the second quarter from -0.6% in the first), signals have emerged which forecast the achievement by year-end of slight economic growth. From the beginning of the summer, the principal confidence indicators have highlighted improvements and the tightened fiscal conditions have slightly eased.

Credit conditions are slowly normalising and the trade balance is improving, not only due to reduced imports but also due to an increase in exports. The risks of political instability remain however, but recent concerns of legislative intervention have - for now - abated.

The following table reports the quarterly movements in rates and spreads of a number of Eurozone country government bonds compared to the 10-year German Bund:

Country	31 December 2012		28 March 2013		28 June 2013		30 September 2013	
	10 year rate	Spread vs Germany	10 year rate	Spread vs Germany	10 year rate	Spread vs Germany	10 year rate	Spread vs Germany
Germany	1.32		1.29		1.73		1.78	
France	2.00	0.68	2.03	0.74	2.35	0.62	2.32	0.54
Italy	4.50	3.18	4.76	3.47	4.55	2.82	4.43	2.65
Belgium	2.06	0.74	2.24	0.95	2.63	0.90	2.57	0.79
Greece	11.90	10.58	12.44	11.15	10.98	9.25	9.32	7.54
Ireland	4.95	3.63	4.33	3.04	4.19	2.46	4.15	2.37
Portugal	7.01	5.69	6.37	5.08	6.45	4.72	6.68	4.90
Spain	5.27	3.95	5.06	3.77	4.77	3.04	4.30	2.52

The European Stock Markets in the third quarter of 2013 were in the black and continued to close the gap between the “core” and “peripheral” areas. The Eurostoxx 50 index, representing the major Eurozone blue chips, gained significantly in the third quarter (+11.2%, +9.8% for the first nine months). The German DAX was in positive territory, up 8% (+12.9% from the beginning of 2013), with the Italian Stock Market also performing very strongly (the FTSE MIB of Milan improving 14.4% (+7.1% from the beginning of the year). Finally, the IBEX of Madrid improved 18.3% in the period (+12.5% from the beginning of the year).

Outside of Europe, the Standard & Poor's 500 Index, representing the major U.S. listed Companies, was up 4.7% (+17.9% for the first nine months), while the Japanese Nikkei Index, after a strong first half-year, gained a further 5.7% (+39.1% in the first nine months). Finally, in relation to the emerging market indices, the most representative index, the Morgan Stanley Emerging Market, reported gains of 4.9% in Q3 2013 (-1.7% in 9M 2013).

The continual improvement of the US and Japanese economies, the Eurozone exit from the recession and the actions of the Monetary Authorities contributed to a further and gradual improvement of the Itraxx Senior Financial index, which represents the average spread of finance sector companies with high credit ratings, reducing by 19.2 basis points from 166.8 at the end of June to 147.6 at the end of September (from the beginning of the year increasing 6.3 basis points).

Bond sector operations

The financial management in Q3 2013 was carried out in line with the Guidelines of the Group Investment Policy and in compliance with the general principles of prudence and enhanced asset quality over the medium to long term.

Operations, both in the Non-Life and in the Life business, focused principally on Eurozone government bonds, particularly Italian bonds, which comprise approx. 80% of the portfolio. The overall duration of the portfolio is 3.9 years, a marginal increase on the end of the previous period (3.7 years) and stable compared to the first half-year.

In the Non-Life classes, a structural position in Italian Inflation-indexed bonds (BTPi) was taken up in the quarter, in light of the interesting level of real yields and in line with the liabilities profile.

The duration of the non-life portfolio at the end of September was 3.2 years, stable compared to the end of the previous year and a slight reduction compared to the first half-year (3.3 years).

In the life sector the duration was 4.5 years, a moderate increase compared to the end of the previous year (4.3 years) and stable compared to the first half-year. The Life business operations, in line with the liability profile, featured sales of short maturity government securities with purchases favouring long-term Italian government securities to safeguard the minimum guarantees.

Investments in corporate bonds overall focused on issuers with high credit ratings; the management of the corporate portfolio through undertaking purchases on the primary market and sales on the secondary market did not result in a significant change in the sector. Corporate bonds represent approx. 13% of the bond sector.

Equity sector operations

No significant events occurred in the Non-Life business, except for the sale of the Saint George investment funds. In the Life business, in addition to the sale of the Saint George investment funds, the reduction of the equity component of the Segregated Funds portfolio continued.

In relation to the strategic investments, the reduction of risk actions continued, carried out through the purchasing of options, which resulted in the neutralisation of risk equal to over 65% of the overall positions.

At the beginning of July, following the requests of the shareholder pact, the share capital increase of RCS Mediagroup took place, subscribing 5,646,444 new shares at Euro 1.235 per share, with an overall payment of Euro 7 million. The holding in portfolio comprises 1.8% of the share capital.

Under the Anti-trust Authority Order, subsequent to period-end Milano Assicurazioni sold, through private placement with institutional investors, 3.1 million Mediobanca shares at a price of Euro 5.76 per share, resulting in a gain of Euro 5.2 million.

* * *

The investments at 30 September 2013 compared to the previous year are shown below.

In relation to data comparison, in compliance with the Anti-trust Authority order of 19/6/2012 No. 23678, the parent company Unipol Gruppo Finanziario S.p.A. has begun to dispose of a number of insurance assets within the Milano Assicurazioni consolidation scope.

Consequently, under IFRS 5 which defines the accounting policies applied to assets held for sale, from 30 June 2013 the assets and liabilities held for sale are presented in the assets and liabilities of a group for sale accounts.

For improved understanding of the following comparative data, the change in the balance sheet items of an operating nature and those deriving from the application of IFRS 5 are indicated separately.

The table also shows the tangible assets and the liquidity, which is important for the correct structure of the balance sheet of an insurance group.

<i>(in Euro thousands)</i>	30/09/2013	31/12/2012	IFRS 5	Change
INVESTMENTS				
Investment property	466,513	613,188	-129,248	-17,427
Investments in subsidiaries, associates and interests in joint ventures	115,962	111,964	-	3,998
Held to maturity investments	95,435	185,360	-88,569	-1,356
Loans and receivables	820,636	891,522	-60,165	-10,721
Available-for-sale financial assets	3,534,941	6,508,286	-3,018,213	44,868
Financial assets at fair value through profit or loss	88,790	165,092	-35,740	-40,562
Total investments	5,122,277	8,475,412	-3,331,935	-21,200
Property, plant & equipment: buildings and other fixed assets	5,139	39,009	-33,140	-730
Total non-current assets	5,127,416	8,514,421	-3,365,075	-21,930
Cash and cash equivalents	188,610	320,299	-79,031	-52,658
Total non-current assets and cash and cash equivalents	5,316,026	8,834,720	-3,444,106	-74,588

Investment property

Investment property 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 30 September 2013 was Euro 128.1 million lower than the valuation at 31 December 2012 carried out by specifically appointed independent experts. The reduction compared to 31/12/2012 for Euro 129.2 million relates to the application of IFRS 5, with the consequent recognition of such to the account *Non-current assets held for sale or disposal groups*. The remaining change is principally due to the depreciation in the period (Euro 16.8 million).

Investments in subsidiaries, associates and interests in joint ventures

Investments in subsidiaries, associates and joint ventures principally include:

- the holding of 34.63% in the consortium company **Fondiarria-Sai Servizi Group**, with a book value of Euro 11.9 million, which handles the IT and logistical services of the companies of the former Fondiarria-Sai Group;
- the holding of 48% in **Garibaldi S.C.A.** (32% formal holding) with a book value of Euro 70.3 million. The company is involved in the real estate project Porta Nuova Garibaldi which concerns an area in Milan between viale Don Sturzo, via Melchiorre Gioia, via Viganò, via De Cristoforis, via Rosales, corso Como and piazzale Freud. The updated project concerns the development of approx. 58,100 sq.m. for office use, 4,300 sq.m. for residential use, 18,000 sq.m. for retail use and 4,000 sq.m. for exposition use.
- the holding of 43% in **Isola S.C.A.** (29.56% formal holding) with a book value of Euro 13.9 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: 22,000 sq.m. for residential use, 6,300 sq.m for service use and 650 sq. m for local retail use.
- the holding of 35.83% in **Immobiliare Lombarda** with a book value of Euro 6 million;
- the holding of 50% in **Valore Immobiliare S.r.l.**, with a book value of Euro 0.5 million. In April 2012, with the completion of the sale of the property and therefore having completed its corporate purpose, the company was placed in liquidation. Against this liquidation, also in April 2012, 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 2.4 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 20% in Penta Domus s.r.l., with a book value of Euro 3.4 million. The company holds 50% of the capital of Cinque Cerchi S.p.A., a company owner of the “Spina 3” area in Turin, with total potential building area of approx. 114,000 sq. metres. In relation to the project, the development continues of the first building lot of approx. 18,000 sq. metres for residential use, of which approx. 4,000 sq. metres for social housing. In December 2012, the company presented to the Turin Municipality the definitive project relating to the second building lot for the Construction Permit. The project involves two buildings with a total gross area of 19,000 sq. metres for residential use, which includes approx. 5,000 sq. metres of social housing.

Held to maturity investments

The account exclusively includes securities related to policies with fixed returns or covered by contractual commitments realised through specific assets.

Loans and receivables

The account *Loans and Receivables* includes:

- debt securities of Euro 712.6 million, of which:
 - Euro 435.5 million concerning Italian government bonds undertaken in private placement as a stable investment and not listed on the Italian Stock Market;
 - Euro 210 million relating to financial instruments transferred from the AFS category at the beginning of 2009. These refer to corporate bonds with subordination clauses, with carrying values below the repayment value and high yields.
- receivables from agents for end of mandate indemnities (Euro 66.3 million);
- loans on life policies of Euro 17.2 million;
- other loans and receivables of Euro 12.7 million;
- deposits with reinsuring companies of Euro 1.8 million;
- other financial investments of Euro 10 million.

Available-for-sale financial assets

The available-for-sale 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:

<i>(in Euro thousands)</i>	30/09/2013	31/12/2012	IFRS 5	Change
Available-for-sale financial assets	3,534,941	6,508,286	-3,018,213	44,868
Equity securities and investment funds	409,048	559,604	-30,865	-119,691
Debt securities	3,125,893	5,948,682	-2,987,348	164,559

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.

Impairments in the first nine months of 2013 totalled Euro 8.6 million and exclusively relate to available-for-sale financial assets previously written-down, with book values therefore aligned with stock market prices at 30 September 2013 and recognised in the income statement in accordance with IAS 39 (IG.E.4.9). These impairments concern shares for Euro 3.9 million and mutual investment fund units for Euro 4.7 million.

The net equity reserve which includes the differences between the average weighted cost and the fair value of instruments classified in this category was positive for Euro 101.8 million (positive for Euro 106.7 million at 31 December 2012). The following table highlights the composition and movements on the previous year:

<i>(in Euro thousands)</i>	30/09/2013	31/12/2012	Change
Debt securities	95,737	89,429	6,308
Fund units	25,395	26,381	-986
Equity securities	47,783	52,167	-4,384
Shadow accounting reserve	-40,149	-36,410	-3,739
Tax effect	-27,011	-24,902	-2,109
AFS reserve at the end of the period	101,755	106,665	-4,910

Disclosure concerning sovereign debt security exposure as per Consob Communication No. DEM/11070007 of 5/8/2011

A breakdown of Sovereign debt exposure is provided in the table below, concerning bonds issued by central and local governments and by governmental bodies, in addition to loans disbursed by such parties and held by the Milano Assicurazioni Group at 30 September 2013.

<i>(Euro millions)</i>	Nominal value	Value in Fin. Stat.	Market value
Italy	3,233.5	3,202.2	3,223.8
Available-for-sale financial assets	2,742.1	2,709.6	2,709.6
Investments held to maturity	45.5	46.3	48.3
Loans and receivables	435.0	435.5	455.1
Financial assets at fair value through profit or loss	10.9	10.8	10.8
Spain	25.8	23.7	23.7
Available-for-sale financial assets	25.0	22.9	22.9
Financial assets at fair value through profit or loss	0.8	0.8	0.8
Germany	6.8	7.6	7.6
Available-for-sale financial assets	6.1	6.8	6.8
Financial assets at fair value through profit or loss	0.7	0.8	0.8
France	1.5	1.6	1.6
Financial assets at fair value through profit or loss	1.5	1.6	1.6
Portugal	1.0	1.0	1.0
Available-for-sale financial assets	1.0	1.0	1.0
Austria	1.5	1.7	1.7
Available-for-sale financial assets	1.5	1.7	1.7
Great Britain	0.2	0.2	0.2
Financial assets at fair value through profit or loss	0.2	0.2	0.2
United States	5.2	4.4	4.4
Available-for-sale financial assets	5.2	4.4	4.4
Other countries (*)	9.4	9.0	9.0
Available-for-sale financial assets	8.4	8.0	8.0
Financial assets at fair value through profit or loss	1.0	1.0	1.0
TOTAL	3,284.9	3,251.4	3,273.0

() Finland, Switzerland and Mexico*

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 requested by the European Securities and Markets Authority (ESMA) also the Italian government securities are reported in the table (in thousands of Euro).

Country	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
Spain	-	-	-	22,929	22,929	-2,637
Portugal	-	999	-	-	999	-33
Ireland	-	-	-	-	-	-
Italy	247,041	855,345	864,558	742,705	2,709,649	34,614

The portfolio at 30 September 2013 also included:

- Euro 435.5 million of Italian government debt securities classified in the Loans & Receivables category (of which Euro 270.2 million with maturity between 1 and 5 years and Euro 165.3 million with maturity between 6 and 10 years), presenting a gain on the fair value at the end of September of Euro 19.6 million;
- Euro 46.3 million of Italian government debt securities classified in the Held to Maturity category (of which Euro 25.3 million with maturity within 1 year and Euro 21 million with maturity between 1 and 5 years). These securities report a gain compared to the stock market prices at the end of September of Euro 2 million.

Financial assets at fair value through profit or loss

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:

<i>(in Euro thousands)</i>	30/09/2013	31/12/2012	IFRS 5	Change
Financial assets at fair value through profit or loss	88,790	165,092	-35,740	-40,562
Equity securities and investment funds	40,150	37,945	-	2,205
Debt securities	46,548	125,507	-35,740	-43,219
Other financial investments	2,092	1,640	-	452

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.

The book value, at the period-end, is lower by Euro 1.8 million than the expert's market-based valuations at the end of the previous period.

Income from financial instruments and property investments

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

<i>(in Euro thousands)</i>	9M 2013	9M 2012	Q3 2013	Q3 2012
Gains/losses on financial instruments at fair value through profit or loss	-3,499	13,547	-1,017	-11,039
Income from investments in subsidiaries, associates and interests in joint ventures	401	425	137	-132
Gains on other financial instruments and investment property of which:	263,716	293,886	88,940	81,345
Interest income	194,857	176,400	65,227	57,109
Other income	26,240	38,112	8,386	10,771
Realised gains	42,619	77,275	15,327	13,465
Unrealised gains	-	2,099	-	-
Total income	260,618	307,858	88,060	70,174
Losses on investments in subsidiaries, associates and joint ventures	-6,001	-9,692	6,017	-1,307
Losses on other financial instruments and investment property of which:	-56,993	-105,591	-17,596	-20,147
Interest expense	-5,884	-8,318	-1,409	-2,445
Other charges	-15,467	-15,837	-5,693	-4,700
Realised losses	-8,769	-19,690	-1,352	-2,968
Unrealised losses	-26,873	-61,746	-9,142	-10,034
Total costs	-62,994	-115,283	-11,579	-21,454
TOTAL NET INCOME	197,624	192,575	76,481	48,720
Net income from financial instruments at fair value through profit or loss where the risks are borne by policyholders (Class D).	2,374	7,158	625	2,445
TOTAL NET INCOME EXC. CLASS D	195,250	185,417	75,856	46,275

The **asset and financial management** recorded net income of Euro 197.6 million, compared to Euro 192.6 million in 9M 2012. In particular, in relation to the most significant accounts:

- interest income amounted to Euro 194.9 million, compared to Euro 176.4 million in 9M 2012;
- net realised gains amounted to Euro 33.8 million (Euro 57.6 million in 9M 2012), of which Euro 28.2 million relates to bond securities, Euro 6.5 million to shares, Euro 0.8 million to property investments and Euro 1.7 million to net losses on investment fund units;
- net unrealised losses amounted to Euro 26.9 million (Euro 59.6 million in 9M 2012) and concern impairments on AFS financial instruments of Euro 8.6 million and depreciation on property for Euro 18.3 million;
- the financial instruments at fair value through profit and loss report net charges of Euro 3.5 million, principally due to the market price adjustment of financial instruments within this category, with an impact of Euro 3.2 million. The results for the same period of the preceding year (net income of Euro 13.5 million) benefitted from Euro 6 million of gains on share hedging options held in portfolio.
- the associated companies report income of Euro 0.4 million and charges of Euro 6 million, of which Euro 3.6 million concerning Atahotels, which continues to feel the effects of the hotel sector crisis and a high proportion of overhead costs and Euro 1.4 million relating to the loss in the period of the consortium company Gruppo Fondiaria-Sai Servizi.

Other information

Integration with the Unipol Group

The significant events up to the preparation of the present report at 30 September 2013 are reported below.

On 15 January 2013, IVASS, in response to the application drawn up jointly by Premafin, Fondiaria-SAI, Unipol Assicurazioni and Milano Assicurazioni on 28 December 2012 in order to obtain authorisation for the merger by incorporation into Fondiaria-SAI of Premafin, Unipol Assicurazioni, Milano Assicurazioni, communicated the commencement of the relative authorisation procedure from 28 December 2012.

On 28 January 2013, in accordance with Article 2501 *quarter*, first paragraph of the Civil Code, the merger by incorporation proposal of Fondiaria-SAI S.p.A., Premafin Finanziaria S.p.A. - Holding di Partecipazioni, Unipol Assicurazioni S.p.A., and, pending further approval, Milano Assicurazioni S.p.A., approved by the Board of Directors of the participating Companies in the merger on 20 December 2012 was filed at the registered office of the Company and published on the website of the Company in the Unipol - Fondiaria-SAI merger proposal section. The registration of the merger proposal at the Competent Company Registration offices is subject to the authorisation of IVASS, in accordance with Article 201 of Legislative Decree No. 209 of 7 September 2005.

On 21 February 2013, IVASS, in relation to the merger application, requested from the Companies involved documentation and additional information and communicated the suspension of the deadline for the authorisation procedure.

On 25 July IVASS approved, in accordance with Article 201 of Legislative Decree No. 209 of 7 September 2005 and ISVAP Regulation No. 14 of 18 February 2008, the merger by incorporation into Fondiaria-SAI S.p.A. of Unipol Assicurazioni S.p.A., Premafin Finanziaria S.p.A. and, pending further approval, Milano Assicurazioni S.p.A. and approved the related amendments to be made to the By-laws of the merging entity. Following the preliminary investigations, IVASS in fact declared in accordance with Article 201 of Legislative Decree No. 209 of 7 September 2005 and ISVAP Regulation No. 14/2008 the fulfillment - both in the case of the participation and non-participation of Milano Assicurazioni S.p.A. - of the conditions for the operation's authorisation, concerning proper and prudent management and the holding of sufficient assets to cover the insurance contract liabilities and the solvency margin of the merging entity.

The Supervisory Authority also advised the implementation of a number of corrective measures to ensure over time greater operating efficiency and control, considering the increased complexity and size of the post-merger entity.

The above-stated corrective measures concern corporate governance, dividend policy, reinsurance and the development of controls and procedures over investments and contracted liabilities.

As outlined more extensively in the significant events following period-end section, on 25 October 2013 the Extraordinary Shareholders' Meetings of Unipol Assicurazioni S.p.A., Fondiaria-SAI S.p.A., Premafin Finanziaria – S.p.A. and on 26 October the Extraordinary Shareholders' Meeting of Milano Assicurazioni, approved the merger by incorporation of Premafin, Unipol Assicurazioni and, pending further approval, Milano Assicurazioni into Fondiaria-SAI.

On 28 October 2013 the Special Savings Shareholders' Meeting of Milano Assicurazioni approved with the favourable vote of 97.82% of the Class share capital represented at the Shareholders' Meeting, in accordance with Article 146, paragraph 1, letter b) of Legislative Decree No. 58 of 24 February 1998, the merger by incorporation of Milano Assicurazioni, together with Premafin Finanziaria S.p.A. – Holding di Partecipazioni and Unipol Assicurazioni S.p.A., into FONDIARIA-SAI S.p.A.

Following the approval of the Special Shareholders' Meeting, Milano Assicurazioni will therefore also be involved in the Merger.

Ordinary Shareholders' Meeting concerning the Corporate Responsibility Action Proposal in accordance with Articles 2392 and 2393 of the Civil Code

On 14 March 2013, the Ordinary Shareholders' Meeting of Milano Assicurazioni was held in second call, which had been requested by the *ad acta* Commissioner of FONDIARIA-SAI S.p.A., Mr. Matteo Caratozzolo.

The Shareholders' Meeting approved by a 99.79% majority of ordinary shareholders represented at the meeting, the pursuit of the corporate responsibility action against those indicated in the Report prepared for the Shareholders' Meeting by the *ad acta* representative and published in accordance with law.

CONSOB Request of 17 April 2013 - Prot. No. 13032790

CONSOB, with communication of 17 April 2013 No. 13032790, requested the Company to issue without delay a press release stating the reasons why the Board of Directors of the Company, in the draft consolidated financial statements approved on 20 March 2013, did not apply the provisions of IAS 8 relating to the comparative figures for the 2011 consolidated financial statements and therefore in order to correct the errors noted by CONSOB in the above-mentioned Decision No. 18432 of 21 December 2012.

Given the position of CONSOB, the Board of Directors considered it appropriate to adjust the consolidated financial statements approved on 20 March 2013 and on 24 April 2013 approved the inclusion, where applicable, in the Consolidated Directors' Report, Financial Statements and Explanatory Notes of the above-mentioned 2011 comparative figures restated in line that published on 27 December 2012, following the above-stated CONSOB Decision No. 18432.

This change did not affect the balance sheet and income statement at 31 December 2012, which were unchanged on those approved by the Board of Directors on 20 March 2013 and on which the re-statement of the 2011 data did not have any impact.

For further information on this restatement, reference should be made to the 2012 Annual Accounts.

Appointment of new Board of Directors

The Shareholders' Meeting of Milano Assicurazioni S.p.A. of 29 April 2013, among other matters, appointed the Board of Directors for the three years 2013, 2014 and 2015 and, therefore, until the approval of the 2015 Annual Accounts.

In particular, the Shareholders' Meeting, on the basis of the single slate presented by FONDIARIA-SAI S.p.A. confirmed the number of Directors at 9 and appointed the following Directors:

Fabio CERCHIAI

Pierluigi STEFANINI

Carlo CIMBRI

Daniele FERRÈ

Germana RAVAIOLI

Carla ANGELA

Cristina DE BENETTI

Gianluca BRANCADORO

Antonio RIZZI.

Based on the declarations made on accepting their candidature 6 directors out of 9 are independent in accordance with the Self-Governance Code of listed companies and Article 148, paragraph 3 of the Consolidated Finance Act, specifically: Daniele FERRÈ, Germana RAVAIOLI, Carla ANGELA, Cristina DE BENETTI, Gianluca BRANCADORO, Antonio RIZZI.

The Board of Directors at the meeting of 8 May 2013 then formally verified the independence of the qualifying Directors, in addition to appointing the Corporate Boards and the members of the Board Committees.

Actions against former Directors and Statutory Auditors

The Shareholders' Meeting of Milano Assicurazioni S.p.A. of 30 July 2013 in first call approved by a totality of those voting the pursuit of a corporate responsibility action against some ex Directors and Statutory Auditors, as approved by the Board of Directors in the report prepared for the Shareholders' Meeting and made public in accordance with law.

The action concerns an operation carried out by a subsidiary of Milano Assicurazioni with a company indirectly controlled by the Ligresti family, other than operations for which the Shareholders' Meeting of 14 March 2013 on the proposal of the *ad acta* Representative of Fondiaria-SAI S.p.A. Mr. Matteo Caratozzolo, had approved similar actions.

Appointment of the Independent Audit Firm

On 30 July 2013 the Shareholders' Meeting of Milano Assicurazioni approved the advance conclusion (with residual years 2013-2020) of the audit appointment of the company Reconta Ernst & Young S.p.A., in addition to the simultaneous appointment of PricewaterhouseCoopers S.p.A., principal Auditor of the Unipol Group, for the auditing of accounts for the period 2013-2021, in accordance with the terms and conditions indicated in the Shareholders' Meeting proposals' illustrative report published in accordance with law.

Treasury shares and shares of holding companies

In the first nine months of the year no treasury share or parent company share operations took place.

The treasury shares, those of the direct parent company Fondiaria-Sai and the indirect parent companies Premafin and Unipol Gruppo Finanziario held by Milano Assicurazioni at 30 September 2013 were therefore unchanged compared to the end of the previous period and are reported as follows:

<i>(in Euro thousands)</i>	Number	Amount
Treasury shares	6,764,860	31,353
Unipol Gruppo Finanziario shares	16,000	51
Premafin shares	9,157,710	1,572
Fondiarria-SAI shares	99,825	156

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 companies Premafin and Unipol Gruppo Finanziario are recognised under "Available-for-sale financial assets" and as such are valued at the market price on the last contracting day of September 2013.

Litigation

Cases on claims

At 30 September 2013, there were 42,289 claims open, of which 33,228 related to the MV TPL class. During the first nine months of the year, 16,114 cases were settled, of which 13,620 within the MV TPL class.

Tax assessments

Following the tax assessments notified in December 2012 by the Tuscany Regional Office, under which remuneration paid to Mr. Salvatore Ligresti for consultancy was examined, an agreed settlement was reached with the payment of approx. Euro 4 million in February 2013 and the reduction in tax credits of Euro 0.8 million.

These charges were provisioned in the 2012 Annual Accounts and therefore did not impact the period income statement.

Significant events subsequent to period-end

Shareholders' Meetings for the approval of the merger by incorporation

On 25 October 2013 the Extraordinary Shareholders' Meetings of Unipol Assicurazioni S.p.A., Fondiaria-SAI S.p.A., Premafin Finanziaria – S.p.A. and on 26 October the Extraordinary Shareholders' Meeting of Milano Assicurazioni, approved the merger by incorporation of Premafin, Unipol Assicurazioni and, pending further approval, Milano Assicurazioni into Fondiaria-SAI.

On 28 October 2013 the Special Savings Shareholders' Meeting of Milano Assicurazioni approved with the favourable vote of 97.82% of the Class share capital represented at the Shareholders' Meeting, in accordance with Article 146, paragraph 1, letter b) of Legislative Decree No. 58 of 24 February 1998, the motion adopted by the Extraordinary Shareholders' Meeting of the Company in relation to the Merger.

Following the approval of the Special Shareholders' Meeting, Milano Assicurazioni will therefore also be involved in the Merger.

The merging entity will take the new name “UnipolSai Assicurazioni S.p.A.”, in short “UnipolSai”. As previously communicated to the market, the Merger forms an integral and essential part of the integration project between the Unipol Group and the former Premafin-Fondiaria-SAI Group, announced to the market on 29 January 2012, with the objective to create a leader in the Italian insurance market.

The Extraordinary Shareholders' Meetings approved, without amendments or supplements, the Merger project proposed on 20 December 2012 by the Board of Directors of the companies participating in the Merger, following approval by the respective Committees for transactions with related parties.

The share swap, previously outlined in the Merger Proposal and drawn up with the support of the respective financial advisors, is based on:

- 0.050 Fondiaria-SAI ordinary shares for every Premafin ordinary share;
- 1.497 Fondiaria-SAI ordinary shares for every Unipol Assicurazioni share;
- 0.339 Fondiaria-SAI ordinary shares for every Milano Assicurazioni share;
- 0.549 Class “B” Fondiaria-SAI savings shares for every Milano Assicurazioni savings share.

Following the Merger, all shares of the companies being merged will be cancelled and exchanged with shares of the incorporating company, which will issue a maximum 1,632,878,373 new ordinary shares and a maximum of 55,430,483 new Class “B” savings shares.

The issue of Fondiaria-SAI ordinary shares and Class “B” savings shares, to facilitate the share swap, will take place through a Fondiaria-SAI share capital increase of Euro 0.565 for every new share issued and for a maximum Euro 953,894,503.64.

The ordinary shares and Class “B” savings shares of Fondiaria-SAI allocated in exchange will have the same rights as those currently in circulation and will be listed on the MTA segment together with the Fondiaria-SAI shares already in circulation.

The Fondiaria-SAI ordinary shares and Class “B” savings shares to facilitate the share swap will be made available to shareholders of the companies being merged from the first working day subsequent to the effective legal date of the Merger. This date will be announced through a notice published in at least one national daily newspaper. Shareholders will not incur any charges for the share swap operations.

Premafin shareholders opposed to the Merger proposals – which, as noted, comprise an integral and essential part of the Integration Project - have the right to withdrawal in accordance with Article 2437, paragraph 1, letter a) of the Civil Code. The settlement value of ordinary Premafin shares subject to withdrawal is Euro 0.1747 per share (as announced to the market on 24 September 2013), set in accordance with Article 2437-ter of the Civil Code and exclusively based on the average closing price of ordinary Premafin shares in the six months preceding publication of the call notice of the Shareholders’ Meeting in which the right to withdrawal was approved.

The Milano Assicurazioni savings shareholders opposed to the motions of the above stated Special Shareholders’ Meeting have the right to withdrawal in accordance with Article 2437, paragraph 1 of letter g) of the Civil Code. The settlement value of Milano Assicurazioni savings shares subject to withdrawal is Euro 0.6860 per share (as announced to the market on 24 September 2013), set in accordance with Article 2437-ter of the Civil Code and exclusively based on the average closing price of Milano Assicurazioni savings shares in the six months preceding publication of the call notice of the Shareholders’ Meeting in which the right to withdrawal was approved.

Withdrawals, exercised in accordance with Article 2437, paragraph 1, letter a) or letter g) of the Civil Code, will be effective on conclusion of the Merger.

In relation to the settlement procedure concerning shares subject to withdrawal under Article 2437-*quater* of the Civil Code, reference should be made to the Merger Disclosure Document. Further details are available from the press release of 31 October published on the Milano Assicurazioni website (www.milass.it).

With the legal efficacy of the Merger, the parent company Unipol Gruppo Finanziario S.p.A. (“UGF”) will take control of the resultant company, assuming a 63% holding in the ordinary share capital and of 63.66% in the total share capital.

From the effective date of the Merger, the resultant company will modify its By-laws, adopting the By-law amendments subject to completion of the Merger, including the conferment to the Board of Directors, in accordance with Articles 2420-*ter* and 2443 of the Civil Code, of the faculty to issue, on one or more occasions (subject to the Merger efficacy), bonds “convertible” into ordinary shares of the resultant company, for a maximum amount of Euro 201,800,000.00, with consequent share capital increase in service of the conversion for a total maximum amount of an equal amount, including share premium, on one or more occasions and divisible, through issuing ordinary company shares without indication of the nominal value, with full rights and the same features as those in circulation at the issue date, with the faculty for the Board of Directors to exclude the option right and offer the instruments to third party financiers of the company in order to reduce the debt exposure of the company to such third parties.

The signing of the Merger deed is subject to the completion of the Merger process. For tax and accounting purposes, the operations carried out by the companies being merged will be recognised to the financial statements of the incorporating company from 1 January of the year in which the Merger is legally effective.

Further information on the Merger is available in the Disclosure Document prepared in accordance with Article 70, paragraph 6 of Consob Regulation No. 11971 of 14 May 1999, initially made available to the public on 9 October 2013 at the registered offices of the companies participating in the Merger and published on the website of the companies and of Unipol Gruppo Finanziario S.p.A. at: www.fondiaria-sai.it, www.milass.it, www.premafin.it, www.unipolassicurazioni.it and www.unipol.it, and subsequently updated through the supplement published on 22 October 2013.

Sale of Mediobanca Shares

As outlined in the first part of the present report, the Anti-trust Authority Order issued in relation to the acquisition of control of the Premafin Group by the Unipol Group establishes, among other matters, the reduction of the holdings in Mediobanca – Banca di Credito Finanziario S.p.A. (“Mediobanca”) and in Assicurazioni Generali S.p.A. through the full disposal of the stakes held in these companies by the Premafin/Fonsai Group.

The holding in Assicurazioni Generali S.p.A. was fully disposed of in 2012.

In relation to the reduction of the holding of the Premafin/Fonsai Group in Mediobanca, overall comprising 33,019,886 shares (3.83% share capital), on 9 October 2013 Fondiaria-SAI, Milano Assicurazioni and Finsai International sold 23,114,386 ordinary Mediobanca S.p.A. shares, comprising approx. 2.68% of share capital, through an accelerated book-building procedure targeted exclusively at qualifying investors in Italy, under Article 34-ter, paragraph 1, letter b of CONSOB Regulation No. 11971/1999, and foreign institutional investors.

In relation to Milano Assicurazioni, 3,107,047 shares, concerning the entire shareholding, were sold for consideration of Euro 17.9 million and a gain of Euro 5.2 million. The operation was concluded on 15 October 2013.

Outlook

As described in detail in the section concerning significant events after period-end, following the approval of the Special Savings Shareholders' Meeting, Milano Assicurazioni will also be involved in the merger by incorporation into Fondiaria-Sai, together with Unipol Assicurazioni and Premafin Finanziaria.

The merging entity will take the new name "UnipolSai Assicurazioni S.p.A.", in short "UnipolSai". As previously communicated to the market, the Merger forms an integral and essential part of the integration project between the Unipol Group and the former Premafin-Fondiaria-SAI Group, announced to the market on 29 January 2012, with the objective to create a leader in the Italian insurance market. This will improve and restructure the management and coordination of the resultant entity, with a greater focus on the insurance business, strengthening the capital and solvency structure and at the same time creating a simpler and increasingly transparent Group model.

The merger, with the sharing and strengthening of those areas and processes which represent the best practice of the new entity, will facilitate significant synergies.

Bologna, 13 November 2013

MILANO ASSICURAZIONI S.p.A.
The Board of Directors

Condensed consolidated interim financial statements at 30 September 2013

Financial Statements

Pursuant to IAS 34 (Interim financial reporting) we report the following:

- Balance Sheet
- Income Statement
- Statement of Comprehensive income
- Statement of change in shareholders' equity
- Cash flow statement
- Notes to the financial statements which contain, among others, the accounting policies and the evaluation criteria adopted.

The statement of financial position, income statements, the statement of changes in shareholders' equity and the cash flow statement are prepared according to the format approved by Isvap with Regulation No. 7 of 13 July 2007 and the modifications introduced by Provision No. 2784 of 8 March 2010.

The comprehensive income statement reports the gains and losses which were recorded to shareholders' equity according to that required or permitted by International Accounting Standards IAS/IFRS;

In accordance with paragraph IAS 1.82A, introduced with the amendment to IAS 1 issued on 16 June 2011 (see Amendments to IAS 1 "Presentation of Other Comprehensive Income Statement items", enacted through Regulation (EC) 475/2012, and applicable to financial statements beginning 1 July 2012), the accounts of the section concerning "Other Statements of Comprehensive Income items" are separated based on type, in addition to whether or not they may be reclassified to profit (loss) for the period in the presence of particular conditions. The attached statement includes therefore the disclosure requirements of the amendments introduced.

The notes to the financial statements take account of the information explicitly requested by the above-stated Isvap Regulation No. 7 and contain additional information which are considered best practice, particularly in relation to some illustrative examples contained in some IAS standards.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013**BALANCE SHEET - ASSETS***In Euro thousands*

		30/09/2013	31/12/2012
1	INTANGIBLE ASSETS	164,593	234,775
1.1	Goodwill	164,323	230,851
1.2	Other intangible assets	270	3,924
2	PROPERTY, PLANT & EQUIPMENT	5,139	39,009
2.1	Property	1,653	34,737
2.2	Other property & equipment	3,486	4,272
3	TECHNICAL PROVISIONS - REINSURERS SHARE	177,192	340,154
4	INVESTMENTS	5,122,277	8,475,412
4.1	Investment property	466,513	613,188
4.2	Investments in subsidiaries, associates and interests in joint ventures	115,962	111,964
4.3	Held-to-maturity investments	95,435	185,360
4.4	Loans and receivables	820,636	891,522
4.5	Available-for-sale financial assets	3,534,941	6,508,286
4.6	Financial assets at fair value through profit or loss	88,790	165,092
5	OTHER RECEIVABLES	511,598	975,035
5.1	Receivables relating to direct insurance business	115,371	502,380
5.2	Receivables relating to reinsurance business	21,630	32,505
5.3	Other receivables	374,597	440,150
6	OTHER ASSETS	4,257,937	421,925
6.1	Non-current assets held for sale or disposal groups	3,934,486	
6.2	Deferred acquisition costs	9,897	13,890
6.3	Deferred tax assets	211,239	283,663
6.4	Current tax assets	29,961	42,100
6.5	Other assets	72,354	82,272
7	CASH AND CASH EQUIVALENTS	188,610	320,299
	TOTAL ASSETS	10,427,346	10,806,609

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

BALANCE SHEET – SHAREHOLDERS' EQUITY & LIABILITIES

In Euro thousands

		30/09/2013	31/12/2012
1	EQUITY	1,206,279	1,039,231
1.1	attributable to the owners of the Parent	1,204,911	1,037,896
1.1.1	Share Capital	373,682	373,682
1.1.2	Other equity instruments		
1.1.3	Equity-related reserves	295,471	406,634
1.1.4	Income-related and other reserves	309,006	413,991
1.1.5	(Treasury shares)	-31,353	-31,353
1.1.6	Translation reserve		
1.1.7	Gain or loss on available-for-sale financial assets	101,755	106,665
1.1.8	Other gains and losses recognised directly in equity	-13,363	-15,676
1.1.9	Profit/(loss) for the period attributable to the owners of the Parent	169,713	-216,047
1..2	attributable to non-controlling interests	1,368	1,335
1.2/.1	Share capital and reserves attributable to non-controlling interests	1,448	1,456
1.2.2	Gains and losses recognised directly in equity		
1.2.3	Loss for the period attributable to non-controlling interest	-80	-121
2	PROVISIONS	64,349	92,101
3	TECHNICAL PROVISIONS	5,022,367	8,874,513
4	FINANCIAL LIABILITIES	155,328	327,405
4.1	Financial liabilities at fair value through profit or loss	71,209	72,510
4.2	Other financial liabilities	84,119	254,895
5	PAYABLES	220,222	312,522
5.1	Payables arising from direct insurance business	11,639	19,495
5.2	Payables arising from reinsurance business	20,850	33,272
5.3	Other payables	187,733	259,755
6	OTHER LIABILITIES	3,758,801	160,837
6.1	Liabilities associated with non-current assets held for sale	3,629,115	
6.2	Deferred tax liabilities	38,605	36,078
6.3	Current tax liabilities	9,784	10,096
6.4	Other liabilities	81,297	114,663
	TOTAL EQUITY AND LIABILITIES	10,427,346	10,806,609

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

INCOME STATEMENT

In Euro thousands

		9M 2013	9M 2012
1.1	Net premiums	2,075,293	2,320,278
1.1.1	Gross premiums written	2,182,696	2,413,856
1.1.2	Ceded premiums	-107,403	-93,578
1.2	Commission income	333	444
1.3	Gains and losses on financial instruments at fair value through profit or loss	-3,499	13,547
1.4	Gains on investments in subsidiaries, associates and interest in joint ventures	401	425
1.5	Gains on other financial instruments and property investments	263,716	293,886
1.5.1	Interest income	194,857	176,400
1.5.2	Other income	26,240	38,112
1.5.3	Realised gains	42,619	77,275
1.5.4	Unrealised gains	0	2,099
1.6	Other income	117,195	128,448
1	TOTAL REVENUES AND INCOME	2,453,439	2,757,028
2.1	Net charges relating to claims	-1,524,783	-1,921,382
2.1.1	Amounts paid and changes in technical provisions	-1,584,406	-1,985,997
2.1.2	Reinsurers' share	59,623	64,615
2.2	Commission expenses	-62	-78
2.3	Losses on investments in subsidiaries, associates and interests in joint ventures	-6,001	-9,692
2.4	Losses on other financial instruments and investment properties	-56,993	-105,591
2.4.1	Interest expense	-5,884	-8,318
2.4.2	Other charges	-15,467	-15,837
2.4.3	Realised losses	-8,769	-19,690
2.4.4	Unrealised losses	-26,873	-61,746
2.5	Operating expenses	-403,009	-436,942
2.5.1	Commissions and other acquisition expenses	-320,206	-349,154
2.5.2	Investment management expenses	-2,848	-2,879
2.5.3	Other administration expenses	-79,955	-84,909
2.6	Other costs	-188,496	-280,303
2	TOTAL COSTS AND EXPENSES	-2,179,344	-2,753,988
	PRE-TAX PROFIT	274,095	3,040
3	Income tax	-104,462	-9,014
	NET PROFIT/(LOSS)	169,633	-5,974
4	PROFIT/LOSS FROM DISCONTINUED OPERATIONS	0	-5,616
	CONSOLIDATED PROFIT/(LOSS)	169,633	-11,590
	attributable to the owners of the parent	169,713	-11,513
	attributable to non-controlling interests	-80	-77

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

COMPREHENSIVE INCOME STATEMENT

In Euro thousands

	9M 2013	9M 2012
CONSOLIDATED PROFIT/(LOSS)	169,633	- 11,590
Other income net of taxes which may not be recognised to P&L		
Change in net equity of holdings		
Change in revaluation reserve of intangible assets		
Change in revaluation reserve of tangible fixed assets		
Income/(charges) on non-current assets held for sale or disposal group		
Actuarial profits and losses and adjustments to defined benefit plans	-197	-2,218
Other items		
Other income net of taxes which may not be recognised to P&L		
Change in reserve for net exchange differences		
Gains or loss on available-for-sale financial assets	-4,910	235,280
Gains or loss on cash flow hedges	2,510	-3,946
Gains or loss on net foreign investment hedges		
Change in net equity of holdings		
Income/(charges) on non-current assets held for sale or disposal group		
Other items		
TOTAL OTHER COMPREHENSIVE INCOME	-2,597	229,116
TOTAL CONSOLIDATED COMPREHENSIVE INCOME	167,036	217,526
attributable to the owners of the Parent	167,116	217,598
attributable to non-controlling interests	-80	-72

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

In Euro thousands

Other comprehensive income

	Allocation		Adjustments from reclassifications to Income Statement		Other changes		Total changes		Income tax		Balance	
	30/09/2013	30/09/2012	30/09/2013	30/09/2012	30/09/2013	30/09/2012	30/09/2013	30/09/2012	30/09/2013	30/09/2012	30/09/2013	31/12/2012
Translation reserve							-	-				
Gains or loss on available-for-sale financial assets	3,328	168,117	- 8,238	67,163			- 4,910	235,280	- 2,109	- 98,549	101,755	106,665
Gains or loss on cash flow hedges	2,510	- 3,946					2,510	- 3,946	- 1,312	2,062	- 5,863	- 8,373
Gains or loss on net foreign investment hedges							-	-			-	
Reserve on net equity changes in investments							-	-			-	
Revaluation reserve of intangible assets							-	-			-	
Revaluation reserve of tangible assets							-	-			-	
Income/(charges) on non-current assets or of a discontinued group held for sale							-	-			-	
Actuarial profits and losses and adjustments to defined benefits plans	- 197	- 2,218					- 197	- 2,218	63	1,159	- 7,500	- 7,303
Other items							-	-				
TOTAL OTHER COMPREHENSIVE INCOME	5,641	161,953	- 8,238	67,163	-	-	- 2,597	229,116	- 3,358	- 95,328	88,392	90,989

Statement of change in consolidated shareholders' equity for the first nine months of 2013

Relating to the statement of change in shareholders' equity, the attachment to Isvap Regulation No. 7 of 13 July 2007, as modified by ISVAP provision No. 2784 of 8 March 2010, which satisfies the disclosures of IAS 1, is shown below.

The column *allocation* relates to the allocation of the profit or loss for the period, the allocation of the result for the previous year to the reserves, the increase in share capital and other reserves, the internal movements to the equity reserves and the changes in profits and losses recorded directly in equity.

The column *Reclassification adjustments to the income statement* include the gains and losses previously recorded directly in equity which are reclassified in the income statement in accordance with international accounting standards (for example following the sale of an AFS financial asset).

The *transfers* report any ordinary and extraordinary distribution of dividends, the decrease of capital and other reserves, among which the purchase of treasury shares and the attribution of profits or losses recorded directly to net equity to other Balance Sheet accounts.

The table highlights all of the changes net of taxes and of profits and losses, deriving from the valuation of AFS financial assets, attributable to policyholders and recorded under insurance liabilities.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

In Euro thousands

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

		Balance at 31/12/2011	Change in opening balances	Allocation	Adjustments from reclassifications to Income Statement	Transfers	Balance at 30/09/2012
Group equity	Share Capital	373,682					373,682
	Other equity instruments	-					-
	Equity-related reserves	951,244		- 544,610			406,634
	Income related and other reserves	350,086	- 133,000	191,900			408,986
	(Treasury shares)	- 31,353					- 31,353
	Profit/(Loss)	- 487,479	133,000	342,966			- 11,513
	Other comprehensive income	- 227,968		161,948	67,163		1,143
	Attributable to owners of the group	928,212	-	152,204	67,163	-	1,147,579
Non-controlling interest equity	Share capital and reserves	1,461		- 5			1,456
	Profit/(Loss)	- 128		51			- 77
	Other comprehensive income	- 8		5			- 3
	Attributable to non-controlling interests	1,325	-	51	-	-	1,376
Total		929,537	-	152,255	67,163	-	1,148,955

		Balance at 31/12/2012	Change in opening balances	Allocation	Adjustments from reclassifications to Income Statement	Transfers	Balance at 30/09/2013
Group equity	Share Capital	373,682					373,682
	Other equity instruments						-
	Equity-related reserves	406,633		- 111,162			295,471
	Income related and other reserves	413,992		- 104,986			309,006
	(Treasury shares)	- 31,353					- 31,353
	Profit/(Loss)	- 216,047		385,760			169,713
	Other comprehensive income	90,989		5,641	- 8,238		88,392
	Attributable to the owners of the group	1,037,896	-	175,253	- 8,238	-	1,204,911
Non-controlling interest equity	Share capital and reserves	1,456		- 8			1,448
	Profit/(Loss)	- 121		41			- 80
	Other comprehensive income	-					-
	Attributable to non-controlling interests	1,335	-	33	-	-	1,368
Total		1,039,231	-	175,286	- 8,238	-	1,206,279

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

In Euro thousands

CASH FLOW STATEMENT (indirect method)

	30/09/2013	30/09/2012
Profit before taxes	274,095	3,040
Non-cash adjustments	-451,850	-290,721
Change in non-life unearned premium provision	-170,695	-149,134
Change in claims provision and other non-life technical provisions	-272,230	-36,916
Change in actuarial provisions and other life technical provisions	-74,261	-231,628
Change in deferred acquisition costs	-2,897	-1,651
Change in provisions	1,878	-10,602
Non-cash income/charges from financial instruments, property investments and holdings	55,307	109,703
Other Changes	11,048	29,507
Change in payables and receivables from operating activities	191,873	212,669
Change in payables and receivables from direct insurance business and reinsurance	192,448	222,707
Change in other payables and receivables	-575	-10,038
Income taxes paid	-41,395	-22,095
Net Cash generated/absorbed from cash items relating to investing and financing activities	35,867	47,707
Liabilities from financial contracts issued by insurance companies	-1,301	863
Bank and interbank payables	0	
Loans and receivables from banks and interbank	0	
Other financial instruments at fair value through profit or loss	37,168	46,844
TOTAL NET CASH FLOW FROM OPERATING ACTIVITIES	8,590	-49,400
Net cash generated/absorbed from property investments	-799	49,719
Net cash generated/absorbed from investments in subsidiaries, associates and joint ventures	-18,035	-8,710
Net cash generated/absorbed from loans and receivables	12,916	8,402
Net cash generated/absorbed from investments held to maturity	452	-49,048
Net cash generated/absorbed from AFS financial assets	-67,825	-59,153
Net cash generated/absorbed from intangible and tangible fixed assets	423	402
Net cash generated/absorbed from investing activities	0	40,682
TOTAL NET CASH FLOW FROM INVESTING ACTIVITIES	-72,868	-17,706
Net cash generated/absorbed from Group equity instruments	-101	1,769
Net cash generated/absorbed from treasury shares	0	
Distribution of dividends relating to the Group	0	
Net cash generated/absorbed from minority interest capital and reserves	113	128
Net cash generated/absorbed from subordinated liabilities and financial instruments in holdings	-1,480	-2,037
Net cash generated/absorbed from other financial liabilities	13,088	-11,111
TOTAL NET CASH FLOW FROM FINANCING ACTIVITIES	11,620	-11,251
Exchange difference effect on cash and cash equivalents		
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	320,299	470,804
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	-52,658	-78,357
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (*)	267,641	392,447

(*) includes the cash and cash equivalents of the non-current assets held for sale or disposal group (Euro 79,031 thousand)

Explanatory Notes to the financial statements

Information on the group and activities carried out

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 3.1 billion and a sales network of almost 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.

On 19 July 2012, in execution of the investment agreement of 29 January 2012, Unipol Gruppo Finanziario S.p.A. (UGF) executed the share capital increase of Premafin Finanziaria S.p.A. – Holding di Partecipazioni, approved by the Extraordinary Shareholders' Meeting of 12 June 2012 and reserved to UGF.

With the subscription UGF became the majority shareholder of Premafin with a holding of approx 81%, acquiring consequently indirect control of the Fondiaria-Sai Group and, therefore, Milano Assicurazioni.

On 14 November 2012, the Board of Directors of Unipol Gruppo Finanziario S.p.A., with registered office at Via Stalingrado 45, 40128 - Bologna, approved the commencement of the management and direction of Fondiaria-Sai S.p.A. and of the companies already subject to management and direction of this latter, including Milano Assicurazioni S.p.A..

Milano Assicurazioni also entered the Unipol Insurance Group, enrolled in the registrar of Insurance Groups at No. 046.

Part A

Accounting principles

Declaration of compliance with international accounting standards and general preparation principles

The present consolidated interim financial statements at 30 September 2013 (hereafter the interim financial statements) were prepared in accordance with International Accounting Standards IAS/IFRS issued by the IASB (International Accounting Standard Board), approved by the European Union, and on the current interpretation by the official organisations. The income statement, statement of financial position and Explanatory Notes were prepared in accordance with IAS 34 for interim reports and fulfills the increased accounting and financial disclosure requirements related to the merger process of Milano Assicurazioni into Fondiaria-Sai, together with Unipol Assicurazioni and Premafin HP.

Also in relation to this process, the audit firm PricewaterhouseCoopers will carry out a limited audit of the condensed consolidated interim financial statements at 30 September 2013.

The format for the financial statements schedules are those contained in the ISVAP Regulation No. 7 of 13 July 2007 and subsequent amendments and compiled based on the attached instructions.

The present interim financial statements were prepared on the going concern principle. There are no events or conditions which could give rise to doubts on the capacity to continue to operate as a functioning entity.

These interim financial statements do not include all of the information required for the annual accounts and must be read together with the 2012 Annual Accounts.

Consolidation area and methods

CONSOLIDATION PRINCIPLES

The consolidation procedure is in accordance with the provisions of IAS 27 (Consolidated and Separated Financial Statements) and IAS 28 (Accounting of associated investments).

The Parent Company and all of the significant subsidiary companies are included in the consolidation scope. IAS 27 defines control as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. For the verification of the existence of control, reference was made to paragraph 13 of IAS 27.

In compliance with IAS 28, the associated companies are accounted under the equity method.

FINANCIAL STATEMENTS UTILISED FOR THE CONSOLIDATION

For the preparation of the present interim financial statements the interim financial statements as at 30 September of the respective Companies were utilised, adjusted where necessary for consolidation entries and in line with the accounting principles of the Parent Company.

CONSOLIDATION METHODS

Line-by-line

All of the subsidiary companies were fully consolidated. The present interim financial statements therefore includes the interim financial statements of the Parent Company and those companies in which, directly or indirectly, Milano Assicurazioni S.p.A. holds the majority of the voting rights exercisable in an ordinary shareholders' meeting or in any case a sufficient amount to exercise control, in accordance with IAS 27.13.

Under the line-by-line consolidated method, the book value of the investments is eliminated against the relative net equity, recording the total assets and liabilities, guarantees, commitments and other memorandum accounts, as well as the income and charges of the investing company.

The share of net equity and result for the period relating to minority shareholders are recorded in specific accounts in the balance sheet and income statement.

The difference between the carrying value of the investments and the respective share of the net equity, which emerges at the date of acquisition of the investment, are allocated to the assets or intangible assets where the higher cost reflects an effective higher value of these assets, or to the Goodwill account, where the higher price paid reflects the expected value of the future economic results.

Accounting under the equity method

The equity method was utilised for the associated companies, or rather those companies in which the parent company exercises a significant influence, having the power to determine the financial and operational policies of the company, without having control or joint control. In accordance with IAS 28.6, significant influence is presumed where the investment held, directly or indirectly, amounts to at least 20% of the voting rights in the shareholders' meeting. Under the equity method, the investment in an associated company is initially recognised at cost and the carrying amount is increased or decreased to recognise the associated company's share of the profit or loss after the date of acquisition through the income statement.

The consolidated financial statements therefore only include the share of book net equity and result of the investment, but not the individual accounts of the financial statements.

Consolidation adjustments

In order that the consolidated financial statements present financial information on the group as that of a single economic entity, the following adjustments were made:

- the dividends received from consolidated companies or valued under the equity method were eliminated;
- the significant inter-group balances and transactions were eliminated with the exception of those relating to operations with companies valued under the equity method;
- the profits from sales/purchase operations made between Companies of the Group were eliminated, even if valued under the equity method. similarly, the losses deriving from operations between Companies of the Group were eliminated, unless such losses reflect a permanent loss in value of the assets transferred.

The merger deficits generated following mergers between companies within the group and recorded in the statutory financial statements of the Parent Company, increasing the value of asset accounts, were eliminated in the consolidated financial statements, in that in these latter the consolidation differences were maintained deriving from the elimination of the carrying value of the individual investments incorporated against the relative share of net equity, allocated to the assets or recorded in the Goodwill account.

The merger operations, in fact, only produce the legal effects of that expressed in the consolidated financial statements; if the merger deficits were not eliminated this would result in a duplication of the pre-existing values within the consolidated financial statements.

Interim financial statements

The present interim financial statements are as at 30 September 2013, a date coinciding with that of the interim financial statements of the line-by-line consolidated companies.

Currency

The present interim condensed consolidated financial statements are expressed in Euro which is the functional currency in which the majority of the operations of the Group are carried out. It is also reported in the interim accounts whether the amounts are in thousands or millions of Euro. Where applicable, the conversion of the interim balance sheet accounts expressed in currencies other than the Euro is made applying the exchange rates at the reporting date.

Accounting principles and policies

The accounting principles utilised, the measurement and recognition criteria, in addition to the consolidation principles applied for the preparation of the present interim financial statements at 30 September 2013, are in line with those adopted for the Consolidated financial statements at 31 December 2012 and therefore are in compliance with the IAS/IFRS international accounting standards issued by the IASB approved by the EU and interpreted by the official bodies.

Reference should therefore be made to the 2012 consolidated financial statements for detailed illustration of the methods utilised.

The adoption of new accounting standards starting from 1 January 2013 (including the amendment to IAS 12 – “Income Tax – Deferred Taxes: recovery of the underlying assets”, adopted by the European Commission with Regulation 1255/2012 of 11 December 2012, published in the Official Gazette of the European Union No. 360 of 29 December 2012, did not have significant impacts on the present Interim Financial Statements at 30/9/2013.

In June 2012 the new IAS 19 was approved which, among other issues, abolishes the corridor approach. The standard is effective from 1 January 2013, however we do not expect it to have a significant impact on the consolidated financial statements.

Regulation (EC) No. 1254/2012 of the Commission of 11 December 2012 published in the Official Gazette No. 360 of 29 December 2012, adopted IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements”, IFRS 12 “Disclosure of interests in other entities”, in addition to the amendments to IAS 27 “Separate financial statements” and IAS 28 “Investments in associates and joint ventures”, establishing that the companies may apply the above-stated standards at the latest from the beginning of their first financial period after 1 January 2014.

In particular, IFRS 10 establishes a single consolidated financial statement model which establishes control as a basis for the consolidation of all types of entities. IFRS 10 replaces IAS 27 Consolidated and Separate Financial Statements and Interpretation 12 of the Standing Interpretations Committee (SIC) “Consolidation – Special purpose entities” (SIC 12); compared to the provisions of IAS 27, the changes introduced by IFRS 10 require management to undertake discretionary assessments to determine which companies are subsidiaries, and therefore, must be consolidated by the parent company.

Following the issue of IFRS 13 “Fair value measurement”, in force from 1 January 2013, no significant impacts are recorded, while the new disclosure requirements have been complied with.

The statement of financial position and the income statement data and related Explanatory notes have been prepared in accordance with IAS 34 “Interim Financial Reporting”, presenting the significant operations and events occurred in the period.

In the preparation of the interim financial statements, the application of the accounting standards and policies requires a greater use of estimates and assumptions which affect the amount of assets, liabilities, revenues and expenses.

The estimates and assumptions are revised regularly, and any changes are recorded in the period in which they are carried out.

Unearned premium provision

For the unearned premium provision, the current risk provision component is recalculated taking account of the current claims to premiums ratio at period-end. For the Classes reporting improvements on the 2012 Annual Accounts, the current risks provision was prudently maintained unchanged and therefore in line with the end of 2012.

In the case in which at the present period end current claims have increased, the provision at the end of the present period is considered, provided such increases are not anomalous and one-off in nature.

Claims provision

Prior year claims

For prior year claims, already recorded to provisions at the beginning of the period, the valuation was based on the last costs at the end of 2012, utilising robust statistical methodology of the claims cost, taking account of the reversals to the provision in the period.

Current claims

MV TPL

For current claims, the valuation of the provision, 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 insurance contract liabilities, established through a precise table of statistical average costs (except for specific changes made by the loss adjuster networks), was supplemented in order to obtain an average current accepted claims cost in line with that established for 2012, taking account of the forecasts for the present year, the development of the portfolio and the proportion of injury claims.

Other Non-Life Classes

As the loss adjusters carry out inventory taking of claims made in the final quarter of the year, the claims provision valuation in the current period was carried out in consideration of the loss adjuster's estimates, taking account also the overall revaluation made last year and evident on conclusion of inventory taking.

Reinsurance

The reinsurers share of insurance liabilities are calculated based on the portion ceded for the proportional reinsurance contracts and in a provisional manner for reinsurance contracts in

excess and stop-loss, on the basis of the information available and utilising the same criteria for the direct premium provision, 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 2012, in line with that established by the applicable regulation and international practices.

Measurement 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 2012 annual accounts to which reference is made for greater detail.

It is recalled that for the purposes of objective impairment of capital instruments, the Group has defined the conditions of a prolonged or significant reduction of fair value, as follows:

1. a reduction of the market value above 50% 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 three 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 AFS financial assets, 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;
- breach of contracts or failure to pay interest or capital;
- risk of insolvency procedures for the issuer;
- 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.

Reclassification of financial instruments

We recall that in accordance with IAS 39, as enacted in October 2008 through the approval of Regulation (EC) No 1004/2008, a financial asset classified as available for sale may be reclassified in the category “Loans and Receivables” provided that it complies with the requirements contained in the definition of loans and receivables, and that the Group has the intention and the capacity to hold the financial asset for the foreseeable future or until maturity.

The Group decided to avail of this option and at 1 January 2009 reclassified to “Loans and Receivables” some debt securities for Euro 256.9 million that at 31 December 2008 were recorded within the category “Available for sale”. These securities, principally containing subordination clauses and issued by corporate parties, were measured at fair value at 31 December 2008 through mark to model, with the objective to provide maximum transparency and clarification in the valuations of the accounts.

The value transferred is equal to 2% of the total amount of the Investments of the Group at 1/1/2009: therefore this reclassification operation was not considered significant for the purposes of the compilation of the attachment relating to the “Details of the financial assets reclassified and of the effects on the income statement and on comprehensive income”.

At 30 September 2013, the book value of securities transferred amounted to Euro 210 million and the fair value at the same date was Euro 235.3 million. There was no permanent loss in value on any security and the effect of the amortised cost resulted in the recording of income of Euro 6.2 million in the Income Statement. The residual negative AFS reserve recorded on these securities at 1/1/2009 amounted to Euro 23.8 million and is amortised in accordance with the provisions of IAS 39. At 30 September 2013 the residual value of the reserve amounted to Euro 8.5 million (Euro 10.3 million at 31/12/2012).

Application of IFRS 5

Considering that outlined in the Directors' Report concerning the planned disposals under the Anti-trust Authority Order, in May 2013 the Board of Directors of Milano Assicurazioni S.p.A., of Fondiaria – Sai S.p.A. and of Unipol Gruppo Finanziario S.p.A. identified, within their respective remits, also in exercising direction and coordination of the Group, the assets subject to disposal and approved the Information Memorandum which was sent to interested investors.

In relation to the expressions of interest received following the sending of the Memorandum, a data room was organised and opened to interested parties, a number of which are currently involved in negotiations.

Considering that outlined above, from the Condensed Consolidated Half-Year Financial Statements, IFRS 5 – Assets held for sale has been applied to those assets subject to disposal.

In particular, in the consolidated statement of financial position the assets held for sale were reclassified to the single account called “Non-current assets held for sale or disposal groups” (account 6.1 of Assets), while the liabilities were similarly reclassified to a single account called “Liabilities associated with disposal groups” (account 6.1 Liabilities). Both the accounts are net of inter-company transactions.

As the assets and liabilities within the disposal group do not represent collectively “disposed operating assets”, the income components held for sale are stated according to the normal classification rules through the various income statement accounts. However, considering that the group held for sale comprises a very small composition of assets and liabilities relating to an independently identified cash generating unit, for completeness, in the present notes, in addition to the reclassified assets and liabilities, the results of this cash generating unit are reported.

The application of IFRS 5 did not have any effects on the consolidated results, nor on the consolidated equity.

Group Structure

Consolidation scope

At 30 September 2013, 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, 1 in support of the insurance business and 1 involved in various services. The list of these companies, all fully consolidated, is shown in the table of the consolidated companies.

In the first nine months of 2013, there were no changes in the consolidation scope.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

Consolidation scope

Company	State	Method (1)	Activity (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 aggregate the holdings

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

Direct Holding %	Total Holding % (3)	Voting % in Ordinary Shareholder Meeting (4)	% consolidated
100.00	100.00		100.00
100.00	100.00		100.00
99.85	99.85		100.00
100.00	100.00		100.00
99.97	99.97		100.00
-	99.97		100.00
28.00	54.51		100.00
-	100.00		100.00
100.00	100.00		100.00
100.00	100.00		100.00

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

Non-consolidated investments

Company	State	Activity (1)	Type (2)
A7 S.r.l. in liquidation	ITALY	10	B
ATAHOTELS S.p.A.	ITALY	11	B
BORSETTO S.r.l.	ITALY	10	B
GARIBALDI S.C.A. (*)	LUXEMBOURG	10	B
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 liquidation	ITALY	10	B
PENTA DOMUS S.r.l.	ITALY	10	B
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); (*)= 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 aggregate the holdings

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

(*) the % indicated in the table represents the holding to the financial commitments and income of the company.
The formal investment in the share capital is 32%.

(**) the % indicated in the table represents the holding to the financial commitments and income of the company.
The formal investment in the share capital is 29.56%.

Direct Holding %	Total Holding % (3)	Voting % in Ordinary Shareholder Meeting (4)	Book value
-	20.00		141
49.00	49.00		4,231
-	44.93		2,439
48.00	48.00		70,305
34.21	34.63		11,900
43.00	43.00		13,935
35.83	35.83		5,986
-	29.71		
-	24.66		3,449
29.00	29.00		2,655
30.00	30.00		239
-	20.00		162
-	40.00		
50.00	50.00		520

Part B

Notes to the consolidated statement of financial position

Considering that outlined in the Directors' Report concerning the planned disposals under the Anti-trust Authority Order, in May 2013 the Board of Directors of Milano Assicurazioni S.p.A., of Fondiaria – Sai S.p.A. and of Unipol Gruppo Finanziario S.p.A. identified, within their respective remits, also in exercising direction and coordination of the Group, the assets subject to disposal and approved the Information Memorandum which was sent to interested investors.

At the date of the present Report, no binding offers have yet been received, however the requirements for the application of IFRS 5 (Non-current assets held for sale) have been fulfilled and the amounts relating to assets and liabilities associated with disposal groups are classified according to IFRS 5.

In particular, in the consolidated statement of financial position, the assets subject to disposal were reclassified to a single account *Non-Current Assets of a discontinued group held for sale* (account 6.1 of Assets). Similarly, the liabilities were reclassified to a single account *Liabilities of a discontinued group held for sale* (account 6.1 of Liabilities). Both the accounts are net of inter-company transactions.

As the assets and liabilities within the disposal group do not represent collectively “disposed operating assets”, the income components held for sale are stated according to the normal classification rules through the various income statement accounts. However, considering that the group held for sale comprises a very small composition of assets and liabilities relating to an independently identified cash generating unit, for completeness, in the present notes, in addition to the reclassified assets and liabilities, the results of this cash generating unit are reported.

The application of IFRS 5 did not have any effects on the consolidated results, nor on the consolidated equity.

For improved understanding of the statement of financial position, the changes in items of an operating nature and those deriving from the application of IFRS 5 are indicated separately.

Statement of financial position - Assets

1. INTANGIBLE ASSETS

They include:

<i>(in Euro thousands)</i>	30/09/2013	31/12/2012	IFRS 5	Change
Goodwill	164,323	230,851	-66,528	-
Other intangible assets	270	3,924	-439	-3,215
TOTAL	164,593	234,775	-66,967	-3,215

The breakdown of goodwill is as follows:

	30/09/2013	31/12/2012	Change
<i>(in Euro thousands)</i>			
Goodwill recorded following the merger with the parent company by Lloyd Internazionale S.p.A. in 1991	17,002	17,002	-
Goodwill recorded in 1992 following the acquisition by the Parent Company of the portfolio of Card S.p.A.	33,053	33,053	-
Goodwill deriving from the acquisition by the parent company of the insurance portfolio of Latina Assicurazioni S.p.A. in 1992	34,522	34,522	-
Goodwill relating to the life portfolio of La Previdente Assicurazioni S.p.A., originally acquired from Previdente Vita (formerly Latina Vita) in 1993	16,463	16,463	-
Goodwill deriving from the acquisition, in 1995, of the portfolio Maa Finanziaria by Nuova Maa, incorporated into the parent company in 2003.	65,134	65,134	-
Goodwill deriving from the acquisition, in 2001, of the Profilo Life portfolio by Maa Vita, incorporated into the parent company in 2003.	1,052	1,052	-
Goodwill recorded following the merger with the parent company of Maa Vita in 2003	4,636	4,636	-
Consolidation difference deriving from the acquisition, in 1996, of La Previdente Vita (subsequently incorporated into Milano Ass.) by La Previdente Assicurazioni (subsequently incorporated into Milano Ass.)	3,275	3,275	-
Consolidation difference arising from conferment in 2008 of Liguria Assicurazioni.		52,555	-52,555
Consolidation difference arising from conferment in 2008 of Liguria Vita		3,159	-3,159
IFRS 5 Reclassification	-10,814		-10,814
TOTAL	164,323	230,851	-66,528

The goodwill concerning the assets held for sale and in accordance with IFRS 5 recognised to the account *Non-current assets held for sale or disposal groups* amounts to Euro 66,528 thousand, of which Euro 55,714 thousand concerning the entire goodwill of the Liguria Assicurazioni CGU, which therefore is no longer included under intangible assets, and Euro 10,814 thousand concerning the goodwill allocated to the Milano Non-Life and Milano Life CGU's, relating to the discontinued assets/liabilities of these CGU's and which therefore, as highlighted in the table, was deducted from total goodwill.

The Group assesses the recoverability of the goodwill allocated to the Cash Generating Units at least on an annual basis or a shorter period in case events or circumstances indicate the existence of a permanent loss in value.

Reference should be made to the financial statements for the year ended 31/12/2012 for the description of the methods utilised for the measurement of the recoverable value of the goodwill recorded.

In first nine months of 2013, the goodwill allocated to the Milano Assicurazioni Non-Life and Life CGU's did not show any indications of impairment. In the first nine months of 2013, the impairment test was based on the same parameters utilised at the end of 2012, i.e. the Non-Life technical management performance, the Life closed portfolio and the current financial profitability, which were all substantially confirmed.

The impairment test concerning the above stated CGU's, carried out in 2012, was based on the recoverable value through use and not on the fair value, considering also their performance on the stock exchange.

For the goodwill allocated to the Liguria Assicurazioni CGU, as the company is within the application scope of the Anti-trust Authority Order referred to in the introduction, the impairment test was again carried out at 30 June 2013 in light of the most recent accounting and operating developments. The impairment test confirmed the goodwill recognised at that date and in the third quarter no new elements arose which would indicate any further impairment.

Other intangible assets, principally concerning concessions for the usage of sporting plant and equipment by the company Campo Carlo Magno, have a definite useful life and therefore are amortised over their life cycle. There were no intangible assets generated internally.

During the period the amortisation of the VOBA (value of business acquired) of Liguria Assicurazioni concluded, originally recognised in 2008 following the balance sheet consolidation of the investment.

The following table highlights the gross value and the accumulative amortisation at 30 September 2013:

<i>(in Euro thousands)</i>	Gross book value	Amortisation and impairments	Net value
Other intangible assets	1,274	-1,003	271
TOTAL	1,274	-1,003	271

2. PROPERTY, PLANT & EQUIPMENT

The account amounts to Euro 5,139 thousand, broken down as follows:

(in Euro thousands)	Property		Other property, plant and equipment	
	30/09/13	31/12/12	30/09/13	31/12/12
Gross book value	3,835	36,835	19,705	23,340
Accumulated depreciation and impairments	-2,182	-2,098	-16,219	-19,068
NET VALUE	1,653	34,737	3,486	4,272

The account *Property* 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.

The book value, at the period-end, is lower by Euro 1.8 million than the expert's market-based valuations at the end of the previous period.

No buildings had any restrictions on title.

3. TECHNICAL PROVISIONS – REINSURERS SHARE

The account amounts to Euro 177,192 thousand (Euro 340,154 thousand at 31/12/2012). The components concerning discontinued assets, and therefore recognised to the account *Non-current assets held for sale or disposal groups*, amounts to Euro 163,122 thousand, as highlighted in the following table:

(in Euro thousands)	30/09/2013	31/12/2012	IFRS 5	Change
Non-Life premium provisions - reinsurers	14,249	47,566	-32,592	-725
Non-Life claims provisions - reinsurers	121,606	222,814	-109,367	8,159
Actuarial provisions attributed to reinsurers	38,310	65,564	-18,220	-9,034
Provision for claims to be paid – reinsured	3,027	4,210	-2,943	1,760
TOTAL	177,192	340,154	-163,122	160

4. INVESTMENTS

The breakdown of the account is as follows:

<i>(in Euro thousands)</i>	30/09/2013	31/12/2012	IFRS 5	Change
Investment property	466,513	613,188	-129,248	-17,427
Investments in subsidiaries, associates and interests in joint ventures	115,962	111,964	-	3,998
Held to maturity investments	95,435	185,360	-88,569	-1,356
Loans and receivables	820,636	891,522	-60,165	-10,721
Available-for-sale financial assets	3,534,941	6,508,286	-3,018,213	44,868
Financial assets at fair value through profit or loss	88,790	165,092	-35,740	-40,562
TOTAL	5,122,277	8,475,412	-3,331,935	-21,200

Investment property

The account includes the buildings for rental or held for their capital appreciation.

The investment properties are recorded at purchase cost in accordance with IAS 16 (Property, plant and equipment), which IAS 40 (Investment property) refers to in the case of adoption of the cost model. They are therefore 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.

The separation of the land component from the buildings is made based on the updated expert valuations at the date of transition to the international accounting standards (1 January 2004).

The reduction compared to 31/12/2012 for Euro 129,248 thousand relates to the application of IFRS 5, with the recognition of investment property within the discontinued group of assets to the account *Non-current assets held for sale or disposal groups*. The remaining change is principally due to the depreciation in the period (Euro 16.8 million).

Overall, the book value at September 2013 was Euro 128.1 million lower than the expert's valuations at the end of the previous period.

The table below shows the gross value and the accumulated depreciation at 30 September 2013:

	30/09/2013	31/12/2012
Gross book value	593,860	747,691
Depreciation and impairment	-127,347	-134,503
Net value	466,513	613,188

During the first nine months, rental income from investment property and expense reimbursements amounted to Euro 18.6 million while operating costs, mainly relating to building lease charges, amounted to Euro 12.2 million.

There are no significant limits to the realisation of the investment property due to legal or other restrictions.

Investments in subsidiaries, associates and interests in joint ventures

In accordance with IAS 27 (Consolidated and separate financial statements), all of the Group companies are fully consolidated, including those which undertake dissimilar activities. The amount recorded therefore refers only to holdings in associated companies valued under the equity method.

<i>(in Euro thousands)</i>	30/09/2013	31/12/2012
A7 S.r.l. in liquidation	141	141
Atahotels S.p.A.	4,231	-
Borsetto S.r.l.	2,439	2,526
Garibaldi S.c.a.	70,305	70,254
Gruppo Fondiaria-Sai Servizi S.c.r.l.	11,900	13,280
Isola S.c.a.	13,935	12,812
Immobiliare Lombarda S.p.A.	5,986	6,873
Metropolis S.p.A. in liquidation	-	-
Penta Domuns S.r.l.	3,449	2,834
Sai Investimenti SGR S.p.A.	2,655	2,287
Service Gruppo Fondiaria-Sai S.r.l.	239	230
Servizi Immobiliari Martinelli S.p.A.	162	144
Sviluppo Centro Est S.r.l.	-	-
Valore Immobiliare S.r.l.	520	583
TOTAL	115,962	111,964

The value of the investments held in Garibaldi S.C.A. and Isola S.C.A. is prevalently represented by profit participation financial instruments whose remuneration is linked to the results of the issuer.

The issuers are involved in property projects in the Porta Nuova area of Milan. Considering both the nature of the project and the quality of the industrial partner, there are currently no elements which would impact the recoverability of the investment, also in light of the total net value of the related Real Estate Funds.

Held to maturity investments

This category includes securities related to policies with fixed returns or covered by contractual commitments realised through specific assets. The account amounts to Euro 95,435 thousand and is comprised of:

<i>(in Euro thousands)</i>	30/09/2013	31/12/2012	IFRS 5	Change
Non quoted debt securities	20,799	1,429	-24,337	43,707
Quoted debt securities	74,636	183,931	-64,232	-45,063
TOTAL	95,435	185,360	-88,569	-1,356

The book value at 30 September amounts to Euro 100,474 thousand.

Loans and receivables

The account amounts to Euro 820,636 thousand (Euro 891,522 thousand at 31/12/2012) and is composed as follows:

<i>(in Euro thousands)</i>	30/09/2013	31/12/2012	IFRS 5	Change
Debt securities	712,642	787,456	-58,706	-16,108
Loans on life policies	17,205	19,342	-1,317	-820
Deposits held by reinsurers	1,837	1,869	-	-32
Receivables from agents for indemnities paid to agents terminated	66,284	59,808	-	6,476
Other financial investments	10,000	10,000	-	-
Other loans and receivables	12,668	13,047	-142	-237
TOTAL	820,636	891,522	-60,165	-10,721

The account Debt securities with a fair value at 30 September 2013 of Euro 756.3 million principally includes:

- Euro 435.5 million of Italian government bonds undertaken in “Private Placement” as a stable investment and not listed on the Italian Stock Market. The classification of these securities in this category is due therefore to the lack of an active reference market;
- Euro 210 million relating to financial instruments transferred from the AFS category at the beginning of 2009. These refer to corporate bonds with subordination clauses, with carrying values below the repayment value and high yields.

The classification in this category is due to the technical characteristics of the securities, the desire to maintain them in portfolio until maturity and the high levels of volatility which continue to affect the markets and which do not always guarantee prices in line with the underlying fundamentals of the issuing companies;

These securities were valued at amortised cost. The related losses at the transfer date, which decreased from Euro 23.8 million at 1 January 2009 to Euro 8.5 million at 30 September 2013, were recorded under shareholders' equity in the account Profits or losses on AFS financial assets. The fair value of these securities at 30 September 2013 was Euro 235.3 million. There was no permanent loss in value on any security and the effect of the amortised cost resulted in the recording of income of Euro 6.2 million.

- the book value (Euro 67.1 million) of some issues which are classified in this category in the absence of an active reference market cannot be accurately established (including the special issue securities of Ania).

The receivables from agents for the recovery of indemnities paid to their predecessors are recorded in this account in accordance with the requirements of Isvap Regulation No. 7 of 13 July 2007 and in consideration of their interest bearing nature.

Available-for-sale financial assets

The AFS financial assets include bonds and equity securities, as well as investment unit funds, not otherwise classified. They represent the largest category of financial instruments, in line with the characteristics and purposes of the insurance activities.

The breakdown of the account is as follows:

<i>(in Euro thousands)</i>	30/09/2013	31/12/2012	IFRS 5	Change
Quoted equity securities	61,358	119,382	-5,189	-52,835
Non quoted equity securities	74,232	72,118	-9	2,123
Quoted debt securities	3,114,877	5,917,511	-2,987,170	184,536
Non quoted debt securities	11,016	31,171	-178	-19,977
Fund units	273,458	368,104	-25,667	-68,979
TOTAL	3,534,941	6,508,286	-3,018,213	44,868

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 differences compared to the average weighted cost in a specific net equity reserve, except for the recording of reductions in value which are recorded in the income statement.

Under the impairment policy of the group, the impairment carried out at 30 September 2013 amounted to Euro 8.6 million. The impairment entirely relates to available-for-sale financial assets previously written down and whose book value was aligned with stock market values at 30 September, according to IAS 34 (IG.E.4.9). It concerns shares for Euro 3.9 million and mutual investment fund units for Euro 4.7 million.

For the holding in the Bank of Italy the valuation made according to commonly used financial expert methodologies for the 2012 financial statements was held up and recognised Euro 46 million as the fair value of the 2,000 shares held against a historical cost of Euro 8 thousand, with a consequent recording of a reserve of Euro 45,992 thousand, before any tax effect.

The net equity reserve which includes the differences between the average weighted cost and the fair value of instruments classified in this category was positive for Euro 101.8 million (positive for Euro 106.7 million at 31 December 2012). The following table highlights the composition and movements on the previous year:

<i>(in Euro thousands)</i>	30/09/2013	31/12/2012	Change
Debt securities	95,737	89,429	6,308
Fund units	25,395	26,381	-986
Equity securities	47,783	52,167	-4,384
Gross AFS reserve	168,915	167,977	938
Shadow accounting reserve	-40,149	-36,410	-3,739
Tax effect	-27,011	-24,902	-2,109
Net AFS reserve	101,755	106,665	-4,910

Financial assets at fair value recorded through the Profit or Loss account

The breakdown is as follows:

<i>(in Euro thousands)</i>	30/09/2013	31/12/2012	IFRS 5	Change
Quoted equity securities	392	283	-	109
Quoted debt securities	26,301	25,314	-	987
Non quoted debt securities	20,247	100,193	-35,740	-44,206
Fund units	39,758	37,662	-	2,096
Other financial instruments	2,092	1,640	-	452
TOTAL	88,790	165,092	-35,740	-40,562

The amount includes Euro 53.7 million of investment contracts where the risk is borne by the policyholders and Euro 25.5 million of investments from pension fund management. These items are recognised to the *technical provisions* for the insurance contracts (Euro 19.3 million) and to *financial liabilities* for the pension funds and for contracts without a significant insurance risk and not falling within the ambit of IFRS 4 (Euro 59.9 million).

Their fair value was determined using the stock exchange prices on the last trading day of September 2013 as a benchmark reference.

The securities classified to the account *Non-current assets held for sale or disposal groups* in accordance with IFRS 5 concern securities relating to life sector index linked policies forming part of the group of assets held for sale.

Financial assets and liabilities by level

A breakdown by hierarchical level of the financial instruments valued at fair value is summarised in the table below:

<i>(in Euro thousands)</i>	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	3,220,706	11,015	303,220	3,534,941
- Equity securities	61,358	-	74,232	135,590
- Debt securities	3,114,878	11,015	-	3,125,893
- Fund units	44,470	-	228,988	273,458
 Financial assets at fair value through profit or loss	 66,451	 9,971	 12,368	 88,790
- Equity securities	-	-	-	-
- Debt securities	8,421	691	288	9,400
- Derivatives	-	179	21	200
- Financial assets where risk is borne by policyholders and pension fund management	58,030	9,101	12,059	79,190
 Total assets at fair value	 3,287,157	 20,986	 315,588	 3,623,731
 Financial liabilities at fair value through profit or loss		 71,209		 71,209
- Liabilities from financial contracts issued by insurance companies		59,922		59,922
- Derivatives		9,107		9,107
- Other financial liabilities		2,180		2,180
 Total liabilities at fair value		 71,209		 71,209

In relation to financial instruments classified at level 3, the following is reported:

- the equity instruments classified to the category “Available-for-sale financial assets” principally comprise the investment in Bank of Italy, whose fair value is most sensitive to reasonable changes in the increase in the long-term rate of the cash flows. In relation to Fund Units, predominantly based in the real estate sector, the sensitivity of the fair value is related to the property price movements reflected in the NAV (Net Asset Value) of the funds;
- the changes in the fair value of financial instruments classified to the account “Financial assets whose risks are borne by the policyholder and pension fund management”, which represents the largest component of the category “Financial assets at fair value recorded through profit or loss”, are offset by similar opposing changes regarding the valuation of the related financial and insurance liabilities.

5. OTHER RECEIVABLES

The breakdown of the account is as follows:

<i>(in Euro thousands)</i>	30/09/2013	31/12/2012	IFRS 5	Change
Receivables relating to direct insurance business	115,371	502,380	-197,378	-189,631
Receivables relating to reinsurance business	21,630	32,505	-	-10,875
Other receivables	374,597	440,150	-34,983	-30,570
TOTAL	511,598	975,035	-232,361	-231,076

As shown in the table, receivables restated in application of IFRS 5 amount to Euro 232,361 thousand and principally concern *receivables from policyholders* and *receivables from agents* relating to the insurance portfolio subject to disposal.

Receivables from direct insurance business at 30 September include:

- receivables from policyholders of Euro 58,941 thousand, of which Euro 55,345 thousand referring to the premiums for the year and Euro 3,596 thousand for premiums of previous years;
- receivables from insurance brokers for Euro 23,156 thousand;
- receivables from insurance companies for Euro 21,201 thousand;
- receivables from policyholders and others for sums to be recovered for Euro 12,073 thousand.

With reference to the receivables from policyholders for premiums, agents and other brokers, as well as from insurance and reinsurance companies, it is noted that there are no significant concentrations of credit risks, as the credit exposure is divided among a large number of counterparties and clients.

Other receivables are broken down as follows:

<i>(in Euro thousands)</i>	30/09/2013	31/12/2012	IFRS 5	Change
Receivables from Fondiaria-Sai for Group VAT and tax consolidation	84,341	127,997	-	-43,656
Receivables from Im.Co. and A.S.A.	78,409	78,409	-	-
Tax reimbursements	15,010	14,994	-	16
Other receivables	196,837	218,750	-34,983	13,070
TOTAL	374,597	440,150	-34,983	-30,570

Receivables from Im.co. S.p.A. and A.S.A. (Avvenimenti e Sviluppo Alberghiero s.r.l., a subsidiary of Im.Co.) derive from future construction operations agreed with the companies in previous years. These receivables are recognised inclusive of the overall write-down of Euro 100.7 million, of which Euro 39.1 million recognised to the 2011 financial statements following the impairments on real estate initiatives and Euro 61.6 million in 2012 following the bankruptcy of Im.Co. and Sinergia.

In this regard, on 14 June 2012 the second civil section of the Milan Court declared the bankruptcy of Sinergia and Im.Co., related companies of Milano Assicurazioni as indirectly controlled by members of the Ligresti family.

Specifically, Milano Assicurazioni holds receivables of Euro 77.4 million from Im.Co. and receivables of Euro 101.7 million from Avvenimenti e Sviluppo Alberghiero S.r.l., wholly-owned by Im.Co. and which will be liquidated. The entire receivable from Im.Co. was admitted as an unsecured receivable to the bankruptcy liabilities.

The principal lending banks of Im.Co. and Sinergia reached an agreed bankruptcy, in which all debts to “related parties”, therefore all companies of the ex-Fondiarria SAI Group, are cancelled through the transfer of land and buildings in their current state.

In relation to this, on 7 October 2013 and 31 October 2013 respectively, the legal representatives of the principal lending banks of Im.Co S.p.A. in liquidation, presented agreed bankruptcy proposals for Im.Co. and Sinergia to be implemented through a vehicle company (Visconti s.r.l.).

The agreed bankruptcy solution has the objective to entirely restructure the debt position of Im.Co. and its parent company Sinergia, through business initiatives trusted to highly regarded operators in the real estate sector. This is to ensure that the assets of the bankrupt companies do not further deteriorate within a normal bankruptcy process.

In this regard, in particular, Milano Assicurazioni and its subsidiaries seek to ensure a recovery of the real estate initiatives, currently held by Im.co. under future sales contracts signed in the past and in which significant investments were made.

In light of the above developments, in addition to the liquidation of Avvenimenti e Sviluppo Alberghiero S.r.l., the receivable valuations are therefore considered reasonably prudent.

The other receivables principally include payments on account to tax authorities and receivables for invoices issued and to be issued to the consortium company Gruppo Fondiarria-Sai Servizi for common organisational costs.

6. OTHER ASSETS

<i>(in Euro thousands)</i>	30/09/2013	31/12/2012	IFRS 5	Change
Non-current assets or disposal groups classified as held for sale	3,934,486	-	3,934,486	-
Insurance deferred acquisition costs	9,897	13,890	-4,929	936
Deferred tax assets	211,239	283,663	-13,756	-58,668
Tax receivables	29,961	42,100	-	-12,139
Other activities	72,354	82,272	-9,245	-673
TOTAL	4,257,937	421,925	3,906,556	-70,544

Deferred acquisition costs

The deferred acquisition costs of Euro 9,897 thousand (Euro 13,890 thousand at 31/12/2012) refer to the acquisition commissions on long-term contracts which, in accordance with the accruals principle, are amortised for the duration of the relative contracts.

Deferred tax assets

The account amounts to Euro 211,239 thousand, of which Euro 37,226 thousand recorded against tax losses and Euro 174,013 thousand calculated on the total amount of the temporary differences between the book value of the assets and liabilities in the accounts and the respective tax value according to the “balance sheet liability method” principle established by IAS 12. Where permitted by IAS 12, deferred tax assets and liabilities were compensated.

The amount relating to the fiscal losses includes:

- the potential tax benefit related to the tax loss recorded by Milano Assicurazioni in 2011 of Euro 1,304 thousand;
- the potential tax benefit related to the tax losses recorded by the Milano Assicurazioni subsidiary companies which participate in the tax consolidation of the Fondiaria-SAI group, amounting overall to Euro 35,922 thousand.

Tax losses brought forward reduced Euro 69,573 thousand compared to 2012, due to the utilisation of assessable income in the period.

The relative benefits of the residual tax losses were recorded on fulfilling the following requirements:

- there exists a reasonable certainty to achieve fiscal assessable income which will absorb the fiscal losses;
- the losses derive from easily identifiable circumstances, and it is reasonably certain that these circumstances will not be repeated.

Current tax assets

The current tax assets, amounting to Euro 29,961 thousand (Euro 42,100 thousand at 31/12/2012), refer principally to tax authorities for payments on account and withholding taxes. The account also includes the amounts paid on account on the life division actuarial reserves pursuant to article 1, paragraph 2 of Legislative Decree No. 209/02, converted into article 1 of Law 265/2002, as supplemented, recorded in accordance with Isvap Regulation No. 7 of July 13, 2007. Where permitted by IAS 12, current tax assets and liabilities are compensated.

Other assets

The account amounts to Euro 72,354 thousand (Euro 82,272 thousand at 31/12/2012) and includes indemnities paid to agencies (Euro 8,109 thousand), payments on account for guarantee provisions in favour of policyholders, with particular reference to the Contribution to the Road Victims Guarantee Fund (Euro 14,265 thousand), reinsurance items (Euro 11,619 thousand) and guarantee deposits on derivative contract operations (Euro 7,250 thousand).

7. CASH AND CASH EQUIVALENTS

The account includes liquidity and deposits and bank current accounts with maturity less than 15 days and amount to Euro 188,610 thousand (Euro 320,299 thousand at 31/12/2012). The decrease relates for Euro 79,031 thousand to the restatement under IFRS 5.

Statement of financial position - Liabilities

SHAREHOLDERS' EQUITY & LIABILITIES

1. EQUITY

The consolidated Shareholders' Equity, inclusive of the result for the period and the non-controlling interests, amounts to Euro 1,206,279 thousand. The composition compared to 31 December 2012 is shown below:

<i>(in Euro thousands)</i>	30/09/2013	31/12/2012	Change
Group Equity	1,204,911	1,037,896	167,015
Share capital	373,682	373,682	-
Other equity instruments	-	-	-
Capital reserves	295,471	406,634	-111,163
Income related and other reserves	309,006	413,991	-104,985
<i>Treasury shares</i>	<i>-31,353</i>	<i>-31,353</i>	-
Reserve for currency translation difference	-	-	-
Unrealised gains or losses on available-for-sale financial assets	101,755	106,665	-4,910
Other unrealised gains and losses recorded through equity	-13,363	-15,676	2,313
Group net profit/(loss)	169,713	-216,047	385,760
Non-controlling interest equity	1,368	1,335	33
Non-controlling interests capital and reserves	1,448	1,456	-8
Unrealised gains or losses through equity	-	-	-
Loss for the period	-80	-121	41
TOTAL	1,206,279	1,039,231	167,048

The changes in the consolidated net equity are shown as an attachment to the present report for an analysis of the movements in the period.

SHARE CAPITAL

The disclosures required by IAS 1.79A is provided below:

	Ordinary 30/09/2013	Savings 30/09/2013	Ordinary 31/12/2012	Savings 31/12/2012
Number of shares issued	1,842,334,571	102,466,271	1,842,334,571	102,466,271

The above-stated shares were entirely paid in and without a nominal value as resolved by the Extraordinary Shareholders' Meeting of 27 April 2011.

The savings shares do not carry voting rights and devolve the following rights:

- a dividend up to 5% of the amount of Euro 0.52 (and therefore of Euro 0.026). Where the profits for the year do not permit a dividend of 5% for the saving shares, the difference is included as an increase in the dividend in the two following years. Furthermore, the profits distributed as dividend by the Shareholders' Meeting are divided among all the shares in order that the saving shares receive a dividend higher than the ordinary shares of 3% of Euro 0.52 (and therefore Euro 0.0156);
- when the share capital has to be written down to cover losses, this does not imply a reduction of the nominal value of the savings shares, except when the losses to be covered exceed the total nominal value of the ordinary shares;
- should the Company be wound up, the savings shares have a preference right of Euro 0.52 per share.

The following table outlines the breakdown of the share in circulation of the parent company Milano Assicurazioni at the end of the period, unchanged on the beginning of the year:

	Ordinary	Savings	Total
Shares held at 30/09/2013	1,842,334,571	102,466,271	1,944,800,842
Treasury shares (-)	-6,764,860	-	-6,764,860
Shares outstanding: exsisting at 30/09/2013	1,835,569,711	102,466,271	1,938,035,982

Capital reserves

Capital reserves, amounting to Euro 295,471 thousand, refer exclusively to the share premium reserve. They are net of the Euro 9,664 thousand 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.

Income related and other reserves

These comprise:

- retained earnings for Euro 375,816 thousand;
- the consolidation reserve, negative for Euro 48,665 thousand;
- the reserve for gains and losses deriving from the first-time application of the international accounting standards, negative for Euro 44,058 thousand;
- merger reserves for Euro 25,913 thousand.

Treasury shares

These consist of 6,764,860 ordinary shares of the Parent Company, recorded at purchase price. This account reduced the net equity in accordance with IAS 32.

Unrealised gains or losses on financial assets available-for-sale

The account reports net gains of Euro 101,755 thousand, calculated as the difference between the current prices of available-for-sale financial assets and acquisition costs. These gains are net of the relative tax effect and the part attributable to the policyholders and recorded as insurance liabilities in accordance with the accounting method contained in paragraph 30 of IFRS 4 (shadow accounting). The account includes Euro 8,544 thousand of losses relating to financial instruments previously classified in the AFS category and subsequently transferred to the *Loans and Receivables* category.

Other unrealised gains and losses recorded through equity

They relate to:

- losses of an actuarial nature consequent of the application of IAS 19 (Euro 7,500 thousand);
- losses deriving from the valuation of a derivative financial instrument to hedge cash flows (Euro 5,863 thousand).

2. PROVISIONS

(in Euro thousands)	30/09/2013	31/12/2012	IFRS 5	Change
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Provisions	64,349	92,101	-21,193	-6,559
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The account includes the reasonable valuation of the future charges and risks existing at the balance sheet date, also deriving from disputes in course.

In particular:

- Euro 63,205 thousand concerning provision for risks, principally relating to disputes and risks with the agency network;
- Euro 1,144 thousand relating to provisions for future charges.

The amount as per IFRS 5 principally includes provisions relating to the agencies subject to the discontinued insurance portfolio.

3. TECHNICAL PROVISIONS

These amount to Euro 5,022,367 thousand and report a reduction of Euro 3,852,146 thousand compared to 31/12/2012, of which Euro 3,338,860 thousand concerns provisions related to the insurance portfolio held for sale and consequently classified to the account Liabilities associated with disposal groups in application of IFRS 5.

The breakdown is as follows:

<i>(in Euro thousands)</i>	30/09/2013	31/12/2012	IFRS 5	Change
NON-LIFE INSURANCE BUSINESS				
Unearned premium provision	369,842	1,052,922	-511,660	-171,420
Claims provision	1,909,796	4,441,402	-2,267,962	-263,644
Other provisions	1,137	2,488	-924	-427
Total Non-Life	2,280,775	5,496,812	-2,780,546	-435,491
LIFE INSURANCE BUSINESS				
Actuarial provisions	2,672,940	3,211,455	-507,418	-31,097
Provision for sums to be paid	22,635	43,461	-13,660	-7,166
Insurance contract liabilities when the investment risk borne by policyholders and pension fund management	19,268	98,597	-35,740	-43,589
Other provisions	26,749	24,188	-1,496	4,057
Total Life	2,741,592	3,377,701	-558,314	-77,795
TOTAL TECHNICAL PROVISIONS	5,022,367	8,874,513	-3,338,860	-513,286

The *other technical non-life provisions* 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 for long-terms contracts or annual contracts with obligation to renew on expiry, where the premiums are determined, for the entire guarantee duration, based on the age of the policyholders at the moment of the signing of the contract.

The *Other life technical provisions* principally include the reserve for future expenses and the reserve for deferred liabilities due to policyholders (Euro 11,838 thousand), determined applying the shadow accounting method, as per paragraph 30 of IFRS 4.

4. FINANCIAL LIABILITIES

They consist of:

<i>(in Euro thousands)</i>	30/09/2013	31/12/2012	IFRS 5	Change
Financial liabilities at fair value through profit or loss	71,209	72,510	-	-1,301
Other financial liabilities	84,119	254,895	-182,384	11,608
TOTAL	155,328	327,405	-182,384	10,307

Financial liabilities at fair value through profit or loss

The account includes Euro 59,922 thousand of life policies that, although legal insurance contracts and have an insignificant insurance risk, do not fall within the remit of IFRS 4 (Insurance Contracts).

Other financial liabilities

The account includes the financial liabilities defined and governed by IAS 39, not included in the category “Financial assets at fair value through profit or loss” and refer exclusively to guarantee deposits concerning reinsurance risks ceded.

The financial liabilities concerning the assets held for sale and therefore measured under IFRS 5 principally concern subordinated loans undertaken with Mediobanca and also those following the indications from the Anti-trust Authority.

It is reported in fact that, with reference to the order C/11524 in relation to the “Evaluation of the measures to be prescribed” and, in particular, with reference to the “Measures relating to the shareholding ties of the entity post-merger with Mediobanca” initiated on 26 April 2012 by the Anti-trust Authority in relation to the companies Unipol Gruppo Finanziario S.p.A., Premafin Finanziaria S.p.A., Fondiaria-SAI S.p.A., Milano Assicurazioni S.p.A., Unipol Assicurazioni S.p.A., Mediobanca S.p.A. and Assicurazioni Generali S.p.A., the net debt of Milano Assicurazioni with Mediobanca should be reduced, as well as with the post-merger entity, in order to significantly reduce the ties with this latter.

They principally relate to:

- Euro 50,237 thousand, 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 100,178 thousand, 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 should 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 22 June 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 Milano Assicurazioni is subject to, in addition to any resolution by the Extraordinary Shareholders' Meeting 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 company is voluntarily subject, no longer being subject to the Standard & Poor's rating) of the beneficiary company 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 lenders.

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 IVASS.

5. PAYABLES

The account amounts to Euro 220,222 thousand and is comprised of:

<i>(in Euro thousands)</i>	30/09/2013	31/12/2012	IFRS 5	Change
Payables from direct insurance business	11,639	19,495	-5,189	-2,667
Payables from reinsurance business	20,850	33,272	-7,031	-5,391
Other payables	187,733	259,755	-30,776	-41,246
TOTAL	220,222	312,522	-42,996	-49,304

Payables from direct insurance operations include:

- Euro 7,110 thousand of payables to insurance intermediaries;
- Euro 3,616 thousand of payables to insurance companies;
- Euro 913 thousand of payables for guarantee provisions for policyholders.

The breakdown of the *Other payables* is shown below:

(in Euro thousands)

30/09/2013

Trade payables	7,987
Post-employment benefits	8,082
Policyholders' tax due	33,697
Other taxes due	15,367
Social security and welfare institutions	4,416
Other	118,184
TOTAL	187,733

The "Other" account principally includes payables to Gruppo Fondiaria-Sai Servizi S.c.r.l. for services obtained relating to the overheads structure at group level.

6. OTHER LIABILITIES

The breakdown is as follows:

(in Euro thousands)

30/09/2013 31/12/2012 IFRS 5 Change

Liabilities associated with disposal groups	3,629,115	-	3,629,115	-
Tax payables	9,784	10,096	-788	476
Deferred tax liabilities	38,605	36,078	-15,028	17,555
Other liabilities	81,297	114,663	-27,866	-5,500
TOTAL	3,758,801	160,837	3,585,433	12,531

The other liabilities include among others:

- commissions on premium collection of Euro 8,083 thousand;
- claims being paid for Euro 9,709 thousand;
- over commissions to be paid for Euro 11,288 thousand.

NON-CURRENT ASSETS AND LIABILITIES OR OF A DISCONTINUED GROUP HELD FOR SALE

The assets and liabilities held for sale within the group of assets and liabilities established on 8 May 2013 by the Boards of Directors of Milano Assicurazioni and Fondiaria–SAI and on 9 May 2013 by the Board of Directors of Unipol Gruppo Finanziario, for their relative share, also in exercise of the latter's Group direction and coordination and in discharge of the Anti-trust Authority Order, are listed below according to the original financial statement classification.

As outlined at the beginning of the present Part of the Interim Report, considering that the group held for sale comprises a very small composition of assets and liabilities relating to an independently identified cash generating unit, for completeness of information, the results of this cash generating unit are detailed below.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

In Euro thousands

NON-CURRENT ASSETS/LIABILITIES OR OF A DISPOSAL GROUP HELD FOR SALE AT 30/09/2013

ASSETS		Non-Life	Life	Real Estate	Total
1	INTANGIBLE ASSETS	63,776	3,191		66,967
2	PROPERTY, PLANT & EQUIPMENT	137		33,003	33,140
3	TECHNICAL PROVISIONS - REINSURERES SHARE	141,959	21,163		163,122
4	INVESTMENTS	2,708,945	567,556	55,434	3,331,935
4.1	Investment property	73,814		55,434	129,248
4.2	Investments in subsidiaries, associates and interests in joint ventures				
4.3	Held-to-maturity investments		88,569		88,569
4.4	Loans and receivables	40,541	19,624		60,165
4.5	Available-for-sale financial assets	2,594,590	423,623		3,018,213
4.6	Financial assets at fair value through profit or loss		35,740		35,740
5	OTHER RECEIVABLES	210,587	21,269	505	232,361
6	OTHER ASSETS	17,369	10,561		27,930
6.1	Deferred acquisition costs	1,624	3,305		4,929
6.2	Other assets	15,745	7,256		23,001
7	CASH AND CASH EQUIVALENTS	60,647	14,899	3,485	79,031
	TOTAL ASSETS	3,203,420	638,639	92,427	3,934,486
LIABILITIES		Non-Life	Life	Real Estate	Total
2	PROVISIONS	20,693	500		21,193
3	TECHNICAL PROVISIONS - REINSURERES SHARE	2,780,547	558,313		3,338,860
4	FINANCIAL LIABILITIES	126,540	55,844		182,384
4.1	Financial liabilities at fair value through profit or loss				
4.2	Other financial liabilities	126,540	55,844		182,384
5	PAYABLES	38,478	4,278	240	42,996
6	OTHER LIABILITIES	33,741	9,941		43,682
	TOTAL LIABILITIES	2,999,999	628,876	240	3,629,115

LIGURIA ASSICURAZIONI CGU INCOME STATEMENT FOR 9M 2013

		Non-Life	Life	Total
1.1	Net premiums	116,330	12,690	129,020
1.1.	Gross premiums	138,173	13,701	151,874
1.1.	Ceded premiums	-21,843	-1,011	-22,854
1.2	Commission income			
1.3	Gains and losses on financial instruments at fair value through profit or loss			
1.4	Gains on investments in subsidiaries, associates and interest in joint ventures			
1.5	Gains on other financial instruments and investment property	10,311	3,568	13,879
1.6	Other revenues	4,258	87	4,345
1	TOTAL REVENUES AND INCOME	130,899	16,345	147,244
2.1	Net charges relating to claims	83,497	12,005	95,502
2.1.	Amounts paid and changes in technical provisions	96,229	12,914	109,143
2.1.	Reinsurers' share	-12,732	-909	-13,641
2.2	Commission expenses			
2.3	Losses on investments in subsidiaries, associates and joint ventures			
2.4	Losses on other financial instruments and investment properties	121		121
2.5	Operating expenses	28,097	1,909	30,006
2.6	Other costs	15,632	1,692	17,324
2	TOTAL COSTS AND EXPENSES	127,347	15,606	142,953
	PRE-TAX PROFIT	3,552	739	4,291

Part C

Notes to the consolidated income statement

NET PREMIUMS

The net premiums consolidated amount to Euro 2,075,293 thousand (Euro 2,320,278 thousand in the first nine months of 2012).

The gross premiums written amount to Euro 2,182,696 thousand and consist of:

<i>(in Euro thousands)</i>	9M 2013	9M 2012	Q3 2013	Q3 2012
Gross Life premiums written	248,974	256,322	73,218	54,930
Gross Non-Life premiums written	1,762,283	2,003,094	499,996	564,271
Change in gross premiums provision	171,439	154,440	103,423	109,079
Total Non-Life business	1,933,722	2,157,534	603,419	673,350
Gross premiums	2,182,696	2,413,856	676,637	728,280

The details of the premiums ceded are shown below:

<i>(in Euro thousands)</i>	9M 2013	9M 2012	Q3 2013	Q3 2012
Life premiums ceded	6,225	7,232	1,677	2,078
Non-Life premiums ceded	94,411	79,028	32,448	28,111
Change in reinsurers provisions	6,767	7,318	1,427	1,890
Total Non-Life business	101,178	86,346	33,875	30,001
Premiums ceded	107,403	93,578	35,552	32,079

The account “gross premiums written” does not include the cancellation of securities issued in previous years, which were recorded in the account “Other costs”.

In relation to the breakdown of the gross premiums written among the different classes in the accounts, the division between direct and indirect business, reference should be made to the first part of the present report.

COMMISSION INCOME

(in Euro thousands) 9M 2013 9M 2012 Q3 2013 Q3 2012

Commission income	333	444	115	87
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This relates to the explicit and implicit loading of policies not within the application of IFRS 4 (Insurance Contracts) as not containing a significant insurance risk and management commissions from unit linked and pension funds.

GAINS AND LOSSES OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

The account amounted to net losses of Euro 3,499 thousand compared to net income of Euro 13,547 thousand in the same period of the previous year. The 2013 result essentially relates to the adjustments to stock market prices of financial instruments within this category, with an impact of Euro 3.2 million. The result for the first nine months of 2012 benefitted from Euro 6 million of gains on share hedging options held in portfolio.

The breakdown of the account is as follows:

(in Euro thousands)	Net interest	Other net income	Realise gains	Realised losses	Unrealised gains and write-backs	Unrealised losses and impairment	Total 9M 2013	Total 9M 2012	Change
Financial assets held for trading	-	-	-	-	-	-	-	287	-287
Financial assets designated at fair value through profit or loss	2,876	-2,577	3,560	-3,945	871	-4,284	-3,499	13,157	-16,656
Financial liabilities held for trading	-	-	-	-	-	-	-	103	-103
TOTAL							-3,499	13,547	-17,046

INCOME AND CHARGES FROM OTHER FINANCIAL INSTRUMENTS, PROPERTY INVESTMENTS AND HOLDINGS

The following table shows the breakdown:

<i>(in Euro thousands)</i>	Net interest	Other net income	Realised gains	Realised losses	Unrealised gains and write-backs	Unrealised losses and impairments	Total 9M 2013	Total 9M 2012	Change
<i>Result from:</i>									
Investment property	-	6,461	758	-	-	-18,226	-11,007	8,199	-19,206
Investments in subsidiaries, associates and interests in joint ventures	-	-5,600	-	-	-	-	-5,600	-9,267	3,667
Held to maturity investments	7,629	-	-	-	-	-	7,629	6,266	1,363
Loans and receivables	32,235	-	98	-	-	-	32,333	31,581	752
Available-for-sale financial assets	152,972	4,324	41,763	-8,769	-	-8,647	181,643	146,275	35,368
Other receivables	1,831	-	-	-	-	-	1,831	1,306	525
Cash and cash equivalents	190	-12	-	-	-	-	178	2,986	-2,808
Other financial liabilities	-5,386	-	-	-	-	-	-5,386	-7,779	2,393
Payables	-498	-	-	-	-	-	-498	-539	41
TOTAL	188,973	5,173	42,619	-8,769	-	-26,873	201,123	179,028	22,095

The unrealised losses and impairments concern:

- AFS financial instruments for Euro 8.6 million;
- impairments on real estate investments for Euro 1.5 million;
- property depreciation of Euro 16.8 million.

The impairments on available-for-sale financial assets concern shares for Euro 3.9 million and mutual investment fund units for Euro 4.7 million.

OTHER INCOME

The other revenues amounts to Euro 117,195 thousand (Euro 128,448 thousand in the first nine months of 2012) and is composed of:

<i>(in Euro thousands)</i>	9M 2013	9M 2012	Q3 2013	Q3 2012
Other technical income	15,034	18,677	-1,600	2,051
Utilisation of provisions	11,637	16,430	1,906	3,798
Exchange differences	2	1,341	2	-1,267
Prior year income	2,202	2,426	1,348	1,090
Recovery of expenses/administrative costs	66,748	70,899	22,265	23,537
Other income	21,572	18,675	8,650	8,131
TOTAL	117,195	128,448	32,571	37,340

Other technical income principally includes the reversal of commissions on premiums issued in previous years and cancelled in the present period.

The recovery of expenses and administration costs, which are offset against other charges, principally relates to the secondment of personnel within the Gruppo Fondiaria-Sai Servizi s.c.r.l consortium which, utilising unified structures, provides services to other group companies and with costs based on standard criteria.

NET CHARGES RELATING TO CLAIMS

These amount, net of cessions to reinsurers, to Euro 1,524,783 thousand, as outlined in the following table:

<i>(€ thousands)</i>	9M 2013	9M 2012	Q3 2013	Q3 2012
Non-Life business				
Amount paid	1,538,645	1,678,284	455,029	462,462
Change in claims provisions	-272,015	-39,133	-68,725	91,072
Change in recoveries	-23,783	-23,040	-8,000	-2,106
Change in other insurance contract liabilities	-426	-392	11	5
Total Non-Life	1,242,421	1,615,719	378,315	551,433
Life business				
Sums paid	356,202	537,730	103,006	101,349
Change in sums to be paid provision	-8,125	-11,074	-8,695	-11,965
Change in actuarial provision	-22,616	-204,613	5,746	-9,819
Change in insurance contract liabilities where investment risk borne by policyholders and pension fund management	-43,428	-20,123	-10,679	-3,665
Change in other insurance contract liabilities	329	3,743	4,113	2,716
Total Life	282,362	305,663	93,491	78,616
Total Non-Life + Life	1,524,783	1,921,382	471,806	630,049
Amount paid	1,894,847	2,216,014	558,035	563,811
Change in provisions	-370,064	-294,632	-86,229	66,238

COMMISSION EXPENSE

<i>(in Euro thousands)</i>	9M 2013	9M 2012	Q3 2013	Q3 2012
Commission expenses	62	78	20	22

These concern the share of commissions on financial contracts without a significant insurance risk recognised under the deposit accounting method.

OPERATING EXPENSES

The details by type are shown below:

<i>(in Euro thousands)</i>	9M 2013	9M 2012	Q3 2013	Q3 2012
Non-Life acquisition costs				
Acquisition commissions and changes in deferred acquisition costs	232,134	283,653	66,648	80,570
Other acquisition expenses	69,404	63,843	27,119	21,329
Collection commissions	36,536	15,384	9,876	4,364
Reinsurers commissions and profit participation	-30,321	-26,098	-9,786	-8,628
Total Non-Life	307,753	336,782	93,857	97,635
Life acquisition costs				
Acquisition commissions and changes in deferred acquisition costs	5,118	5,783	1,550	1,466
Other acquisition expenses	6,764	6,202	2,741	2,080
Collection commissions	1,806	2,037	539	590
Reinsurers commissions and profit participation	-1,235	-1,650	-107	-564
Total Life	12,453	12,372	4,723	3,572
Asset management fees	2,848	2,879	919	677
Other administration expenses	79,955	84,909	27,350	28,211
TOTAL	403,009	436,942	126,849	130,095

OTHER COSTS

Other costs amount to Euro 188,496 thousand (Euro 280,303 thousand in the first nine months of 2012) and are comprised of:

<i>(in Euro thousands)</i>	9M 2013	9M 2012	Q3 2013	Q3 2012
Other technical expenses	61,188	91,905	1,800	6,609
Provisions for risks and charges	7,450	5,484	1,905	-1,449
Write-downs of receivables	13,385	74,077	1,759	4,162
Non recurring expenses	2,211	1,634	1,359	992
Depreciation of tangible assets	441	562	89	189
Amortisation of intangible assets	2,997	5,489	11	1,848
Exchange differences	507	160	42	-668
Administrative costs/expenses incurred for third parties	66,748	70,899	22,265	23,537
Other costs	33,569	30,094	8,811	11,204
TOTAL	188,496	280,304	38,041	46,424

The other technical charges include cancellations and policyholder bad debts for premiums issued in previous years.

INCOME TAXES

<i>(in Euro thousands)</i>	30/09/2013
Current taxes	41,395
Deferred tax liabilities arising in the period	4,588
Deferred tax liabilities utilised in period	-9,224
Deferred tax assets arising in the period	-17,498
Deferred tax assets utilised in the period	85,201
TOTAL	104,462

Income taxes amounted to Euro 104,462 thousand (Euro 9,014 thousand in the first nine months of 2012), of which current taxes of Euro 41,395 thousand and net deferred tax charges of Euro 63,067 thousand. Deferred tax assets utilised in the period include Euro 69,573 thousand concerning the recovery of prior year cumulative tax losses.

FURTHER INFORMATION

Earnings per share

	9M 2013	9M 2012
Net profit/(loss) from ordinary operations attributed to the ordinary shareholders of the parent company (Euro thousand)	160,740	-5,586
Weighted average number of ordinary shares to calculate		
The basic earnings per share	1,835,569,711	1,835,569,711
Earnings/(loss) per share from ordinary operations – in Euro	0.088	-0.003
Weighted average number of ordinary shares to calculate		
the diluted earnings per share	n.a.	N/A
Diluted earnings/(loss) per share from ordinary operations – in Euro	n.a.	N/A

The earnings per share are calculated by dividing the net result from operating activities attributable to the ordinary shareholders of the Parent Company by the average weighted number of ordinary shares outstanding during the period.

It should be noted that:

- the loss attributed to ordinary shareholders of the Parent Company is calculated as the loss for the year attributable to equity shareholders of the parent net of the portion of loss for the year attributable to savings shareholders;
- the weighted average shares outstanding is calculated net of the weighted average treasury shares held.

At 30 September 2013 it was not considered necessary to calculate the diluted earnings per share.

In accordance with paragraph 68 of IAS 33, we report the earnings per share from discontinued operations:

	9M 2013	9M 2012
Net profit/(loss) from discontinued operations attributed to the ordinary shareholders of the parent company (Euro thousand)	-	-5,320
Weighted average number of ordinary shares to calculate the basic earnings per share	1,835,569,711	1,835,569,711
Earnings/(loss) per share from discontinued operations – in Euro	-	-0.003
Weighted average number of ordinary shares to calculate		
the diluted earnings per share	n.a.	n.a.
Diluted earnings/(loss) per share from discontinued operations (in Euro)	n.a.	n.a.

Derivative financial instruments

The Group makes a limited use of derivative financial instruments. The characteristics and the nature of the insurance activity require, among others, that the utilisation of derivative financial instruments is regulated in accordance with ISVAP Regulation No. 36/2011.

At 30 September 2013, the derivative financial operations open were:

- nominal contract of Euro 50 million of an Interest Rate Swap with the counterparty HVB expiring on 14 July 2016. Based on this contract, Milano Assicurazioni pays to the counterparty a fixed annual rate of 3.18% and receives the Euribor rate at 6 months;
- nominal contract of Euro 100 million of an Interest Rate Swap with the counterparty Mediobanca expiring on 14 July 2018. Based on this contract, Milano Assicurazioni pays to the counterparty a fixed annual rate of 2.35% and receives the Euribor rate at 6 months;
- put options acquired on 3,000,000 Mediobanca shares, with a strike price of Euro 4.50 each;
- call options sold on 118,000 Carrefour shares (strike price of Euro 28 each) and on 29,000 BNP Paribas shares (strike price of Euro 48 each).

These operations were undertaken in accordance with the Board of Directors' resolution of 14 May 2011 concerning investments and utilising control and monitoring instruments, including preventive instruments, existing within the organisation which track the operations carried out in terms of the decided strategy, the efficiency of the hedging operations and the respecting of the limits assumed. For each hedging operation, the relative "Hedging Relationship Documentation" was prepared in accordance with the above-mentioned resolution and also in compliance with international accounting standards.

The principal derivative finance operations in the first nine months of 2013 relate to:

- the exercise of 6,459,144 combined purchase call - sale put options on Unicredit shares, undertaken with an average unitary strike price of Euro 3.588. This operation resulted in a loss of Euro 315 thousand. Following the exercise of the above-stated options, the relative Unicredit shares were sold, resulting in a gain of Euro 4.7 million;
- the advanced closure (unwind) of 1,600,000 collar options (call sales with a strike price of Euro 6.70 each and put purchases with strike price of Euro 4.60 each) on Mediobanca shares in portfolio. This operation resulted in a loss of Euro 118 thousand.

The Group does not have derivative contracts on currencies as the exposure to exchange risk is immaterial.

Part D

Segment information

In accordance with IFRS 8, segment information provides the readers of the accounts with an additional instrument for a better understanding of the financial results of the Group.

The underlying logic in the application of the standard is to provide information on the manner in which the Group results are formed, consequently providing information on the overall operations of the Group, and, specifically, on the areas where profits and risks are concentrated.

The primary reporting of the Group is by sector of activity. The companies of the Group are organised and managed separately based on the nature of their products and services, for each sector of activity which represents a strategic business unit which offers different products and services.

To identify the primary segments, the Group analysed the risk-return profile of the sectors and examined the internal reporting structure.

The **Non-Life Insurance Sector** includes the insurance categories indicated in Article 2, paragraph 3 of Legislative Decree 209/2005 (Insurance Code).

The **Life Insurance Sector** includes the insurance categories and the operations indicated in Article 2, paragraph 1 of Legislative Decree 209/2005 (Insurance Code).

The **Real Estate sector** includes the activities carried out by the real estate companies controlled by the parent company Milano Assicurazioni (Immobiliare Milano s.r.l., Sintesi Seconda s.r.l., Campo Carlo Magno S.p.A.) and by the Athens Real Estate Fund.

The **Other Activities** sector, of a residual nature, includes the activities of Sogeint which operates in the sector of providing commercial assistance to agencies.

This section shows the balance sheet and income statement by sector, prepared in accordance with the formats approved by Isvap Regulation No. 7 of July 2007. Comments and further information on the individual segments are included in the first part of the present report, to which reference should be made.

Segment Statement of financial position and Income Statement

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

In Euro thousands

Statement of financial position by segment

		Non-Life		Life	
		30/09/2013	31/12/2012	30/09/2013	31/12/2012
1	INTANGIBLE ASSETS	142,198	209,157	22,153	25,346
2	PROPERTY, PLANT & EQUIPMENT	2,959	3,371	1	20
3	TECHNICAL PROVISIONS - REINSURERS SHARE	135,855	270,380	41,337	69,774
4	INVESTMENTS	1,774,579	4,476,790	3,106,802	3,695,143
4.1	Investment property	268,747	353,735		
4.2	Investments in subsidiaries, associates and interests in joint ventures	21,005	104,232	88,765	2,087
4.3	Held-to-maturity investments			95,435	185,360
4.4	Loans and receivables	243,739	281,690	566,718	599,644
4.5	Available-for-sale financial assets	1,238,445	3,734,520	2,269,737	2,745,573
4.6	Financial assets at fair value through profit or loss	2,643	2,613	86,147	162,479
5	OTHER RECEIVABLES	402,464	883,039	95,596	80,659
6	OTHER ASSETS	3,475,487	361,610	683,684	75,643
6.1	Deferred acquisition costs	1,503	2,512	8,394	11,378
6.2	Other assets	3,473,984	359,098	675,290	64,265
7	CASH AND CASH EQUIVALENTS	112,832	206,093	47,289	58,496
	TOTAL ASSETS	6,046,374	6,410,440	3,996,862	4,005,081
1	EQUITY				
2	PROVISIONS	52,621	82,694	5,221	6,342
3	TECHNICAL PROVISIONS	2,280,775	5,496,812	2,741,592	3,377,701
4	FINANCIAL LIABILITIES	40,314	158,941	115,014	168,464
4.1	Financial liabilities at fair value through profit or loss	6,722	10,421	64,487	62,089
4.2	Other financial liabilities	33,592	148,520	50,527	106,375
5	PAYABLES	197,804	277,939	14,474	27,576
6	OTHER LIABILITIES	3,096,967	144,300	664,831	42,042
	TOTAL EQUITY AND LIABILITIES				

Real Estate		Other		Inter-segment Eliminations		Total	
30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012
242	272					164,593	234,775
2,132	35,554	47	64			5,139	39,009
						177,192	340,154
250,157	312,740			-9,261	-9,261	5,122,277	8,475,412
207,027	268,714			-9,261	-9,261	466,513	613,188
6,192	5,645					115,962	111,964
						95,435	185,360
10,179	10,188					820,636	891,522
26,759	28,193					3,534,941	6,508,286
						88,790	165,092
13,442	13,825	2,288	300	-2,192	-2,788	511,598	975,035
99,492	5,946	955	1,640	-1,681	-22,914	4,257,937	421,925
						9,897	13,890
99,492	5,946	955	1,640	-1,681	-22,914	4,248,040	408,035
24,891	51,001	3,598	4,709			188,610	320,299
390,356	419,338	6,888	6,713	-13,134	-34,963	10,427,346	10,806,609
						1,206,279	1,039,231
6,063	2,800	444	265			64,349	92,101
						5,022,367	8,874,513
						155,328	327,405
						71,209	72,510
						84,119	254,895
4,854	3,624	5,282	6,171	-2,192	-2,788	220,222	312,522
892	467	970	120	-4,859	-26,092	3,758,801	160,837
						10,427,346	10,806,609

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

In Euro thousands

Segment Income Statement

		Non-Life		Life	
		9M 2013	9M 2012	9M 2013	9M 2012
1.1	Net premiums	1,832,543	2,071,188	242,750	249,090
1.1.1	Gross premiums written	1,933,721	2,157,534	248,975	256,322
1.1.2	Ceded premiums	- 101,178	- 86,346	- 6,225	- 7,232
1.2	Commission income			333	444
1.3	Gains and losses of financial instruments at fair value through profit or loss	- 5,371	3,111	1,872	10,333
1.4	Gains on investments in subsidiaries, associates and interests joint ventures	9	410	374	
1.5	Gains on other financial instruments and investment property	124,732	149,447	130,393	134,274
1.6	Other income	108,591	118,702	3,922	5,947
1	TOTAL REVENUES AND INCOME	2,060,504	2,342,858	379,644	400,088
2.1	Net charges relating to claims	- 1,242,421	- 1,615,719	- 282,362	- 305,663
2.1.1	Amounts paid and changes in technical provisions	- 1,297,705	- 1,676,461	- 286,701	- 309,536
2.1.2	Reinsurers' share	55,284	60,742	4,339	3,873
2.2	Commission expenses		-	62	78
2.3	Losses on investments in subsidiaries, associates and joint ventures	- 5,682	- 9,221	- 217	- 275
2.4	Losses on other financial instruments and investment properties	- 34,696	- 64,921	- 8,973	- 27,506
2.5	Operating expenses	- 382,042	- 416,327	- 20,967	- 20,615
2.6	Other costs	- 165,169	- 259,186	- 14,128	- 13,828
2	TOTAL COSTS AND EXPENSES	- 1,830,010	- 2,365,374	- 326,709	- 367,965
	PRE-TAX PROFIT/(LOSS)	230,494	- 22,516	52,935	32,123

Real Estate		Other		Inter-segment Eliminations		Total	
9M 2013	9M 2012	9M 2013	9M 2012	9M 2013	9M 2012	9M 2013	9M 2012
-	-	-	-	-	-	2,075,293	2,320,278
						2,182,696	2,413,856
						- 107,403	- 93,578
						333	444
	103					- 3,499	13,547
18	15					401	425
8,591	10,165					263,716	293,886
1,879	1,542	5,057	4,950	- 2,254	- 2,693	117,195	128,448
10,488	11,825	5,057	4,950	- 2,254	- 2,693	2,453,439	2,757,028
-	-	-	-	-	-	- 1,524,783	- 1,921,382
						- 1,584,406	- 1,985,997
						59,623	64,615
						- 62	- 78
- 102	- 196					- 6,001	- 9,692
- 13,324	- 13,164					- 56,993	- 105,591
						- 403,009	- 436,942
- 6,594	- 3,982	- 4,859	- 6,000	2,254	2,693	- 188,496	- 280,303
- 20,020	- 17,342	- 4,859	- 6,000	2,254	2,693	- 2,179,344	- 2,753,988
- 9,532	- 5,517	198	- 1,050	-	-	274,095	3,040

Part E

Transactions with related parties

Reported below are the transactions with related parties, pursuant to Consob Resolution No. 17221 of 12 March 2010, amended with resolution No. 17389 of 23 June 2010 which adopted the “Regulation on related party transactions” pursuant to Article 2391 *bis* of the Civil Code, as well as Articles 113*ter*, 114, 115 and 154 *ter* of Legislative Decree 58/98.

(in Euro thousands)	At 30 Sept. 2013		At 31 December 2012	
COUNTERPARTY	Assets	Liabilities	Assets	Liabilities
Parent companies	144,421	50,277	175,387	63,603
Associated/Group companies	433,805	151,094	526,154	135,868
Other related parties	27	341	266	491
TOTAL	578,253	201,712	701,807	199,962

(in Euro thousands)	At 30 Sept. 2013		At 30 September 2012	
COUNTERPARTY	Income	Expenses	Income	Expenses
Parent companies	22,581	20,175	23,276	17,328
Associated/Group companies	174,944	258,696	161,333	235,028
Other related parties	8,121	3,415	8,199	68,559
TOTAL	205,646	282,286	192,808	320,915

Parent companies

The assets relate principally to:

- bonds issued by Unipol Gruppo Finanziario (UGF) for Euro 4.6 million (already held by Milano Assicurazioni on acquisition of control of Premafin by UGF);
- receivables from Fondiaria-Sai for Group VAT and tax consolidation for Euro 84.3 million;
- receivables and technical provisions relating to reinsurance operations with Fondiaria-Sai for Euro 45.2 million.

The liabilities relate to:

- payables for services received from Fondiaria-Sai for Euro 6.5 million;
- payables and technical provisions relating to reinsurance operations with Fondiaria-Sai for Euro 29.9 million.

The revenues principally include contributions by Fondiaria-Sai to Pronto Assistance Servizi (Euro 8.1 million) and reinsurance operations between Milano Assicurazioni and Fondiaria-Sai (Euro 7.7 million).

The costs essentially relate to reinsurance transactions (Euro 6.9 million) and overhead costs (Euro 7.3 million) payable to Fondiaria-Sai.

Associate/Group companies

They principally regard:

- Milano Assicurazioni reinsurance transactions, particularly in relation to the Group company The Lawrence Re and in particular: reinsurers receivables and provisions (Euro 141.3 million); current account payables and deposits from reinsurers (Euro 42.6 million); technical reinsurance costs (Euro 62.8 million); technical reinsurance revenues (Euro 53.3 million);
- recharges relating to the consortium company Fondiaria-Sai Servizi Group (Euro 60.3 million for recharges made by Milano Assicurazioni and Euro 121.6 million for recharges received);
- Milano Assicurazioni bank deposits at BancaSai and Unipol Banca (Euro 149.2 million) and bonds issued by BancaSai and held by Milano Assicurazioni (Euro 7.8 million).

Other related parties

The following tables outline the transactions with Other Related Parties, by type, indicating separately the statement of financial position, income statement and cash flow items in the period. The only significant amounts concern insurance activities, principally policies undertaken by the Employee Pension Fund of the Fondiaria-Sai Group under the Pension Fund rules.

	30/09/2013					
	Assets	Liabilities	Revenue	Costs	Cash inflow	Cash outflow
Real estate activities	-	-	13	-	18	-
Insurance activities	27	72	8,108	2,843	8,159	9,647
Services received	-	-	-	99	-	99
Board of Directors and board of Statutory Auditors	-	269	-	473	-	356
Total	27	341	8,121	3,415	8,177	10,102

At 30 September 2013, assets concerning related parties amount to approx. 5.5% of total consolidated assets, while liabilities amount to 2.2% of consolidated liabilities.

Part F

Other Information

Solvency margin

At 30 September 2013 the adjusted solvency, excluding the effect from the discontinued group of assets, and therefore like-for-like with the 2012 financial statements, reports coverage of 144.8%, significantly improving on 115.7% at 31 December 2012.

Employees

At 30 September 2013, the number of employees of the Parent Company and of the consolidated companies amounted to 1,950 (1,867 at 31/12/2012). The breakdown by category is as follows:

	30/09/2013	31/12/2012
Executives	12	13
Managers & white collar	1,932	1,848
Building caretakers	6	6
	1,950	1,867

External Organisation

The table below shows the Agency distribution:

	30/09/2013	31/12/2012
North	893	903
Centre	414	429
South and islands	452	448
TOTAL AGENCIES	1,759	1,780

Exchange Rates

The exchange rates of the principal currencies utilised for the conversion of the accounts are as follows:

	30/09/2013	31/12/2012	30/09/2012
US Dollar	1.3505	1.3194	1.2930
UK Sterling	0.83605	0.8161	0.7980
Swiss Franc	1.2225	1.2072	1.2099

Bologna, 13 November 2013

MILANO ASSICURAZIONI S.p.A.
The Board of Directors

Attachments

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

In Euro thousands

Tangible and intangible fixed assets

	At cost	At revalued amount or fair value	Total book value
Investment property	466,513		466,513
Others buildings	1,653		1,653
Other tangible assets	3,486		3,486
Other intangible assets	270		270

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

*In Euro thousands***Technical provisions- reinsurers' share**

	Total book value	
	30/09/2013	31/12/2012
Non-Life provisions	135,855	270,380
Unearned premium provision	14,249	47,566
Outstanding claims provision	121,606	222,814
Other provisions		0
Life provisions	41,337	69,774
Outstanding claims provision	3,027	4,210
Actuarial provisions	38,310	65,564
Technical provisions where investment risk is borne by policyholders and from pension fund management	0	0
Other provisions	0	0
Technical provisions attributed to reinsurers	177,192	340,154

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

In Euro thousands

Financial assets

	Investments held to maturity		Loans and receivables		AFS financial assets	
	30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012
Equity securities and derivatives valued at cost						
Equity securities at fair value					135,590	191,500
<i>of which listed securities</i>					61,358	119,382
Debt securities	95,435	185,360	712,642	787,456	3,125,893	5,948,682
<i>of which listed securities</i>	74,636	183,931			3,114,877	5,917,511
Fund units					273,458	368,104
Loans and receivables from banks						
Loans and interbank receivables						
Deposits with reinsurers			1,837	1,869		
Financial asset components of insurance contracts						
Other loans and receivables			96,157	92,197		
Non-hedging derivatives						
Hedging derivatives						
Other financial investments			10,000	10,000		
Total	95,435	185,360	820,636	891,522	3,534,941	6,508,286

Financial assets at fair value through profit or loss				Total book value	
Financial assets held for trading		Financial assets designated at fair value through profit or loss			
30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012
				0	0
		392	283	135,982	191,783
		392	283	61,750	119,665
	528	46,548	124,979	3,980,518	7,047,005
	528	26,301	24,786	3,215,814	6,126,756
		39,758	37,662	313,216	405,766
				0	0
				0	0
				1,837	1,869
				0	0
				96,157	92,197
		200	23	200	23
			6	0	6
		1,892	1,611	11,892	11,611
0	528	88,790	164,564	4,539,802	7,750,260

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

In Euro thousands

Assets and liabilities relating to contracts issued by insurance companies where the investment risk is borne by policyholders and from pension fund management

	Returns based on performance of investments funds and market indices		Returns related to the management of pension funds		Total	
	30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012
Assets in accounts	53,676	131,814	25,514	23,153	79,190	154,967
Inter-group assets*					0	0
Total Assets	53,676	131,814	25,514	23,153	79,190	154,967
Financial liabilities in accounts	34,408	33,218	25,514	23,153	59,922	56,371
Technical provisions in accounts	19,268	98,596			19,268	98,596
Inter-group liabilities*					0	0
Total Liabilities	53,676	131,814	25,514	23,153	79,190	154,967

* Assets and liabilities eliminated in consolidation

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

*In Euro thousands***Technical provision accounts**

	Total book value	
	30/09/2013	31/12/2012
Non-Life provisions	2,280,775	5,496,812
Unearned premium provision	369,842	1,052,922
Outstanding claims provision	1,909,796	4,441,402
Other provisions	1,137	2,488
<i>of which provisions set aside following the liability adequacy test</i>	<i>0</i>	<i>0</i>
Life provisions	2,741,592	3,377,701
Claims outstanding provision	22,635	43,461
Actuarial provisions	2,672,940	3,211,455
Technical provisions where investment risk is borne by policyholders and from pension fund management	19,268	98,597
Other provisions	26,749	24,188
<i>of which provisions set aside following the liability adequacy test</i>	<i>0</i>	<i>0</i>
<i>of which deferred liabilities to policyholders</i>	<i>11,838</i>	<i>6,640</i>
Total technical provision accounts	5,022,367	8,874,513

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

In Euro thousands

Financial liabilities

	Financial liabilities at fair value through profit or loss			
	Financial liabilities held for trading		Financial liabilities designated at fair value through profit or loss	
	30/09/2013	31/12/2012	30/09/2013	31/12/2012
Equity financial instruments				
Sub-ordinated liabilities				
Liabilities from financial contracts issued by insurance companies deriving			59,922	56,371
<i>From contracts for which the investment risk is borne by policyholders</i>			34,408	33,218
<i>From the management of pension funds</i>			25,514	23,153
<i>From other contracts</i>				
Deposits received from reinsurers				
Financial liability components of insurance contracts				
Debt securities issued				
Payables to bank clients				
Interbank payables				
Other loans obtained				
Non-hedging derivatives			180	
Hedging derivatives			8,927	13,665
Other financial liabilities			2,180	2,474
Total			71,209	72,510

Other financial liabilities		Total book value	
30/09/2013	31/12/2012	30/09/2013	31/12/2012
	151,895		151,895
		59,922	56,371
		34,408	33,218
		25,514	23,153
84,119	103,000	84,119	103,000
		180	
		8,927	13,665
		2,180	2,474
84,119	254,895	155,328	327,405

Insurance technical accounts

In Euro thousands

		30/09/2013	30/09/2012
Non-Life			
NET PREMIUMS		1,832,543	2,071,188
a	Premiums written	1,667,871	1,924,066
b	Change in unearned premium provision	164,672	147,122
NET CHARGES RELATING TO CLAIMS		-1,242,421	-1,615,719
a	Sums paid	-1,538,645	-1,678,284
b	Change in claims provision	272,015	39,133
c	Change in recoveries	23,783	23,040
d	Change in other technical provisions	426	392
Life			
NET PREMIUMS		242,750	249,090
NET CHARGES RELATING TO CLAIMS		-282,362	-305,663
a	Sums paid	-356,202	-537,730
b	Change in provision for sums to be paid	8,125	11,074
c	Change in actuarial provision	22,617	204,613
d	Change in technical provision where investment risk borne by policyholders and from pension fund management	43,428	20,123
e	Change in other technical provisions	-330	-3,743

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

*In Euro thousands***Financial income and charges and from investments**

		Interest	Other Income	Other Charges	Profits realised
Result from investments		195,713	27,020	-24,412	46,178
a	Deriving from property investments		18,620	-12,159	758
b	Deriving from investments in subsidiaries, associates and joint ventures		401	-6,001	
c	Deriving from investments held-to-maturity	7,629			
d	Deriving from loans and receivables	32,235			98
e	Deriving from AFS financial assets	152,972	7,620	-3,296	41,763
f	Deriving from financial assets held for trading	1			-1
g	Deriving from financial assets designated at fair value through profit or loss	2,876	379	-2,956	3,560
Result of other receivables		1,831			
Result of cash and cash equivalents		190		-12	
Result of financial liabilities		-5,386	0	0	0
a	Deriving from financial liabilities held for trading				
b	Deriving from financial liabilities designated at fair value through profit or loss	0			
c	Deriving from other financial liabilities	-5,386			
Result of payables		-498			
Total		191,850	27,020	-24,424	46,178

Losses realised	Total income and charges realised	Unrealised gains		Unrealised losses		Total income and charges not realised	Total income and charges 30/09/2013	Total income and charges 30/09/2012
		Valuation	Write-back	Valuation	Impairment			
-12,714	231,785	871	0	-21,053	-10,104	-30,286	201,499	196,498
	7,219			-16,769	-1,457	-18,226	-11,007	8,199
	-5,600					0	-5,600	-9,267
	7,629					0	7,629	6,266
	32,333					0	32,333	31,581
-8,769	190,290				-8,647	-8,647	181,643	146,275
	0					0	0	287
-3,945	-86	871		-4,284		-3,413	-3,499	13,157
	1,831					0	1,831	1,306
	178					0	178	2,986
0	-5,386	0	0	0	0	0	-5,386	-7,676
	0					0	0	103
	0					0	0	0
	-5,386					0	-5,386	-7,779
	-498					0	-498	-539
-12,714	227,910	871	0	-21,053	-10,104	-30,286	197,624	192,575

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013*In Euro thousands***Insurance operating expenses**

	Non-Life		Life	
	30/09/2013	30/09/2012	30/09/2013	30/09/2012
Gross commissions and other acquisition expenses net of commissions and profit participations received from reinsurers	-307,753	-336,782	-12,453	-12,372
Investment management charges	-1,930	-2,167	-918	-712
Other administration expenses	-72,359	-77,378	-7,596	-7,531
Total	-382,042	-416,327	-20,967	-20,615

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

In Euro thousands

Financial assets and liabilities by level

		Level 1		Level 2		Level 3		Total	
		30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012
AFS financial assets		3,220,706	6,149,450	11,015	11,037	303,220	347,799	3,534,941	6,508,286
Financial assets at fair value through profit or loss	Financial assets held for trading	-	528	-	-	-	-	-	528
	Financial assets designated at fair value through profit or loss	66,451	62,731	9,971	76,084	12,368	25,749	88,790	164,564
Total		3,287,157	6,212,709	20,986	87,121	315,588	373,548	3,623,731	6,673,378
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading	-	-	-	-	-	-	-	-
	Financial liabilities designated at fair value through profit or loss	-	-	71,209	72,510	-	-	71,209	72,510
Total		-	-	71,209	72,510	-	-	71,209	72,510

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

In Euro thousands

Changes in financial assets and liabilities by level 3

	Financial assets			Financial liabilities at fair value through profit or loss	
	AFS financial assets	Financial assets at fair value through profit or loss			
		Financial assets held for trading	Financial assets designated at fair value through profit or loss	Financial liabilities held for trading	Financial liabilities designated at fair value through profit or loss
Beginning balance	347,799		25,749		
Purchases/Issues	3,036		1,031		
Sales/Repurchases	-4,757		-1,632		
Reimbursements	-19,964		0		
Gains or losses recorded through profit or loss	-4,706		-38		
Gains or losses of items of the comprehensive income statement	-2,772		0		
Transfers to level 3	0		0		
Transfers to other levels	0		0		
Other changes	-15,416		-12,742		
Closing balance	303,220	0	12,368	0	0

Declaration of the Executive Responsible

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

the undersigned Massimo Dalfelli, as Executive Responsible for the preparation of the financial statements 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 as at 30 September 2013 corresponds to the underlying accounting documents, records and accounting entries.

Bologna, 13 November 2013

*The Executive in charge of the
preparation of corporate accounting
documents*

Mr. Massimo DALFELLI

