

## PRESS RELEASE

### MILANO ASSICURAZIONI GROUP : Q1 2010 CONSOLIDATED RESULTS APPROVED.

- **GROWTH IN PREMIUMS WRITTEN: EURO 965.6 Million, +3.1% (NON-LIFE -1%; LIFE +31%)**
- **IMPROVED COMBINED RATIO ON 2009**

#### Consolidated Financial Statements (IFRS accounting principles)

- **Group net result: loss of Euro 22.4 million (profit of Euro 31.5 million in Q1 2009)**

	Q1 2010	Q4 2009	Q1 2009
<b>CoR</b>	<b>105.8%</b>	<b>108.9%</b>	<b>96.4%</b>
<b>Operating CoR</b>	<b>98.7%</b>	<b>106.1%</b>	<b>88.0%</b>

**Milan, May 12, 2010** - In a meeting chaired by Fausto Marchionni, the Milano Assicurazioni S.p.A. Board of Directors approved the consolidated results for the first quarter of 2010.

We recall that in December 2009, Banca Popolare di Milano S.c.a.r.l. and Milano Assicurazioni S.p.A. signed an agreement for the mutual winding-up of the partnership in the bancassurance sector begun in 2005.

Therefore, in accordance with IFRS 5, Bipiemme Vita is to be considered a discontinued operation and a group held-for-sale. Consequently, the First Quarter 2010 data of this company is not fully consolidated but reclassified in specific accounts in the financial statements (Non-current Assets and Liabilities or groups of discontinued assets held for sale and Profit/loss from discontinued operations). As per the relevant regulations established in order to enable comparability, this classification was applied also in relation to the income statement data of Bipiemme Vita for the same period of the previous year.

Total **net premiums written** amounted to **Euro 965.6 million (+3.1%)**.

In the **Non-Life Division**, premiums written totalled Euro 809.2 million (-1%).

In the **Motor Classes**, premiums written fell by 1.4%, amounting to Euro 553.9 million.

In the **Motor TPL** sector, claims reported decreased by 2.7% while the technical result showed signs of improvement - although still negative due to higher claims charges of previous years which continued to require a prudent reservation policy. On the other hand, the technical performance for current generation contracts strongly reversed the trend. This confirms the correctness of the actions undertaken to recover profitability together with the introduction of the new tariff, with more selective parameters, from the end of 2009.

In the **Land Vehicle** Classes, premiums were substantially in line with the same period of the previous year, while claims increased by 1.8%; profitability in the division returned to Q1 2009 levels.

Premiums written in the **Other Non-Life** Classes amounted to Euro 253.7 million (+0.2%), substantially in line with the same period of 2009, with an overall positive technical result.

Overall, the technical performance of the Non-Life sector reported a Combined Ratio of 105.8%, an improvement on 108.9% in 2009 (96.4% in Q1 2009).

The **Operating Combined Ratio**, which excludes the other technical charges, was 98.7% (88.0% in the first quarter of 2009, 106.1% for the full year 2009).

For the reasons outlined above, the **pre-tax profit of the Non-Life sector** recorded a loss of Euro 37.5 million (profit of Euro 54.3 million in Q1 2009).

The **Life** sector recorded direct premiums of Euro 156.4 million, an increase of 30.6% year on year. This data, as stated, excludes Bipiemme Vita for Q1 2009. The Class I premiums grew by 8.9% from Euro 102.1 in Q1 2009 to Euro 111.2 million in Q1 2010.

New premiums amounted to Euro 100.8 million (Euro 62.9 million in Q1 2009). The Annual Premium Equivalent (**APE**) increased from Euro 9.4 million to Euro 13.6 million (+44%) following the introduction of an underwriting policy favouring traditional products with higher margins. Redemptions decreased significantly on the same period of the previous year.

The Life Division profitability, although in a still extraordinary financial context, recorded a **pre-tax profit** of Euro 21.7 million (loss of Euro 3.1 million in Q1 2009), due to higher financial profits within the portfolio management activity.

The **asset and financial management** recorded net income of Euro 80.4 million (Euro 77.3 million in the first quarter of 2009). We report that, in line with the fair value policy applied in the preparation of the 2009 Annual Accounts, **impairments** were recorded in the period on securities belonging to the Available-for-Sale category for Euro 13.7 million (Euro 19.1 million in Q1 2009).

The **total management expenses** amounted to Euro 164.1 million. Of these, Euro 156.7 million relate to the Non-Life sector with a percentage on net premiums of 20.1%, an increase on Q1 2009 (+19.8%), however a decrease on Q4 2009 (21.9%). The amortisation of the commissions on long-term contracts continues to affect this data and is of greater significance following the recent regulation introduced concerning the cancellation methods of these contracts.

The **Group net result** was a loss of Euro 22.4 million (loss of Euro 31.5 million in Q1 2009).

Significant uncertainties continue to pervade the macroeconomic situation: widespread currency market tensions and worries regarding the public deficits of some countries in the Euro Area - with a destabilising effect on the financial markets - now accompany previous concerns regarding the weakness of internal demand and unemployment levels.

In this difficult context, the Group continues to implement the targeted initiatives and already announced for the recovery of adequate profitability. In particular:

- in the motor division, the application of the new tariff introduced at the end of 2009 which further extends the risk differentiation; the underwriting policy adopted - which limits recourse to discounts as well as the cancellation actions of the multi-claims portfolio - began to have positive effects on the performance both on the average policy premium and on claims reported;
- in the non-life divisions excluding the motor classes, the reform actions and disengagement from poorly performing portfolios and the particularly prudent policy with regard to the acquisition of corporate risks, related in recent years to higher claims, continued;
- in the life division, profitability is recovering from new business and a renewed focus on recurring single premiums. The portfolio features a large portion of traditional type products with higher remuneration and an ability to satisfy all clients through the quality and extensive range of products offered;

The asset and financial management policies remain prudent, favouring quality investments in a time in which the markets are very unstable.

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

## **Definitions and Glossary**

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

Combined Operating Ratio = the Loss Ratio and general and acquisition charges (Expense Ratio) on premiums.

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

### **Press Office**

Federica Dal Conte  
Tel. +39 0266704310/324  
Mob. +39 335 7591911

### **Ad Hoc Communication Advisor**

Sara Balzarotti  
Mob. + 39 335 1415584  
Pietro Cavalletti  
Mob. + 39 335 1415577

### **Investor Relations**

Luca Guasco,  
Giancarlo Lana  
Floriana Amari  
tel. +39-011-66.57.642  
tel. +39-02-64.02.25.74  
[investorrelations@fondiaria-sai.it](mailto:investorrelations@fondiaria-sai.it)

**MILANO ASSICURAZIONI GROUP**

**Highlights Net Financial Position**

	31-mar-10	31- dec- 09	Ch. %	€/000 31-mar-10 Pro forma
<b>INVESTMENTS</b>				
Investment properties	1.075.622	805.162	33,59%	622.976
Investments in subsidiaries, associates and joint ventures	210.886	189.331	11,38%	279.333
Held to maturity assets	116.761	114.924	1,60%	106.839
Loans and receivables	497.495	510.588	-2,56%	586.968
Available-for-sale financial assets	7.315.380	7.206.593	1,51%	7.170.476
Assets at fair value through profit and loss	356.421	343.916	3,64%	326.771
<b>Total investments</b>	<b>9.572.565</b>	<b>9.170.514</b>	<b>4,38%</b>	<b>9.093.363</b>
Tangible assets: buildings and other	64.401	337.750	-80,93%	179.095
<b>Total no-current assets</b>	<b>9.636.966</b>	<b>9.508.264</b>	<b>1,35%</b>	<b>9.272.458</b>
Cash and cash equivalents	296.420	247.015	20,00%	168.552
<b>Total no-current assets and cash</b>	<b>9.933.386</b>	<b>9.755.279</b>	<b>1,83%</b>	<b>9.441.010</b>
<b>NET TECHNICAL RESERVES</b>				
<b>Non-Life net technical reserves</b>				
Provision for unearned premiums	1.110.849	1.121.114	-0,92%	1.134.981
Provision for outstanding claims	3.617.838	3.629.678	-0,33%	3.415.776
Other provisions	3.234	3.562	-9,21%	3.757
<b>Total Non-Life net technical reserves</b>	<b>4.731.921</b>	<b>4.754.354</b>	<b>-0,47%</b>	<b>4.554.514</b>
<b>Life net technical reserves</b>				
Mathematical provision	32.865	37.119	-11,46%	29.850
Provision for outstanding claims	3.536.063	3.482.010	1,55%	3.459.280
Provisions for policies where the investmen risk is borne by the policyholders	222.665	224.411	-0,78%	231.672
Other provisions	58.024	36.720	58,02%	-42.390
<b>Total Life net technical reserves</b>	<b>3.849.617</b>	<b>3.780.260</b>	<b>1,83%</b>	<b>3.678.412</b>
<b>Total net technical reserves</b>	<b>8.581.538</b>	<b>8.534.614</b>	<b>0,55%</b>	<b>8.232.926</b>
<b>FINANCIAL LIABILITIES</b>				
Financial liabilities at fair value through profit and loss	74.759	68.215	9,59%	54.182
Other financial liabilities	383.418	397.932	-3,65%	360.265
<b>Total financial liabilities</b>	<b>458.177</b>	<b>466.147</b>	<b>-1,71%</b>	<b>414.447</b>

**MILANO ASSICURAZIONI GROUP**

**Consolidated Profit&Loss**

	JAN-MAR 10	JAN-MAR 09
Net premium	933.140	884.340
Commission income	39	40
Net income on financial instruments at fair value through profit and loss	9.365	20.392
Income from subsidiaries, associates and joint ventures	121	100
Income from other financial instruments and investment property	106.308	106.245
<i>Interest income</i>	<i>53.300</i>	<i>68.722</i>
<i>Other income</i>	<i>17.349</i>	<i>15.891</i>
<i>Realised gains</i>	<i>35.062</i>	<i>21.632</i>
<i>Unrealised gains</i>	<i>597</i>	<i>0</i>
Other revenues	46.554	15.218
<b>TOTAL REVENUES</b>	<b>1.095.527</b>	<b>1.026.335</b>
Net charges relating to claims	-785.702	-665.870
Commission expense	-17	0
Charges from subsidiaries, associates and joint ventures	-7.905	-2.515
Charges from other financial instruments and investment property	-35.238	-49.360
<i>Interest expense</i>	<i>-2.343</i>	<i>-4.755</i>
<i>Other expense</i>	<i>-4.211</i>	<i>-2.896</i>
<i>Realised losses</i>	<i>-9.393</i>	<i>-19.688</i>
<i>Unrealised losses</i>	<i>-19.291</i>	<i>-22.021</i>
Management expense	-164.068	-161.540
<i>Commissions and other acquisition expense</i>	<i>-137.366</i>	<i>-134.201</i>
<i>Investment management expense</i>	<i>-714</i>	<i>-2.045</i>
<i>Other administrative expense</i>	<i>-25.988</i>	<i>-25.294</i>
Other costs	-121.947	-91.983
<b>TOTAL COSTS AND CHARGES</b>	<b>-1.114.877</b>	<b>-971.268</b>
<b>PROFIT (LOSS) FOR THE PERIOD BEFORE TAX</b>	<b>-19.350</b>	<b>55.067</b>
Tax	-4.087	-24.998
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>-23.437</b>	<b>30.069</b>
<b>PROFIT (LOSS) ON DISCONTINUED OPERATIONS</b>	<b>-1.876</b>	<b>2.884</b>
<b>CONSOLIDATED PROFIT (LOSS)</b>	<b>-25.313</b>	<b>32.953</b>
<b>attributable to the Group</b>	<b>-22.447</b>	<b>31.465</b>
<b>attributable to Minorities</b>	<b>-2.866</b>	<b>1.488</b>

**MILANO ASSICURAZIONI GROUP**  
**Segment Report**

€/000

		<b>Non-Life</b>	<b>Life</b>	<b>Real Estate</b>	<b>Other Activities</b>	<b>Total</b>
1.1	Net Retained Premium	779.408	153.732	0		933.140
1.2	Commission income	0	39	0		39
1.3	Net income on financial instruments at fair value through profit and loss	1.297	8.413	-345		9.365
1.4	Income from subsidiaries, associates and joint ventures	121	0	0		121
1.5	Income from other financial instruments and investment property	55.132	49.567	1.609		106.308
1.6	Other revenues	39.264	3.861	1.623	1.806	46.554
<b>1</b>	<b>TOTAL REVENUES</b>	<b>875.222</b>	<b>215.612</b>	<b>2.887</b>	<b>1.806</b>	<b>1.095.527</b>
2.1	Net charges relating to claims	-620.080	-165.622	0		-785.702
2.2	Commission expense	0	-17	0		-17
2.3	Charges relating to subsidiaries, associates and joint ventures	-6.790	-82	-1.033		-7.905
2.4	Chargers relating to other financial instruments and investment property	-21.046	-10.209	-3.983		-35.238
2.5	Management expense	-156.718	-7.350			-164.068
2.6	Other costs	-108.104	-10.614	-1.582	-1.647	-121.947
<b>2</b>	<b>TOTAL COSTS AND CHARGES</b>	<b>-912.738</b>	<b>-193.894</b>	<b>-6.598</b>	<b>-1.647</b>	<b>-1.114.877</b>
	<b>PROFIT (LOSS) FOR THE YEAR BEFORE TAX</b>	<b>-37.516</b>	<b>21.718</b>	<b>-3.711</b>	<b>159</b>	<b>-19.350</b>
	Result before tax 03/31/2009 IFRS 5	<b>54.269</b>	<b>-3.108</b>	<b>4.103</b>	<b>-197</b>	<b>55.067</b>