2012 Annual Report

MILANO ASSICURAZIONI S.p.A.
Sede Legale e Direzione
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Capitale sociale € 373.682.600,42 int. vers. - Numero di iscrizione al Registro delle Imprese di Milano, Codice Fiscale e Partita I.V.A. 00957670151 - Impresa autorizzata all'esercizio delle assicurazioni (art. 65 R.D.L. 29-4-1923 n. 966) Iscritta alla Sez. I dell'Albo Imprese presso l'Isvap al n. 1.00010 - Società soggetta all'attività di direzione e coordinamento di Unipol Gruppo Finanziario S.p.A. e facente parte del Gruppo Assicurativo Unipol iscritto all'Albo dei gruppi assicurativi al n. 046

5 YEAR OVERVIEW - PARENT COMPANY

(Euro thousands)

	2008	%	2009	%	2010	%	2011	%	2012	%
TOTAL PREMIUMS										
MOTOR CLASSES	1,987,705	57.65	1,920,593	58.14	1,923,286	57.90	1,880,617	60.95	1,708,706	59.84
OTHER NON-LIFE	905,147	26.25	901,337	27.28	885,898	26.67	817,117	26.48	779,764	27.31
LIFE INSURANCE	555,079	16.10	481,597	14.58	512,070	15.42	387,802	12.57	366,948	12.85
TOTAL	**3,447,931**	**100.00**	**3,303,527**	**100.00**	**3,321,254**	**100.00**	**3,085,536**	**100.00**	**2,855,418**	**100.00**
CLAIMS PAID ***and related charges***	**3,439,871**		**2,847,460**		**2,970,665**		**2,853,391**		**2,798,900**	
INSURANCE CONTRACT LIABILITIES										
UNEARNED PREMIUMS	1,090,903		1,087,097		1,088,057		1,045,040		954,017	
CLAIMS PROVISION	3,551,218		3,677,225		3,768,586		4,070,807		4,061,086	
OTHER TECHNICAL PROVISIONS	13,257		14,267		15,588		16,750		17,881	
LIFE TECHNICAL PROVISIONS	3,822,212		3,836,609		3,846,557		3,594,732		3,310,109	
TOTAL	**8,477,590**		**8,615,198**		**8,718,788**		**8,727,329**		**8,343,093**	
PROVISIONS/PREMIUMS	**245.87%**		**260.79%**		**262.51%**		**282.85%**		**292.18%**	
SHAREHOLDERS' EQUITY										
SHARE CAPITAL AND RESERVES	2,029,168		1,963,734		1,923,941		1,761,020		977,711	
NET PROFIT/(LOSS)	15,389		13,331		-512,679		-783,309		-82,922	
TOTAL	**2,044,557**		**1,977,065**		**1,411,262**		**977,711**		**894,789**	
INVESTMENTS										
PROPERTY	524,405	5.63	715,180	7.55	711,984	7.83	650,312	7.49	402,212	4.93
SECURITIES & TIME DEPOSITS	8,284,297	89.00	8,247,120	87.11	7,896,141	86.89	7,408,718	85.29	7,345,837	90.08
LOANS	61,211	0.66	43,341	0.46	27,535	0.30	23,935	0.28	21,676	0.27
DEPOSITS AT REINSURERS	2,651	0.03	2,222	0.02	2,488	0.03	2,078	0.02	1,869	0.02
DEPOSITS AT CREDIT INSTITUTIONS	158,379	1.70	176,007	1.86	209,463	2.30	411,204	4.73	233,587	2.86
CLASS D INVESTMENTS	277,725	2.98	283,349	2.99	239,949	2.64	189,802	2.19	149,668	1.84
TOTAL	**9,308,668**	**100.00**	**9,467,219**	**100.00**	**9,087,560**	**100.00**	**8,686,049**	**100.00**	**8,154,850**	**100.00**
EMPLOYEES	**1,709**		**1,677**		**1,597**		**1,501**		**1,483**	

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FINANCIAL STATEMENTS

BOARD OF DIRECTORS

Fabio **Cerchiai** *	*Chairman*
Pierluigi **Stefanini** *	*Vice Chairman*
Carlo **Cimbri** *	*Chief Executive Officer*
Carla **Angela**	
Silvia **Bocci**	
Gianluca **Brancadoro**	
Cristina **De Benetti**	
Franco **Ellena**	
Antonio **Rizzi**	
Roberto **GIAY**	*Secretary of the Board and the Executive Committee*

The Board of Directors was appointed by the Shareholders' Meeting of November 30, 2012 and will remain in office until the approval of the 2012 Annual Accounts.

The Board of Directors on December 4, 2012 appointed the corporate officers and elected the committee members for the duration of its mandate and therefore until the approval of the 2012 Annual Accounts as follows: Fabio Cerchiai, Chairman; Pierluigi Stefanini, Vice Chairman; Carlo Cimbri, Chief Executive Officer.
The Board of Directors also appointed, for the duration of its mandate and therefore until the approval of the 2012 Annual Accounts, an Executive Committee comprising 3 directors in the persons of the Chairman, the Vice Chairman and the Chief Executive Officer.

BOARD OF STATUTORY AUDITORS

Giuseppe **Angiolini**
Chairman

Antonino **D'Ambrosio**
Statutory Auditor

Giorgio **Loli**
Statutory Auditor

The Board of Statutory Auditors was appointed by the Shareholders' Meeting on July 10, 2012 and will remain in office until the approval of the 2012 Annual Accounts.

INDEPENDENT AUDIT FIRM

RECONTA ERNST & YOUNG S.P.A.

EXECUTIVE OFFICER RESPONSIBLE

for preparation of the company's financial statements

Massimo **Dalfelli**

CALL NOTICE OF THE SHAREHOLDERS´ MEETING

Those with the right to attend and vote are called to the Ordinary Shareholders’ Meeting scheduled for April 26, 2013 at 10.30 AM at the Centro Congressi Villa Cicogna, Via Palazzetti 1N, San Lazzaro di Savena (Bologna) in first call and, if necessary, in second call on April 29, 2013, at the same time and place to discuss and vote upon the following

Agenda

1. Approval of the Shareholders’ Meeting Regulation. Resolutions thereon.
2. 2012 Financial Statements; Directors’ Report; Board of Statutory Auditors’ Report and the Independent Auditors’ Report. Resolutions thereon.
3. Appointment of the Board of Directors and establishment of remuneration. Resolutions thereon.
4. Remuneration Report in accordance with Article 123-*ter* of the Consolidated Finance Act and Article 24 of ISVAP Regulation No. 39 of June 9, 2011. Resolutions thereon.
5. Approval of the financial instrument based remuneration plan as per Article 114 *bis* of the CFA. Resolutions thereon.
6. Purchase and utilisation of treasury shares. Resolutions thereon.

Attendance and representation at the Shareholders’ Meeting
In accordance with Article 9 of the By-Laws, those who, based on the communication sent to the company from a properly appointed “intermediary” in accordance with the applicable regulation and in accordance with the accounting records by the end of the 7th trading day (so-called “record date”) before the date fixed for the Shareholders’ Meeting in first call (therefore April 17, 2013), have the right to attend and vote at the Shareholders’ Meeting.
Debits and credits to the relevant accounts subsequent to this date do not affect the right to vote at the Shareholders' Meeting.
The communication of the intermediary must be received by the Company by the end of the third trading day before the date fixed for the Shareholders’ Meeting in first call (therefore, by April 23, 2013). The right to attend and vote at the Shareholders’ Meeting remains valid if the communication is sent to the Company outside the above-stated time period, although by the beginning of the Shareholders’ Meeting.
It is recalled that holders of Milano Assicurazioni S.p.A. shares, not within the Monte Titoli S.p.A. system, that exercise the rights relating to these securities may exclusively delivery these certificates to an intermediary for the input into the management system.
Those with such right may be represented at the Shareholders’ Meeting through written proxy or conferred by an electronically signed and communicated document in accordance with the legal provisions, through utilising the proxy form available on the company website www.milass.it.

Proxy may be notified to the Company through sending a registered letter to the Shareholders’ Office of the Company at the following address:
Milano Assicurazioni S.p.A.
Att.ne Ufficio Soci
Via Lorenzo il Magnifico, 1
50129 FLORENCE,

or through electronic notification to the certified email address socimilass@legalmail.it.
Proxy may be conferred, with voting instructions on some or all proposals, to Servizio Titoli S.p.A., appointed by the Company in accordance with Article 135-*undecies* of Legs. Decree 58/98 (Consolidated Finance Act or the "CFA"), on condition that such is sent to the appointed company through courier, registered post or ordinary post to the residence of the appointed person in Turin, Via Nizza No. 262/73 or electronically to the e-mail address milanoassicurazioni@pecserviziotitoli.it by the end of the second trading day before the date fixed for the Shareholders' Meeting, also in subsequent call (i.e. by April 24, 2013 or, if held in second call, by April 25, 2013). Any proxy granted to Servizio Titoli is valid only for the proposals on which voting instructions are provided. Proxies and voting instructions are revocable in accordance with the terms above (or rather by April 24, 2013 or April 25, 2013). A proxy form is available on the Company website www.milass.it. Voting may not take place through correspondence or electronic means.

Questions on matters on the Agenda

Those with such a right may submit questions concerning matters on the Agenda before the Shareholders' Meeting, however by April 23, 2013, through registered letter to the Shareholders' Office of the Company, at the address stated above, or through certified email to the e-mail address socimilass@legalmail.it, accompanied by the certification of the intermediary declaring share ownership; the certification is however not necessary in the case in which the communication of the intermediary necessary for attendance at the Shareholders' Meeting is sent.
For the questions sent before the Shareholders' Meeting, response will be given at the meeting itself, with the faculty of the Company to provide a single response to questions with similar content.

Right to request supplementation of the Agenda and present new proposals
In accordance with Article 126 *bis* of the CFA, Shareholders who represent, even jointly, at least one-fortieth of the share capital with voting rights may request, within ten days of the publication of the present notice, a supplementation to the matters on the Agenda, indicating in the request the further matters to be included on the Agenda, or present proposals on matters already on the Agenda. Questions may be submitted in writing through registered letter to the Shareholders' Office of the Company, at the address indicated above, or through certified e-mail to socimilass@legalmail.it, accompanied by a copy of a valid identification document and the certification of the intermediary declaring ownership of such shares; within the same time period and in the same manner a report on the proposed matters must be presented by the proposers. In relation to any supplementation to the matters on the agenda and any further proposals on existing matters that the Shareholders' Meeting must consider following the above-stated requests, notice is provided, in the same manner established for the publication of the call notice, at least fifteen days before the date fixed for the Shareholders' Meeting in first call. At the same time of publication, in the same manner established for the documentation relating to the Shareholders' Meeting, the report prepared by requesting Shareholders, accompanied by any evaluations of the Board of Directors, will be made available to the public.
Supplementation is not permitted for matters on which the Shareholders' Meeting will vote, in accordance with law, on proposals of the Directors or concerning projects or reports other than those prepared in accordance with Art.125 *ter*, paragraph 1, of the CFA.
In accordance with Article 126 *bis*, those with voting rights may individually present proposals to the Shareholders' Meeting.

Composition of the share capital
The share capital subscribed and paid-in of the Company, amounting to Euro 373,682,600.42, consists of 1,842,334,571 ordinary shares and 102,466,271 savings shares, all without nominal value.
At the current date the total number of shares with voting rights, excluding the treasury shares and those held by subsidiary companies, amounts to 1,835,569,711 ordinary shares.

Appointment of the Board of Directors (Agenda point No. 3)
For the appointment of the Board of Directors, making reference to the by-laws and the Directors' Report to the Shareholders' Meeting for anything not specified, those who qualify may present slates within the terms and conditions and the manner and limits established by Article 12 of the By-laws, in addition to Consob Resolution No. 18452 of January 30, 2013, which establishes the minimum percentage holding necessary for the presentation of slates. In relation to the slates for the appointment of the Board of Directors, the list of candidates must be filed at the registered office of the Company in Milan, Via Senigallia n. 18/2, No. 18 or sent through e-mail to the certified e-mail address socimilass@legalmail.it at least twenty-five days before the date fixed for the Shareholders' Meeting in first call (therefore by April 1, 2013), by shareholders which, alone or together with other shareholders presenting the slate, provide evidence of holding at least 2.5% of the share capital with voting rights at the ordinary Shareholders' Meeting.

The shareholders presenting a "minority slate" are governed also by Consob communication No. DEM/9017893 of February 26, 2009.

Finally, the Board of Directors will be elected in accordance with the gender equality regulation introduced by Law No. 120 of July 12, 2011, according to Article 12 of the By-laws.

Documentation relating to the Agenda

The documentation relating to the agenda is available in accordance with the provisions required by law and on the company website www.milass.it. Specifically, the following documents will be made available: (i) the Directors' Report on point 3 of the Agenda, at least 40 days before the date of the Shareholders' Meeting in first call, as per Article 125-*ter* of the CFA and Article 84-*ter* of the Issuers' Regulations; (ii) the Directors' Report and proposals on points 1, 2, 5 and 6 of the Agenda and the Remuneration Plan at point 5, at least 30 days before the date of the Shareholders' Meeting in first call, in accordance with Article 125-*ter* of the CFA and Articles 73 and 84-*ter* of the Issuers' Regulations; (iii) the Directors' Report on point 4 of the Agenda, together with the Directors' Report on point 5 of the Agenda and the relative documentation, considering the inter-related nature of the matters; (iii) the financial report and other documents pursuant to Article 154-*ter* of the CFA, at least 21 days before the date of the Shareholders' Meeting in first call.

Publication of the present notice

The present call notice is published, in accordance with Article 125-*bis* of the CFA and in accordance with Article 9 of the By-Laws, on the Company website www.milass.it, in the daily newspapers Il Sole 24 Ore, Corriere della Sera, Il Messaggero and MF and in the Official Gazette of the Italian Republic.

for the Board of Directors
The Chairman
(Fabio Cerchiai)

2012 DIRECTORS' REPORT

Financial highlights

Dear Shareholders,

In 2012, a loss of Euro 82.9 million was recorded (loss of Euro 783.3 million in 2011). The events which contributed to this result are summarised below:

- The **technical result in the Life sector** reported a profit of Euro 52.3 million compared to a loss of Euro 57.6 million in 2011. The improvement in the result is principally due to the increase in net investment income and, in particular, the increase in the value of Italian state securities, which resulted in the recovery of values compared to the significant losses recorded in 2011, when the spread between the Italian and German bonds reached over 500 basis points. The recovery in the Italian government bonds also had an impact in determining the expected returns on the segregated funds, resulting in a reduction in the relative additional provision and, consequently a positive effect on the technical account.
  In relation to the more purely insurance aspect, the premiums were affected by the current economic climate and report a decrease on the previous year. The portfolio remains characterised principally by traditional type products, whose technical composition is focused on - through the selection of demographic and financial parameters - the guarantee of a satisfactory 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 **technical account of the Non-Life Classes** reports a loss of Euro 61.7 million compared to the loss of Euro 373.3 million in 2011 and a combined ratio which decreased from 114.1% to 102.5%. The improvement derives principally from the **Motor TPL Class** which, while continuing to record losses due to the prior year claims provision with the need for the adoption of prudent reservation criteria, benefits from the actions taken to recover profitability and within a more favourable market. In particular, the claims reported decreased by 19%, the frequency decreased significantly, and the claims/premium ratio for the current year decreased to 63.2% compared to 72.2% in 2011.
  The **Land Vehicle Class** reports a positive underwriting performance and an improvement on 2011 following the greater impact of the initiatives implemented on the tariffs, on the procedures for the sale of the individual guarantees and on the underwriting risk, recently updated in light of market trends.

In the **Other Non-Life Classes** the technical balance of the General TPL Class remains negative, essentially due to the prior year claims provisions, and the Pecuniary Losses Class, impacted by the employment risk policies which, in the current economic climate, resulted in large scale job losses, with high levels of claims.

The earthquake which hit the Emilia Romagna region in May and June 2012 impacted the Fire Class, increasing the current year claims/premiums ratio. The cost of these claims was however largely recovered through reinsurance claims and the technical balance, at the level of retained business, was slightly negative.

Particularly good results were achieved however by the Accident, Legal Protection and Assistance classes.

The **financial and asset management** reports net income of Euro 152.5 million compared to net charges of Euro 394.2 million in 2011. The turnaround on the previous year principally relates to impairments on investments which were extremely high in 2011. In particular:

- investment income amounted to Euro 246.6 million, in line with Euro 245.4 million in the previous year;
- net impairments amounted to Euro 194.8 million (Euro 614.5 million in 2011) and principally relate to equity investments of Euro 120.2 million (of which Euro 114 million refer to subsidiaries or group companies), property for Euro 58.6 million (of which Euro 51.2 million relates to write-downs and Euro 7.5 million relates to depreciation) and property funds for Euro 48.8 million. Recovery of values recorded for Euro 32.8 million on bonds and other investments related, in particular, to the recovery in listed prices of government securities compared to the particularly depressed prices at the end of 2011;
- net income to be realised amounts to Euro 67.2 million (Euro 41.5 million in 2011), of which Euro 67.4 million relating to trading of bond securities, Euro 3.6 million relating to other financial investments, while losses were recorded on the sale of equity securities of Euro 3.8 million;
- investments relating to policies with risks borne by the policyholder recorded net income of Euro 15.9 million compared to net charges of Euro 1.1 million in 2011 due to the poor performance of the financial markets in the previous year;
- disposal of investments in the non-current segment generated net income of Euro 17.6 million. In particular, the disposal of bond securities realised gains of Euro 16.6 million, the disposal of property realised gains of Euro 9 million (of which Euro 6.8 million relating to the sale of the building at Piazza Santa Maria Beltrade, No. 1 at Milan), while the sale of equities and investment fund units recorded a loss of Euro 8 million.

It is recalled that the net extraordinary charges in 2011 of Euro 65.4 million was primarily due to the loss of Euro 70 million on the rights relating to the capital increase of the parent company Fondiaria-Sai which, pursuant to Article 2359-*quinquies* of the Civil Code, prohibits a company from subscribing to shares or units of the parent company, which were entirely sold on the market;

- the implementation of the cost containment policy resulted in a 4.2% decrease in **other administration expenses** to Euro 85.3 million (Euro 89.1 million in 2011);

- the **number of employees** at December 31, 2012 amounts to 1,483, a decrease of 18 compared to 2011, with 20 new hires and 38 departures. Personnel expenses amounted to Euro 114.2 million, compared to Euro 110.8 million in 2011. The increase of 3.1% principally derives from charges related to the renewal of the National Collective Bargaining Agreement.

The key figures in the 2012 income statement of Milano Assicurazioni compared to the previous year are shown below:

(in Euro thousands)

Financial Highlights	Year 2012	Year 2011
Result of life technical account	**52,329**	**-57,565**
Direct Business Non-Life Technical Balance:		
- Motor TPL	-34,647	-324,036
- Other Non-Life Classes	-33,018	-11,296
Total direct premiums	**-67,665**	**-335,332**
Outward reinsurance and indirect business	7,454	-36,437
Non-Life Technical Balance	**-60,211**	**-371,769**
Change in the equalisation provisions	-1,530	-1,507
Profit attributed to the non life technical account	-	-
Result of non-life technical account	**-61,741**	**-373,276**
Overall technical result	**-9,412**	**-430,841**
Investment income	246,569	245,350
Adjustments to investment values, net of write-backs	-194,768	-614,543
Net profit on sale of investments	67,223	41,453
Income/charges relating to investments with risk borne by policyholders	15,875	-1,089
Less: profits assigned to technical accounts	-150,502	-29,751
Quota of goodwill amortised	-11,386	-16,322
Other income, net of other charges	-51,495	-59,140
Result from ordinary activities	**-87,896**	**-864,883**
Gains/losses from sale of long-term investments	17,567	-65,379
Other extraordinary income and charges	-549	-9,428
Loss before taxes	**-70,878**	**-939,690**
Income taxes	-12,044	156,381
Net loss for the year	**-82,922**	**-783,309**

Insurance Business

Premiums and accessories

Premiums written in 2012 amounted to Euro 2,855.4 million, a decrease of 7.5% on the previous year. The direct premiums written – comprising almost the total portfolio - amounted to Euro 2,821.7 million (-7.4% on 2011), of which Euro 2,454.8 million in the Non-Life Insurance Sector (-7.7%) and Euro 366.9 million in the Life Insurance Sector (-5.4%).

The direct Motor premiums amount to Euro 1,680.3 million and decreased 9.2% while the Other Classes report a reduction of 4.2%, with premiums of Euro 774.5 million.

The contraction in premiums written in the **Motor TPL** Class (-8.7%) confirms the trend already reported in the Interim Reports and illustrates the continuation, even more decisively, of the reform of the multi-claim portfolio and the regulatory changes which have significantly impacted the bonus/malus system in its function to adjust premiums to contract risk, through applying the bonus/malus at family level and also applying malus only in the case of principal responsibility. The level of premiums is also impacted by the sharp drop in vehicle registrations which, in 2012, reported a decrease of 19.9% (-22.5% in December) confirming that the depressed economy has drastically hit the sector, also due to the continuing increase in related costs, such as fuel and toll charges.

For the **Land Vehicle** class, the contraction in premiums (-12.5% on 2011) was also principally due to the difficult economic environment, with a continual decline in new vehicle registrations and with the reduction in household disposable income making the insertion 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 were impacted by the restructuring of the corporate portfolio, particularly in relation to structurally weak sectors and also the difficulties in the retail sector which, although being the principle objective of the underwriting policy, was impacted by the current extensive crisis which reduces household disposable income for insurance coverage.
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.

Direct premiums written in the **Life Division** amounted to Euro 366.9 million, a decrease of 5.4% on 2011.

The level of premiums written reflects the difficult economic environment which, on the one hand, reduces household disposable income, weakening the demand for insurance products and making business generation more difficult in the Life sector and, on the other hand, creates liquidity problems within businesses with negative effects on the sale of capitalisation products. The level of premiums has certainly also been impacted by the various corporate issues involving the Fondiaria-Sai Group.
However, the performances can be considered encouraging, taking into account the overall domestic market, based on the latest data available, which registers a contraction in overall premiums of 6% compared to 2011 and 10% considering only the Class I premiums.

Indirect premiums amount to Euro 33.7 million, compared to Euro 38.7 million in 2011 and principally relate to premiums accepted from subsidiaries and group companies. The premiums accepted from companies outside the Group remain limited following the decision taken in the past to discontinue underwriting in the inward reinsurance market.

The details of premiums written by class compared to the previous year are shown in the table below.

Premiums and Accessories	**2012**	**2011**	**Change**	**Distribution %**	
	in Euro thousands			**2012**	**2011**
DIRECT PREMIUMS					
NON-LIFE INSURANCE SECTOR					
Accident	155,433	161,500	-3.76%	5.44	5.23
Health	42,400	50,583	-16.18%	1.48	1.64
Railway	20	0	0	0.00	0.00
Aviation	1,058	846	25.06%	0.04	0.03
Maritime	2,481	2,995	-17.16%	0.09	0.10
Goods in transit	3,187	3,342	-4.64%	0.11	0.11
Fire and natural elements	157,149	165,118	-4.83%	5.50	5.35
Property	147,710	149,210	-1.01%	5.17	4.84
Aviation TPL	651	848	-23.23%	0.02	0.03
Maritime TPL	3,710	3,766	-1.49%	0.13	0.12
General TPL	189,767	196,734	-3.54%	6.65	6.38
Credit	1	0	0	0.00	0.00
Bonds	25,817	31,195	-17.24%	0.90	1.01
General pecuniary losses	5,926	7,189	-17.57%	0.21	0.23
Legal protection	6,177	6,159	0.29%	0.22	0.20
Assistance	33,027	28,913	14.23%	1.16	0.94
Total Non-Life Sector – excluding the Motor Sector	**774,514**	**808,398**	**-4.19%**	**27.12**	**26.20**
Land Motor TPL	1,468,400	1,608,656	-8.72%	51.43	52.14
Land vehicles	211,865	242,097	-12.49%	7.42	7.85
Total Division – Motor	**1,680,265**	**1,850,753**	**-9.21%**	**58.85**	**59.98**
Total Non-Life Insurance Sector	**2,454,779**	**2,659,151**	**-7.69%**	**85.97**	**86.18**
LIFE INSURANCE SECTOR					
Whole and term life insurance	314,162	331,681	-5.28%	11.00	10.75
Unit linked/Index-linked policies	3,346	6,277	-46.69%	0.12	0.20
Health Insurance	88	98	-10.20%	0.00	0.00
Capitalisation insurance	45,102	45,206	-0.23%	1.58	1.47
Management of Pension Funds	4,223	4,415	-4.35%	0.15	0.14
Total Life Insurance Sector	**366,921**	**387,677**	**-5.35%**	**12.85**	**12.56**
Total Direct Business	**2,821,700**	**3,046,828**	**-7.39%**	**98.82**	**98.75**
INDIRECT PREMIUMS					
NON-LIFE INSURANCE SECTOR	33,691	38,583	-12.68%	1.18	1.25
LIFE INSURANCE SECTOR	27	125	-78.40%	0.00	0.00
Total indirect premiums	**33,718**	**38,708**	**-12.89%**	**1.18**	**1.25**
TOTAL	**2,855,418**	**3,085,536**	**-7.46%**	**100.00**	**100.00**

Technical results

Non-Life Sector

The technical account of the Non-Life Classes reports a loss of Euro 61.7 million compared to the loss of Euro 373.3 million in 2011 and a combined ratio which decreased from 114.1% to 102.5%. The improvement derives principally from the **Motor TPL** Class which, while continuing to record losses due to the prior year claims provision with the need for the adoption of prudent reservation criteria, benefits from the actions taken to recover profitability and within a more favourable market. In particular, the claims reported decreased by 19%, the frequency decreased significantly, and the claims/premium ratio for the current year decreased to 63.2% compared to 72.2% in 2011.

The details by class compared to the previous year are shown in the table below.

	2012	2011	Changes 2012 /2011
Accident	40.372	35.794	4.578
Health	-3.256	2.054	-5.310
Railway	10	0	10
Aviation	-1.061	7.151	-8.212
Maritime	1.689	150	1.539
Goods in transit	5	-334	339
Fire and natural elements	-10.059	22.044	-32.103
Property	-1.752	-10.074	8.322
Aviation TPL	1.756	1.566	190
Maritime TPL	-1.106	-427	-679
General TPL	-109.877	-126.295	16.418
Credit	85	-136	221
Bonds	-1.541	7.298	-8.839
Pecuniary losses	-7.218	-3.496	-3.722
Legal protection	2.575	4.295	-1.720
Assistance	12.144	9.994	2.150
Total Non-Life sector (ex. Motor Classes)	**-77.234**	**-50.416**	**-26.818**
Land Motor TPL	-34.647	-324.036	289.389
Land vehicles	44.215	39.121	5.094
Total Motor sector	**9.568**	**-284.915**	**294.483**
Total gross direct business	**-67.666**	**-335.331**	**267.665**
Change in equalisation provision	1.530	1.507	23
Business ceded	**8.532**	**-32.296**	**40.828**
Total direct business retained	**-59.134**	**-367.628**	**308.494**
Indirect business	**-1.077**	**-4.141**	**3.064**
Total retained direct and indirect business	**-61.741**	**-373.276**	**311.535**

Comments on the performance of the individual classes are reported below. The number of claims reported includes, for the quota of the year, also the claims on co-insurance policies.

Land Motor TPL

Premiums Euro 1,468.4 million (-8.7%)
Claims reported 241,438 (-19%)

The contraction in premiums written confirms the trend already reported in the Interim Reports and illustrates the continuation, even more decisively, of the reform of the multi-claims portfolio and the regulatory changes which have significantly impacted the bonus/malus system in its function to adjust premiums to contract risk, through applying the bonus/malus at family level and also applying malus only in the case of principal responsibility.

The level of premiums was also impacted by the sharp drop in vehicle registrations which, in 2012, reported a decrease of 19.9% (-22.5% in December) confirming that the depressed economy has drastically hit the sector, also due to the continuing increase in related costs, such as fuel and toll charges.

On the tariffs front, the tariff introduced in September 2011 had the effect of a slight decrease on premiums written in the first nine months of 2012 while the tariffs applied from March and June had a substantially neutral effect. In line with Group strategy, the tariffs introduced sought to recover profitability without neglecting the safeguarding of the portfolio, through a reduction in the tariff mutuality, based on the client risk, and taking into account also the recent regulatory changes and competitive dynamics. The actions undertaken aim to improve the quality of the portfolio and achieve a greater competitiveness of the guarantees offered throughout the country.

Throughout 2012 the revision of the technical-commercial policies relating to the fleet agreements continued, in order to reduce the level of the fleet portfolio and the discounts applied, redistributing at the same time the agency discounts based on more technical criteria.

Stronger focus is also being placed on the review of the technical and commercial policies relating to vehicle fleets, with efforts to boost profitability even if resulting in a reduction in the fleet portfolio.

In relation to the settlement of claims, more aggressive policies were introduced during the year with the aim of a quicker resolution of the prior year claims, both in relation to partial settlements and in relation to mortality claims.

Significant efforts have been taken to combat fraud through the anti-fraud department, now operating throughout the country. This structure, also supported by specific IT supports, identifies potentially false claims with regional investigative and settlement networks carrying out more in-depth investigations to ascertain the reality behind the events claimed.

The policies adopted and the improved market conditions had a positive effect on the underwriting performance of the class which, although remaining negative, reports a significant improvement on 2011. The loss on gross direct premiums decreased in fact from Euro 324.5 million in 2011 to Euro 35.8 million, in particular due to the current generation claims. In particular, the claims reported decreased by 19%, the frequency decreased significantly, and the claims/premium ratio for the current year decreased to 63.2% compared to 72.2% in 2011.
However, the overall performance of prior year claims continues to require the adoption of prudent reserve creation criteria and negatively impacted the class technical account.

Within the settlement process, we report in 2012 claims reported and accepted by our policyholders within the CARD OPERATOR system of 164,483, of which 134,045 were already fully settled. The settlement speed in the current year, net of the claims not accepted, was 81.6% (80.8% in 2011), while for prior year claims the amount was 70.2% (73.5% in 2011).

The reported claims accepted with follow up through the clearing house with CONSAP, in relation to the claims in which our policyholders were in full or in part responsible (CARD debtor) amounted to 151,748 - of which 117,028 gave rise to the full payment of the indemnity and 34,720 resulted in the recording of a provision.

Relating to the claims not within the CARD system (prevalently relating to claims with more than two vehicles involved or with bodily damage above 9%), the settlement speed in 2012 was 55.5% (56.1% in 2011), while prior year claims amounted to 47.7% (53.6% in 2011).

Overall, the claims for the current year amount to Euro 963.1 million, compared to Euro 1,175.8 million in 2011. The ratio of claims to premiums, as already stated, decreased to 63.2% from 72.2% recorded in 2011.
The claims for which our policyholders were civilly responsible (claims not included under direct indemnity and card debtor claims), still open at December 31, 2012 and the relative percentages on the claims reported are shown in the table below:

Generation	Claims Reported	Number of claims open	% on reported claims
2004 and prior	-	3,099	-
2004	454,165	1,125	0.25

2005	465,381	1,946	0.42
2006	464,359	3,107	0.67
2007	443,740	3,406	0.77
2008	397,493	5,860	1.47
2009	386,731	9,827	2.54
2010	360,890	13,182	3.65
2011	298,135	18,277	6.13
2012	241,438	51,748	21.43
Total		**111,575**	

(total number of other delegations and expressed as share of co-insurance)

Land vehicles

Premiums Euro 211.9 million (-12.5%)
Claims reported 85,676 (-20.9%)

The contraction in premiums written is due to the weakness of the automobile market, which again in 2012 recorded a significant drop in new registrations and the difficult economic environment which limits household disposable income with a consequent reduction in accessory guarantees to motor policies.
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.

The underwriting performance was positive and an improvement on 2011 following the greater impact of the initiatives implemented on the tariffs, on the procedures for the sale of the individual guarantees and on the underwriting risk, recently updated in light of market trends.

Other Non-Life Classes

Accident

Premiums Euro 155.4 million (-3.8%)
Claims reported 25,285 (-10.9%)

The contraction of premiums primarily relates to the corporate sector and is due to the restructuring of the portfolio through cancellation of contracts with negative performances.
The underwriting performance was positive and an improvement on 2011, with a claims/premiums ratio which decreased from 47.6% to 42.7% and a favourable impact from the settlement of prior year claims, improving the technical performance of the class.

Health

Premiums Euro 42.4 million (-16.2%)
Claims reported 32,154 (-26%)

The decrease is due to the restructuring actions undertaken on negatively performing portfolios and an extremely selective underwriting policy. The difficult economic environment, which reduces the disposable income of a part of the retail clientele, also impacted premiums written.
The technical performance was negative, in particular due to the prior year claims provision. The result was also impacted by the strengthening of the claims provisions.

Maritime

Premiums Euro 2.4 million (-17.16%)
Claims reported 167 (-23.00%)

Premiums principally relate to the pleasure boat sector and were acquired under a selective underwriting policy. Policies were substantially reserved for clients which have enjoyed a relationship with the company over a number of years. The contraction in premiums written reflects primarily the difficult economic environment and, in particular, the current environment in the pleasure boat sector in Italy after years of strong growth, which is undergoing a crisis deriving from a strong drop in production and a closure or downsizing of numerous boatyards. Therefore the crisis is expected to continue also in 2013.
The contraction in premiums was also impacted by:

- the reduction in the value of boats insured and the non-renewal of clients which have not utilised their boats or have sold them;
- the application of a more cautious and stringent underwriting policy compared to the past, also with clients already known to the company.

The underwriting performance improved on the previous year, due to the positive trend of claims reported and the average costs.

Goods in transit

Premiums Euro 3.1 million (-4.6%)
Claims reported 339 (-14.6%)

The drop in premiums is due to the unfavourable economic environment which resulted in a reduction in industrial production and weak commercial trade.
The effects on premium volumes derives, in addition to the closure or bankruptcy of commercial and transport companies, to the settlement and the renewal of contracts with companies which remain on the market but which have significantly reduced turnover. In addition, the containment policy of costs by some companies has led to a reduction in the premiums in order to maintain contracts with positive underwriting performances.

The claims/premiums ratio in the current year is in line with 2011. Claims reported reduced in terms of total numbers but with an increase in the average cost, particularly due to a number of claims of over Euro 50 thousand.
The overall technical result was impacted by the prior year claims performance, also due to the updates made based on information from delegatees on co-insurance claims.

Fire and natural elements

Premiums Euro 157.1 million (-4.8%)
Claims reported 25,413 (1.1%)

The class was also impacted by claims from the earthquake in the Emilia Romagna region in May and June 2012. The charge deriving from these claims was however eased through the earthquake premium provision, utilised within the terms of ISVAP Regulation No. 16, and was also largely recovered through reinsurance with specific claim excess coverage. The technical balance of the class remains negative, also at conserved risk level, due to the snow event in the Adriatic area in February 2012 which resulted in a significant increase in claims for snow-related guarantees in the Retail and Corporate sectors.
Following the earthquake in the Emilia Romagna region, more restrictive underwriting policies were implemented, with particular reference to the risks relating to public bodies, while awaiting the introduction of a new product for the coverage of catastrophic risks.

Property

Premiums Euro 147.7 million (-1%)
Claims reported 58,797 (-0.2%)

The technical balance of the class remains negative although significantly improving on the previous year due to an improved current year claims/premiums ratio and a positive impact from the settlement of prior year claims, already recorded to provisions.
The **Hailstorms Class**, although experiencing particularly severe atmospheric events, again in 2012 recorded a positive technical result, with a claims/premiums ratio of 52%, improving on the previous year.
However the premiums written report a decrease of 24% due to the increased offer of multi-class products by the principal competitors and the average tariff reduction of the basic hailstorm guarantee, equal to 9%, due to the good technical performance recorded by the market in the 2011 Campaign.

General TPL Class

Premiums Euro 189.7 million (-3.5%)
Claims reported 34,947 (-18.2%)

The Class reported an underwriting loss, essentially due to the poor performance of prior generation claims concerning delegated co-insurance policies and public body subscriptions - a sector with a negative structural performance.
For the reform of the portfolio discontinuation of contracts were undertaken for the most critical areas in order to recover profitability. In particular, we report that from July 2012 there are no longer public health contracts in portfolio and that during the year a specific review was undertaken of the contracts in the private health care sector, analytically evaluating, case by case, the most appropriate actions to undertake. Further reform actions related to construction businesses and corporate segments with unsatisfactory performances. The actions undertaken also impacted the premiums written, which decreased on 2011.

The drawing up of the new product for Construction TPL risks was completed, which may be utilised for further reform activities of the existing portfolio and which should improve the profitability of new underwriting risks.

Through the new department set up in 2011 the activities aimed at greater control on the recovery process of the excess from public entities continues, with the expectation of a significant economic return.

Bonds Class
Premiums Euro 25.8 million (-17.2%)
Claims reported 511 (-15.4%)

The economic situation in Italy is extremely critical. After months of forecasting economic recovery, it was finally accepted that no recovery would be seen before 2014 and which in any case will be slow and gradual.
The constant decrease in the capacity of the Banking Institutions to provide credit to Businesses and the chronic delay of the Public Administration in honouring its debts to Businesses have contributed to the lack of liquidity and in many cases have been the cause of default of businesses. In particular, the construction sector which already in 2011 recorded an increase of 25.3% in bankruptcies, in the first six months of 2012 reports a further increase of 4.8%.
In addition, investments in the construction sector incurred a further reduction of 7.4%, with a total drop of 29% since 2006.
Within this economic climate, the Company considered it necessary, although within an already strict traditional policy concerning the underwriting of the Bond risk, to adopt even greater prudency in the selection of the type of risk, also in relation to a more extensive consideration of the financial/equity situation of the companies. The continued policy to increase rates partially eased, in terms of premiums written, the substantial decrease in the subscription of new policies. The contraction in premiums written was 17.2%.
In relation to profitability, which represents the principal objective, there was a small decrease in the Claims/Premiums ratio of the current year (67.6%), a decrease in the frequency (-16.5%) and a reduction in the amounts paid on serious claims (-23.7%).
The overall claims/premiums ratio deteriorated (73.8%), due to the increase in compensation concerning previous years. Sums recovered however remained at strong levels (Euro 3.5 million).

For the year 2013, due to the continuing crisis in the construction sector, a further contraction in premiums and an increase in confiscations are expected.

General pecuniary losses
Premiums Euro 5.9 million (-17.6%)
Claims reported 1,151 (-10.1%)

The performance of the class was impacted by the risk portfolio underwritten by the network of the Sasa division in previous years which, in a still difficult economic environment with significant repercussions for the workplace, reports a negative technical balance and deteriorating on 2011. The trend in late claims reported has also resulted in the necessity to strengthen the provision for these types of claims.

Against this situation, after the closing of contracts with various non-profitable financial companies in 2010, from December 2011 the underwriting of these risks completely terminated.

Legal protection

Premiums Euro 6.1 million (-0.3%)
Claims reported 495 (-5%)

The volumes of premiums written is substantially in line with the previous year and the underwriting performance remains largely positive - although on lower volumes compared to 2011 - principally due to a more favourable trend in prior year claims, already recorded to provisions.

Assistance

Premiums Euro 33.0 million (14.2%)
Claims reported 53,091 (4%)

The premiums written principally refers to guarantees inserted in the motor, health, injury, fire and other property damage contracts, in order to provide a more complete insurance cover and of greater interest to the customer. The technical balance continues to be very satisfactory, with a combined ratio of approx. 62%, substantially in line with that recorded in the previous year.

Technical business ceded and reinsurance policy

The premiums ceded in the Non-Life sector amount to Euro 88.4 million compared to Euro 93.6 million in 2011. The percentage on direct premiums did not alter significantly (3.5% in 2011 and 3.6% in 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.

The non-proportional programmes are also utilised to protect the Fire, Motor TPL, General TPL, Theft and Injury classes.
For 2012, as for the previous years, all the reinsurance contracts 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.
For 2013 however, the reinsurance coverage of the Motor TPL, Maritime TPL, Fire, Land Vehicles and Technological Risks (limited to the protection by event) was underwritten with the group company Unipol Assicurazioni, which subsequently transferred these underwriting risks on the international market.
The only exceptions to the reinsurance described above relates to the coverage for Aviation and General TPL (limited only to Pollution TPL policies), all directly placed on the reinsurance market.
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 a proportional coverage.
Finally we report, in relation to the earthquake in the Emilia Romagna region in May and June 2012, the reinsurance protection resulted in the recovery of Euro 13.1 million, net of the amounts due for premium supplementation, against claims totaling Euro 20.7 million on direct premiums.

Indirect business

Indirect premiums amount to Euro 33.7 million, compared to Euro 38.6 million in 2011 and principally relate to premiums accepted from subsidiaries. The premiums accepted by other companies remain limited following the decision taken in the past to terminate the underwriting in the inward reinsurance market.
The account includes the technical data for the year 2012 relating to the optional business and the contracts accepted from companies of the Group and those for the year 2011 for the other business in that the data relating to the year 2012, partially preliminary, was suspended in the transitory accounts of the balance sheet.
The overall technical balance, net of reinsurance, improved on 2011, although reporting a loss of Euro 1.1 million, principally due to the negative trend of Motor TPL proportional agreements with the subsidiary Dialogo Assicurazioni.

New products launched on the market

Retail sector

In relation to the Motor sector the following commercial actions in the period are reported:

- from March 1 the new tariff was introduced, which aims to acquire client loyalty and specific market segments through the introduction of new tariff factors and the review of some existing parameters, with a consequent greater competitiveness in certain regions and in certain market segments, while maintaining stringent technical parameters;

- from April 1, two new packages, named Flat and Flat+, were introduced, offering Fire/Theft cover for cars for up to Euro 70,000 of insured capital. The offer provides an innovative tariff with pre-determined premiums, broken down by amount of insured capital, vehicle age and region/province.
  The Flat+ package differs from the Flat in that it combines Fire/Theft cover with additional Compact pecuniary loss cover and Legal Expenses. The offer is designed to attract new customers and to build a more solid, profitable relationship with existing customers who:
  - have only motor TPL cover
  - have cancelled their Fire/Theft cover in recent years
  - own a mid/low-value car
  - intend to change vehicles and take out a new policy;

- in September and December two further tariff changes were made in order to foster current client loyalty and to improve the quality of business through a more accurate establishment of the individual risk profile, together with a closer targeting of profitable sectors. From December all premium differentiation based on “gender” was removed in accordance with the Judgment of the European Court of Justice of March 1, 2011.

Finally we highlight that, in compliance with Legislative Decree No. 179/2012, as enacted into Law 221/2012, the new Motor TPL policies have a maximum annual duration, thereafter part of a year – without tacit renewal. For policies in portfolio maturing from January 1, 2013 the discontinuation of the tacit renewal clause was communicated to clients (together with the sending of the risk declaration), with confirmation however of the extended application of guarantees for 15 days subsequent to conclusion of the contract; this extension was announced also to holders of *ab origine* policies without tacit renewal. This informational activity will continue also in 2013.

In the Other Non-Life classes the following new products were launched:

- *Difesa Più Fabbricati*, offering insurance for properties leased to third parties for commercial and/or industrial use against risks relating to “fire and other material damage” and “third-party liability”;

- *Difesa per RC Vita Privata*, which covers third-party liability for events pertaining to personal life, family life and relationships. It is a pre-packaged offer with an extremely low fixed premium, aimed at individuals who are interested in entry-level insurance cover and are not looking to spend large amounts;

- *Difesa per Grandi Infortuni*, which covers cases of Death and Permanent Disability of over 15%, and is aimed at customers who currently have no accident cover and low disposable income. The policy offers a high level of cover (Euro 200,000 of insured capital for Permanent Disability) for serious accidents that could threaten the policyholder's earning capacity.

- *Difesa Più Impresa Fino a tre* which, based on 6 Guarantee pillars (Fire and Property, Theft and Robbery, Electronic and Electric Accidents, Third Party Liability, Legal Protection and Assistance) provides trades people and businesses which employ up to three persons coverage, including all necessary guarantees to protect the business and with the option of adding further guarantees.

- *Difesa più Professioni Liberali/Tecniche/Sanitarie*, three products, launched from September 1, dedicated to third party liability coverage in the professional sector. In addition to professional TPL guarantees, coverage is also provided for employer TPL coverage (coverage of professionals following accidents reported by their employers), Legal Protection and Assistance.

In the fourth quarter of the year the product *Difesa Più Casa One* was renamed *Difesa Più Casa*, which also involved the following changes:
- FQI addition (Fire Excess), developed to offer further product modularity, offering more competitive premiums in the fire class;
- Earthquake additions, developed to redefine the position of the Company, based on the increasing market demand for earthquake coverage.

In December, the new version of the *Difesa Più Infortuni* product was launched which, among other amendments, removes any premium differentiation based on "gender" and clauses concerning the non-provision of insurance to persons with mental illnesses.

The Group also continued to scale back its product catalogue and monitor technically critical areas, introducing important restructuring initiatives on portfolios with obsolete products. We particularly highlight:
- Overhaul of home insurance policies in 2012: the Group is continuing 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 product, which is currently on the market;
- Overhaul of Accident insurance policies in 2012: the Group is continuing to restructure the older policies in its portfolio, which involve regulatory/tariff conditions that are no longer in line with current practice; the transfer of risks were altered on the *Difesa Più Infortuni*

product by offering special discounts and dedicated supplements were created to update its old, no-excess policies;

- *Professionisti 2012* withdrawal: the obsolete professional TPL portfolio is being withdrawn (policies taken out prior to January 2005) through writing to customers advising them that their policies will not be renewed upon maturity;
- *"Big Game Infortuni"* operations: this policy offers accident cover to customers with high disposable income and covers aspects not considered by social security entities and public welfare agencies.

Corporate sector

The new RCT/RCO product for construction companies was launched in 2012, which involves a tariff increase, taking into account the difficulties in this sector. At the same time a specific action was taken to restructure the portfolio with negative performances.
The reform actions of products with structurally poor performances continue, focusing on agencies more involved in corporate risk segments.

In September the withdrawal of healthcare coverage to public bodies was completed.

Life Sector

The **technical result in the Life insurance sector** reported a profit of Euro 52.3 million compared to a loss of Euro 57.6 million in 2011. The improvement in the result is principally due to the increase in net investment income and, in particular, the increase in the value of Italian state securities, which resulted in the recovery of values compared to the significant losses recorded in 2011, when the spread between the Italian and German bonds reached over 500 basis points. The recovery in the Italian government bonds also had an impact in determining the expected returns on the segregated funds, resulting in a reduction in the relative additional provision and, consequently a positive effect on the technical account.

In relation to the more strictly insurance aspect, the portfolio largely consists of more traditional type policies, with high insurance content. However, 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 level of premiums written reflects therefore the difficult economic environment which, on the one hand, reduces household disposable income, weakening the demand for insurance products and making business generation more difficult in the Life sector and, on the other hand, creates liquidity problems within businesses with negative effects on the sale of capitalisation products. The level of premiums has certainly also been impacted by the various corporate issues involving the Fondiaria-Sai Group.

However, the performances can be considered encouraging, taking into account the overall domestic market, based on the latest data available, which registers a contraction in overall premiums of 6% compared to 2011 and 10% considering only the Class I premiums.

The **insurance contract liabilities** of direct premiums written at year-end amounts to Euro 3,308.8 million, a decrease of 7.9% on Euro 3,593.2 million in the previous year. The insurance contract liabilities relating to the "Class C portfolio" (which excludes the contracts with investment risk borne by the policyholders) amount to Euro 3,159.1 million (Euro 3,403.4 million in the previous year) and almost entirely relates to Segregated Fund contracts. The class D provisions, concerning financial risk products borne by the policyholders, amounts to Euro 149.6 million, of which Euro 93.3 million relating to index-linked products, Euro 33.2 million unit-linked products related to internal fund and mutual investment funds and Euro 23.1 million relating to the Open Pension Fund of Milano Assicurazioni.

The returns in the year on the principal Segregated Funds of the company are shown in the table below:

	2012	**2011**
Viva	3.59%	3.54%
Valuta Viva	4.35%	4.84%
Milass Gest 1 (ex Gepre and Domani Maa)	3.60%	3.53%
Geprecoll	4.10%	4.23%
3 A	3.59%	3.55%
Sasariv	3.81%	3.42%

Individual Insurance

In 2012, the business of the agency network was significantly impacted by the difficult domestic economy.

In such an environment, clients tend to favour Segregated Funds, as they feature a guaranteed minimum return and protection of the investment, and also the new pure-capitalisation product, VALORE CERTO, in which a considerable amount of interest was shown.
The product was distributed as part of two sales campaigns, one in March and April and the other in June.

The distribution performances of the product categories are summarised as follows:
- for the single premium products, the Segregated Fund linked policies reported a significant contraction, only partially offset by the success outlined above of Valore Certo;
- for the recurring premium OPEN GOLD and OPEN RISPARMIO products, business written was in line with the previous year;
- for variable annual premium products, there was a substantial decrease with the sole exception of the Mixed Insurance sector, where the introduction of the new OPEN FULL product midway through March saw a significant increase in both the number of policies and volumes;
- in the Term Life sector, a slight contraction in volumes and a small increase in the number of policies is reported.

The supplementary pension sector, implemented through Individual Pension Plans, saw a significant increase in volumes compared to the year, thanks in particular to transfers from other companies.

Collective insurance and Pension Funds

2012 reports a small decrease in premiums written.

In particular, the capitalisation products for the management of SME liquidity reported an increase in premiums compared to the previous year despite the unfavourable economic environment, while the Institutional Clients continue to be no longer interested in these type of insurance/financial products.

The economic-financial environment in 2012, characterised by high volatility in Government bonds and a difficulty in accessing credit, resulted in an increase in early redemptions, especially by Institutional Clients.
The supplementary pension segment, relating to the Open Pension Fund set-up by the Company and the traditional portfolio of the Pre-existing Pension Funds, overall reported substantial stability with the previous year.

The employee leaving indemnity based products (TFR and TFM) recorded a decrease in premiums, principally due to the difficult economic climate. It is recalled that the regulatory obligations imposed by the legislature (allocation of employee leaving indemnity to complementary pension forms rather than to the INPS Treasury Fund for companies with over 50 workers) are working against these products fulfilling their potential.
The risk coverage sector reports a decrease in premiums on the previous year, but continues to report a favourable technical result.

Life division reinsurance

The premiums ceded amounted to Euro 8.7 million compared to Euro 10.4 million in the previous year. The reinsurance structure is unchanged, with a proportional coverage in excess and a catastrophic coverage in claims excess provided by the group company The Lawrence Re.

External Organisation

At December 31, 2012, there were 1,484 agencies compared to 1,551 at the end of the previous year. In addition, there are Offices at Milan, Turin, Rome, Padova and Pescara.
During the year, 13 new agencies were created and 80 agencies were dissolved.

The table below shows the Agency distribution and the relative average portfolio:

	2012	**2011**
Milan		
North	766	793
Centre	359	381
South	359	377
Total Agencies	**1,484**	**1,551**
Average Portfolio (Euro thousands)	1,731	1,778

Acquisition expenses

The acquisition expenses of gross direct premiums amounted to Euro 468.5 million with a percentage on premiums of 16.6%, unchanged on 2011. They comprise acquisition and collection commissions of Euro 384.2 million (13.6% of premiums written, compared to 13.7% in 2011) and other acquisition expenses of Euro 84.3 million, which account for 3% of premiums written in 2012 compared to 2.8% in 2011.
For the Non-Life sector, the commissions amounted to Euro 376.1 million and represent 15.3% of premiums written (Euro 407.9 million in 2011, 15.3%) and other expenses amount to Euro 75.8 million (3% of premiums)
Commissions in the Life sector amount to Euro 8 million and account for 2.2% of premiums written (Euro 10.8 million in 2011, 2.7%), while the other acquisition expenses amount to Euro 8.5 million (2.3% of premiums written).

Administration expenses

The other administration expenses, net of the allocation to the technical and asset accounts, amounted to Euro 85.3 million, a decrease of 4.2% compared to 2011, following the cost containment policy undertaken in the year. The percentage on direct premiums written was 3%, a small increase on 2.9% in 2011 due to the contraction in premium volume (-7.4%).

Personnel costs

At December 31, 2011, total employees numbered 1,483, as shown in the table below in comparison with December 31, 2011:

	2012	2011
Executives	11	15
Insurance white collar workers	1,469	1,482
Building caretakers	3	4
TOTAL	**1,483**	**1,501**

In the year, 20 new hires took place with 38 departures. Personnel costs in the year totaled Euro 114.2 million, an increase of 3.1% compared to Euro 110.8 million, principally due to the effects deriving from the renewal of the National Collective Bargaining Agreement.

Taking into account the reciprocal recharging between the Companies of the former Fondiaria-SAI Group, deriving from the allocation of the general organisational costs, the total personnel costs for the company was Euro 125.6 million (Euro 123.6 million in 2011) and attributed to the following income statement accounts:

	(Euro thousands)
Charges relating to claims	45,484
Acquisition expenses	42,685
Administration expenses	34,841
Investment management charges	2,542
TOTAL	**125,552**

Asset and Financial Management

During 2012 global growth slowed, due in particular to the continued impact of the sovereign debt crisis of the peripheral Eurozone countries.

This setback in global GDP growth was partly offset by sustained development in the emerging economies - particularly in the second part of the year - and a slight recovery in the US (at approx. 2%), which benefitted from expansive monetary and fiscal policies and the consequent reduction in unemployment levels.

The European Central Bank (ECB) played a central role in 2012 which, in the first part of the year, with the L.T.R.O.'s (Long Term Refinancing Operations) injected into the European financial system a significant amount of liquidity and, in the second part of the year, through the announcement and the subsequent conclusion of the O.M.T. Programme (Outright Monetary Transactions), reduced the risk of collapse in the Eurozone, prompting at the same time a renewed increase in the risk appetite of investors.

In essence, the programme involves the possibility of the purchase by the ECB of a potentially unlimited quantity of government bonds with maturity within three years, of those countries of the Eurozone under financial stress, following a specific request and a related undertaking by such countries of a programme to adjust public spending approved by the Authorities in Brussels and by the ECB.
In addition, in the absence of inflation and a progressive deterioration in the Eurozone economy, the European Central Bank in the meeting of July cut the discount rate from 1% to 0.75%, facilitating a further lowering of the swap rates curve and at the same time of core country bond yields.

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

Country	**December 30, 2011**		**June 29, 2012**		**September 28, 2012**		**December 31, 2012**	
	10 year rate	Spread vs Germany	10 year rate	Spread vs Germany	10 year	Spread vs Germany	10 year rate	Spread vs Germany
Germany	1.83		1.58		1.44		1.32	
France	3.15	1.32	2.69	1.10	2.18	0.74	2.00	0.68
Italy	7.11	5.28	5.82	4.24	5.10	3.66	4.50	3.18
Belgium	4.09	2.26	3.19	1.61	2.53	1.09	2.06	0.74
Greece	34.96	33.13	25.83	24.25	19.50	18.06	11.90	10.58
Ireland	8.46	6.63	6.47	4.89	5.47	4.03	4.95	3.63
Portugal	13.36	11.53	10.16	8.58	9.00	7.56	7.01	5.69
Spain	5.09	3.26	6.33	4.75	5.94	4.5	5.27	3.95

In the second part of the year, the series of actions taken by the ECB, greater resolve at a European political level for Banking Union and the significant amount of resources utilised in the recapitalisation of the Spanish Banking System, contributed to a further reduction in spreads of peripheral state bonds.

In Italy, the public purse recovery policies implemented by the technical government within a weak European economy on the one hand deepened the recession, but on the other improved the sovereign debt risk profile and credit conditions with potentially positive signs for Italy.

Within this market, the 2012 performance of European equity indices - thanks particularly to strong closing months - was in positive territory: the Eurostoxx 50 index, representing the largest Eurozone capitalisations, was up 13.8% (+7.4% in the fourth quarter). The German DAX performed strongly (+29.1% and +5.5% in the last quarter), while the FTSE MIB of Milan gained 7.8% (entirely in the final quarter). The Ibex of Madrid was however negative, although against an improving environment, which declined 4.7% (up 5.9% in the last quarter).
Outside of Europe, the Standard & Poor's 500 Index, representing the major U.S. listed Companies, was up 13.4% in the year (-1% in the fourth quarter), while the Japanese Nikkei Index, assisted by recent political decisions to draw up new expansive fiscal and monetary plans, gained 22.9% (+17.2% in the fourth quarter).
Finally, in relation to the emerging market indices, the most representative index, the Morgan Stanley Emerging Market, reported gains of 13.9% in 2012 (+5% in the final quarter).
The strong performance of the equity and bond markets in 2012 contributed to a significant improvement in the iTraxx Senior Financial index which represents the average spread of the Companies within the financial sector with high credit ratings, which dropped by 137.2 basis points, from 278.5 to 141.3 (-62.2 basis points from 203.5 in the fourth quarter).

Operations and portfolio positions

The financial management in 2012 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 insurance sectors, focused principally on Eurozone government bonds, particularly Italian bonds.
The duration of both sectors was lengthened, in line with the profile of the relative liabilities, and with an increase in the structural profitability.
Investments in corporate bonds were concentrated on issuers with high credit ratings; trading activity in the year resulted in a marginal reduction in the sector.
In relation to the equity portfolio, activity concentrated on a substantial reduction, in particular in the Non-Life insurance sector - taking profits from the strong performance of the market in the second part of the year. There was also a reduction in the investment fund component, primarily in the Non-Life sector. With reference to the strategic investments the entire shareholding in Generali was sold in December.

Following the operations undertaken, based on management data at year-end, the Investment Portfolio of Class C (and therefore exclusively investments for policyholders that bear the risk) was composed of fixed interest bonds for 74.9%, variable interest bonds for 15.9%, equities of 3.1% (of which 0.3% hedged by options), property funds of 1.3% and structured securities of 0.3%. Liquidity represents 4.5% of the total. The total duration of the Portfolio is 3.7.

The Non-Life sector is composed of fixed interest bonds of 67.3%, variable interest bonds of 21.2%, equities of 4.3% and structured securities of 0.2%. Liquidity represents 6.9%. The duration is 3.2 years.

In the Life sector fixed interest bonds comprised 83.2%, variable interest bonds 10.2%, equities 4.5% and structured securities 0.3%. The liquidity is 1.8% of total investments. The duration of the Portfolio is 4.3 years.

At a strategic level, preference was given to investments in Government Securities in the Eurozone which represents 84.6% of the bond portfolio, while the Corporate segment represents 15%. The corporate securities are, largely, belonging to the “Investment Grade” category. The percentage of investments recorded in the non-current segment is 45.8% in the Non-Life classes and 58.5% in the Life classes.

At the end of the year the total investment in Unicredito equal, at market prices, to Euro 24 million, was hedged by forward sales contract; in January 2013 the investment was sold through the exercise of the physical delivery clause in the hedging options.

* * *

The composition of the investments at December 31, 2012 compared to the end of the previous year is shown in the table below:

	2012	%	2011	%
	(thousands of Euro)		*(thousands of Euro)*	
Land and buildings	402,211	5.1	650,312	7.9
Bonds issued by group companies	118,640	1.5	99,204	1.2
Bonds and other fixed-income securities	6,161,960	77.7	5,819,242	70.3
Shares and holdings in group companies	540,214	6.8	588,045	7.1
Equity investments and minority holdings	119,598	1.5	332,573	4.0
Loans to group companies	-	-	-	-
Loans to policyholders and other loans	21,677	0.3	23,935	0.3
Investment fund units	405,396	5.1	567,111	6.9
Other financial investments	29	0.00	2,545	0.0
Deposits at credit institutions	8,000	0.10	-	-
Deposits with reinsuring companies	1,869	0.00	2,078	0.0
Total	**7,779,594**	**98.1**	**8,085,045**	**97.7**
Investments where risk is borne by policyholders and those relating to pension fund management	149,668	1.9	189,802	2.3
TOTAL	**7,929,262**	**100**	**8,274,847**	**100.0**

The reduction of the account *Land and buildings* compared to December 2011 principally derives from:

- the reversal and recognition to the account *Other Receivables* of Euro 132 million, equal to the amount of property to be constructed, previously classified to this account, and regarding properties under construction in Rome, Via Fiorentini and in Milan, Via Confalonieri-Via de Castillia by, respectively, Avvenimenti e Sviluppo Alberghiero S.r.l. and Im.Co S.p.A, companies within the Sinergia Group.
  This change follows the bankruptcy judgment of Im.Co and Sinergia of June 14, 2012 by the Second Civil Section of the Milan Court. The above-stated operations provided that Milano Assicurazioni would become the owner of these buildings only when completed and approved and the contracts did not contain specific guarantees. The declaration of bankruptcy therefore put the company at risk of losing the right of delivery of these buildings under construction, remaining creditors for the amounts paid on account.
- from the exit of the building for office use situated in Milan, Piazza S. Maria Beltrade 1, sold at the end of June to Carlyle Real Estate SGR S.p.A., at a price of Euro 63 million, which enabled a gain of Euro 6.7 million. On the signing of the sale Euro 25 million was received and at the end of 2012 a further Euro 12 million was received. From the remaining sales price Euro 12 million is due at the end of 2013 and Euro 14 million due at the end of 2014, plus interest. The purchaser provided surety guarantees against the amounts due;
- write-downs of Euro 51.2 million, made based on independent experts valuations, as described in detail below.

The account *Bonds issued by group companies* includes:

- *Profit Participating Bonds* for Euro 92,514 thousand, issued by the associated company Garibaldi S.C.A (Euro 74,622 thousand) and Isola S.C.A. (Euro 17,892 thousand).
  Garibaldi S.C.A. is a Luxembourg-registered company 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 51,000 sq.m. for office use, 20,000 sq.m. with exposition potential, 10,000 sq.m for commercial use and 4,000 sq.m. for residential use;
  Isola S.C.A. is a Luxembourg-registered company which 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 700 sq. m for local retail use.
  The yield of the bonds, with expiry on December 31, 2020, is based on the profits achieved by the issuing companies in relation to the property projects currently under development;
- bonds issued by the Group company Banca Sai S.p.A. for Euro 21,519 thousand;
- bonds issued by the indirect parent company Unipol Gruppo Finanziario for Euro 4,607 thousand.

Investments at December 31, 2012 were recorded inclusive of net adjustments totaling Euro 194.8 million, as reported in the following table:

(Euro thousands)

Land and buildings	-58,645
Bonds and other fixed-income securities	33,715
Shares and holdings in group companies	-114,084
Equity investments and minority holdings	-6,118
Investment fund units	-48,724
Other financial investments	-913
TOTAL	**-194,769**

The adjustments to *Land and buildings* consist of depreciation of Euro 7.5 million and write-downs based on independent experts valuations made at year-end. The write-downs amount to Euro 51.2 million and refer to the following buildings:

(Euro thousands)

Milan – Via Caldera	-20,470
Milan – V.le Lancetti – Via dell'Aprica	-12,109
Milan – Via Crespi	-6,897
Bologna – Via Bassi	-4,088
Assago – Milano Fiori	-3,854
Rome – Via in Arcione	-2,136
Milan – Viale Umbria	-861
Turin – Strada del Drosso	-420
Turin– Corso Trapani	-342
Brescia – Via XX Settembre	-4
TOTAL	**-51,181**

The lower value attributed to the properties compared to the valuations already prudently made in the previous year were impacted by the underlying economic difficulties, in which the real estate sector values are not expected to increase.
The general outlook anticipates unsold building stock or repossessions against unpaid mortgages and continued difficulty in accessing credit by both sector operators and private individuals.
In addition, the introduction of the IMU property tax, much higher than the previous ICI property tax, significantly impacted all asset values calculated under yield methods such as the DCF.

Against this background it is difficult to anticipate, at least in the short-term period, that the Group development projects and other real estate initiatives can result in the full recovery of investments.

These problems are also compounded by significant over-supply in the services sector between demand and offer, with prolonged selling periods and increased requests for discounts by operators.

Finally, the risk perception by investors continues to remain high and which has resulted in a reduction by valuers in the expected yields for vacant buildings or development projects, an increase in the discount rate and of the exit yield in the DCF models utilised for the valuation of assets, with a consequent reduction in the market value in the properties.

Finally, we report that the valuation of the real estate assets in 2012 was assigned to the same independent expert utilised in 2011 in order to ensure methodological continuity, an important factor considering the difficulties in the market.

The valuation of *Bonds and other fixed income securities* had a net positive effect of Euro 33.7 million, relating to recoveries in value of Euro 39.8 million and impairments of Euro 6.1 million.
The recoveries in value reflect principally the recovery in stock market prices of government bonds compared to the end of the previous year when the spread with the German Bund reached over 500 basis points and prices were particularly depressed.

The impairments principally refer to Euro 3.4 million against bonds 2007/2049 issued by Groupama and Euro 2.5 million recognised against the entire carrying value of the sub-ordinated bonds issued by the Dutch credit institution SNS Bank held in portfolio.
The write-down on the Groupama Bonds was made taking into account that the securities did not pay the coupon on the maturity date of October 22, 2012.
In relation to SNS Bank, on February 1, 2013 the Dutch Government announced the nationalisation of the bank SNS and its subsidiary SNS REAAL. Following this unilateral action the subordinated bonds, at all levels, issued by this entity were expropriated by the Dutch Government. Against this expropriation a negligible amount is expected to be paid according to current information. The company, which held at December 31, 2012 securities subject to expropriation for a nominal value of Euro 2.5 million, presented recourse to the Dutch court against the expropriation action and, while awaiting developments on the appeal, taking into account the level of subordination of the securities expropriated, prudently wrote-down their value.

The write-down on *Shares in Group companies* principally relate to the subsidiaries Liguria Assicurazioni (Euro 66.7 million) and Immobiliare Milano (Euro 30.7 million). For further information on this account, reference should be made to the explanatory notes.

The write-down on *Equity Investments and Minority Holdings* relates, for Euro 8.9 million, to the shareholding in Mediobanca which, requiring to be sold by December 31, 2013 in consideration of the commitments with the Anti-trust Authority within the integration project of the Fondiaria-Sai Group with the Unipol Group, was transferred from the non-current segment to the current segment, with consequent alignment of the book value to the stock market price at year-end.

The average net yields realised during the year, compared with the previous year is shown in the table below. With regard to the yield on shares, bonds and investment funds, these were calculated including the net profits to be realised on the investments recorded under current assets.

	2012 %	**2011** %
Land and buildings	1.3	1.4
Bonds	4.9	4.2
Shares and quotas in mutual investment funds	1.0	1.9
TOTAL	**4.0**	**3.5**

Treasury shares and shares of parent companies

At December 31, 2012 Milano Assicurazioni S.p.A. held:

- 6,764,860 treasury shares, corresponding to 0.37% of the ordinary share capital. These shares, classified in the current investment segment, were recognised at stock market prices at year-end of Euro 0.3131 per share, and therefore recorded for a total value of Euro 2.1 million. The recovery in value recorded in the year amounts to Euro 0.6 million, recognised in the account *Extraordinary Income* of the income statement;

- 16,000 ordinary shares of the indirect parent company Unipol Gruppo Finanziario corresponding to 0.002% of the ordinary share capital. These shares, classified in the current investment segment, were recognised at stock market prices at year-end of Euro 1.51 per share, and therefore recorded for a total value of Euro 24 thousand. An impairment of Euro 56 thousand was recognised to the income statement;

- 99,825 ordinary shares of the indirect parent company Fondiaria-Sai S.p.A., corresponding to 0.01% of the ordinary share capital. These shares, classified in the current investment segment, were recognised at stock market prices at year-end of Euro 0.9498 per share, and therefore recorded for a total value of Euro 95 thousand. An impairment of Euro 64 thousand was recognised to the income statement. Pursuant to Article 2359 *quinquies* of the Civil Code, which prohibits a company subscribing to the shares of the parent company, Milano Assicurazioni did not participate in the capital increase of Fondiaria-Sai from July 16, 2012 to August 1, 2012. The options held were sold on the market, realising a loss of Euro 5.2 million.

- 9,157,710 shares of the indirect parent company Premafin Finanziaria – 0.43% of the share capital. The investment was recorded under current assets and the book value was therefore aligned with the stock market value at December 31, of Euro 0.1283, recognising a recovery in value of Euro 32 thousand. Taking account of the recovery in value, the book value at December 31, 2012 was Euro 1.2 million.

In accordance with law these shares do not have voting rights.

* * *

Pursuant to Article 126 of Resolution No. 11971 of May 14, 1999, the list of the non-listed companies and of the Companies in which the Company held at December 31, 2012, directly and/or indirectly, a holding above 10% of the share capital or in relation to which the shares or quota attributed to the company the voting right above the percentage held, is shown as an attachment.

OTHER INFORMATION

Significant events in the year

Integration with the Unipol Group

We outline below the principal events which resulted in the acquisition of control of the Premafin Group by the Unipol Group.

The Board of Directors of Milano Assicurazioni, in a meeting held on April 20, 2012, with the support of the advisors, examined the industrial aspects of the merger proposal with the Unipol Group, subject to an agreement signed on January 29, 2012 between Unipol Gruppo Finanziario S.p.A. (UGF) and Premafin Finanziaria S.p.A..

The Board of Directors considered, based on the information received, that no issues existed to impede discussions, although no decision had been made in relation to the proposed integration, which was subject in any case to the establishment of a share swap ratio, also with the support of the advisors, which is appropriate for the minority shareholders of Milano Assicurazioni.

On May 21, 2012, the Board of Directors of Milano Assicurazioni, after consultation with the Related Parties Committee and the advisors, considered that the continuation of negotiations with the Unipol Group in relation to the integration project should take as a starting point a minimum holding of 10.7% in the ordinary share capital of the post-merger company.

On June 6, 2012, following extensive negotiations between the parties involved in the Integration Project, UGF sent Fondiaria-SAI, Premafin and Milano Assicurazioni a proposal with the expected investment percentages in the Fondiaria-SAI ordinary capital after the merger to be allocated to those participating in the Integration Project. This proposal involved the allocation of the following investment percentages:
- Unipol 61.00%
- Other Fondiaria-SAI shareholders 27.45%
- Other Milano Assicurazioni shareholders 10.7%
- Other Premafin shareholders 0.85%

On June 11, 2012, the Fondiaria-SAI Board of Directors resolved to proceed with a further definition of the prospective merger on the basis of the June 6, 2012 proposal, and namely on the basis of an investment of the current Fondiaria-SAI ordinary shareholders, other than Premafin shareholders, equal to 27.45% of the ordinary share capital.

The resolution was adopted, following the majority favourable opinion of the Independent Directors Committee, established in accordance with the procedure for related parties, and that the reason for their decision on the Unipol counter-proposal, although outside of the range of values initially indicated by the financial advisors, met with the interests of shareholders in light of the unique corporate context, in the presence, specifically, of an urgent recapitalisation request made by ISVAP pursuant to the sector regulations governing the adjusted solvency margin.

The Board of Directors of Milano Assicurazioni on June 11, 2012, with the prior favourable opinion of the Committee of Independent Directors set up in accordance with the related parties procedure, approved by majority vote to discuss the terms and conditions for the integration operation based on the proposal of UGF of June 6, 2012 and specifically on the basis of a 10.7% minimum ordinary share capital holding for the minority shareholders of Milano Assicurazioni S.p.A..

On June 20, 2012, ISVAP resolved, pursuant to Article 68 of the Private Insurance Code, to authorise Finsoe S.p.A., via UGF and under the scope of the Integration Project, to take control of Premafin and the Fondiaria-SAI Group, imposing a series of obligations pertaining to Finsoe S.p.A. and to Unipol, respectively as the company heading the Unipol conglomerate and as Parent Company of the insurance group following the acquisition.

Also on June 20, 2012, AGCM (the Anti-trust Authority), following the beginning of the investigation into the Integration Project of April 26, 2012 (within which the operation was suspended in accordance with Article 17 of Law 287 / 90, concerning activities likely to produce irreversible effects, including the execution of the Premafin Capital increase in addition to all activities concerning the pursuit of a joint industrial plan, allowing on the other hand the pursuit of the negotiations on the share swap and activities concerning the Capital Increase) notified to UGF, Unipol Assicurazioni, Premafin, Fondiaria-Sai, Milano Assicurazioni, Mediobanca and Assicurazioni Generali S.p.A. (jointly the "AGCM Investigation parties"), the final clearance of the procedure approved by AGCM on June 19, 2012 made publicly available on the site of AGCM www.agcm.it (to which reference should be made for further information).

The Provision is conditional to certain measures and obligations being adopted by the AGCM Investigation Parties: the Authority decided that the integration between the Unipol Group and the Premafin/Fondiaria-SAI Group could be authorised based on stringent measures capable of dissolving the ties with Mediobanca (which controls Generali, the main competitor in the markets involved in the transaction) and reducing the dominant position, through the sale of assets, which would otherwise be acquired in the Non-Life markets (specifically for Motor TPL policies) at a national level and, as far as the distribution of policies is concerned, in 93 provinces.

The recommended measures can be grouped together, by subject, into three types: (i) measures aimed at guaranteeing the sale of assets; (ii) measures aimed at overcoming the equity and financial bonds between the new entity and Mediobanca; and (iii) measures for which Mediobanca is responsible.

On June 25, 2012, UGF and Premafin announced to the market that they had agreed:

- with reference to Consob's suggestions, through the provisions of May 22 and 24, 2012, containing the response to the question submitted by UGF in relation to the recognition of the exemption from the mandatory tender offer of the various stages of the Integration Project: (i) to modify the indemnification agreement signed by UGF and Premafin on January 29, 2012, to limit the transaction exclusively with regard to and in favour of the directors and auditors of Premafin, Fondiaria-SAI, Milano Assicurazioni and the respective subsidiaries, in the period 2007-2011, who did not either directly or indirectly or through subsidiaries, hold Premafin shares on January 29, 2012; and (ii) to limit the right of withdrawal, in the context of the merger, so that this right of withdrawal was not up to the Premafin reference shareholders and this would affect every future evaluation on the subject of excluding the right of withdrawal for all Premafin shareholders under the scope of the merger;
- with reference to the conditions precedent of the agreement of January 29, 2012, (i) to acknowledge that the conditions precedent in paragraph 3.1, point (vii), letter (y) (redefinition of the agreements with the creditor banks of Fondiaria-SAI, Milano Assicurazioni and the other Group companies) and letter (z) (cancellation of the liens on the Fondiaria-SAI shares held by Premafin and Finadin by the respective lender banks), point (ix) (approval of the merger project) and point (xi) (dismissal of at least the majority of the directors of Finadin, Fondiaria-SAI, Milano Assicurazioni and their main subsidiaries) of the agreement will be renounced by the parties, subject to the launch of the subscription period of the capital increase, or, if before, to the launch of the Unipol capital increase subscription period, it being understood that the activities relating to the merger will continue without a continuity solution, for the purpose of the approval of the merger project in the time schedule strictly necessary; (ii) to recognise that what has been indicated in the previous point (i) has been accepted by Unipol (a) notwithstanding the obligation of Premafin in good faith, with no obligation to produce results, to ensure that at least the majority of directors appointed by the Shareholders' Meeting, albeit appointed during 2012, of Finadin S.p.A., Fondiaria-SAI, Milano Assicurazioni and their main subsidiaries, resign their offices and (b) notwithstanding the condition precedent of Article 3.1 point (x) of the agreement (the resignation of at least the majority of the Premafin directors).

* * *

On July 19, under the investment agreement of January 29, 2012, Unipol Gruppo Finanziario S.p.A (UGF) carried out the capital increase of Premafin Finanziaria S.p.A. – Holding di Partecipazioni ("Premafin") approved by the Extraordinary Shareholders' Meeting of June 12 and reserved to UGF, subscribing fully to the 1,741,239,877 ordinary non-listed newly issued shares of Premafin, with full rights and the same as the ordinary shares of Premafin in circulation at a unitary issue price of Euro 0.195 each for a total amount of Euro 339,541,776.02.
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 September 20, 2012, following the acquisition of control by Unipol Gruppo Finanziario S.p.A. of Premafin Finanziaria S.p.A. and therefore indirectly of the Company, the entire Board of Milano Assicurazioni resigned their positions, resulting in the lapse of the Board in accordance with the company by-laws.

The Directors Emanuele Erbetta, Paolo Arbarello, Barbara De Marchi, Giuseppe Lazzaroni, Nicola Maione, Nicola Miglietta, Ugo Milazzo, Antonio Salvi and Alessandra Talarico remained in office *in prorogatio* until the Shareholders' Meeting called to appoint the new Board of Directors, held on November 30, 2012.

On November 30, 2012, the Shareholders' Meeting of Milano Assicurazioni S.p.A., in extraordinary session, approved the By-law amendments proposed by the Board of Directors, undertaken to guarantee compliance with the gender equality law for the composition of the Board of Directors and the Board of Statutory Auditors.
In ordinary session the Shareholders' Meeting, also taking account of the regulation, appointed the Board of Directors until the Shareholders' Meeting for the approval of the 2012 Accounts. In particular, the Shareholders' Meeting, on the basis of the single slate presented by FONDIARIA-SAI S.p.A. fixed the number of Directors at 9 and appointed the following Directors:

Carla ANGELA
Silvia BOCCI
Gianluca BRANCADORO
Fabio CERCHIAI
Carlo CIMBRI
Cristina DE BENETTI
Franco ELLENA
Antonio RIZZI
Pierluigi STEFANINI

Based on the declarations made on accepting office 5 directors out of 9 are independent in accordance with the Self-Governance Code of listed companies and in accordance with Article 148, paragraph 3 of Legislative Decree No. 58/98, specifically: Carla ANGELA, Silvia BOCCI, Gianluca BRANCADORO, Cristina DE BENETTI and Antonio RIZZI.
On December 4, 2012, the Board of Directors thereafter appointed the corporate officers and the internal committees of the board as reported below.
Firstly, the Board of Directors appointed, for the duration of its mandate, and therefore until the approval of the 2012 Annual Accounts:

- Fabio Cerchiai as Chairman;
- Pierluigi Stefanini as Vice Chairman;
- 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 2012 Annual Accounts, an Executive Committee comprising 3 directors in the persons of the Chairman, the Vice Chairman and the Chief Executive Officer.

The Board of Directors also appointed:
- as members of the Control and Risk Committee the Directors Carla Angela (lead coordinator), Silvia Bocci and Antonio Rizzi, all independent;
- as members of the Committee of independent directors, set up in accordance with the procedure for transactions with related parties of the Fondiaira-SAI Group in relation to the proposed integration with the Unipol Group, as the Directors Antonio Rizzi (lead coordinator), Gianluca Brancadoro and Cristina De Benetti, all independent and not related;
- as members of the Remuneration Committee the Directors Gianluca Brancadoro (lead coordinator), Silvia Bocci and Carla Angela, all independent.

The Board finally appointed, for the duration of its mandate, Mr. Massimo Dalfelli as the Executive Officer Responsible for the preparation of the corporate and accounting documents.

On December 20, 2012, the Board of Directors of Unipol Gruppo Finanziario S.p.A., Unipol Assicurazioni, Fondiaria-SAI, Premafin and Milano Assicurazioni approved the merger by incorporation of Unipol Assicurazioni, Premafin and Milano Assicurazioni into Fondiaria-SAI.

As already communicated to the market, the Merger constitutes an integral and essential part of the Integration Project. In relation to the Merger, the Board of Directors' meetings approved:
- the share swap ratios between the companies involved in the merger and the merging entity Fondiaria-SAI;
- the shareholdings in the share capital of UnipolSai represented by ordinary and savings shares of the post-merger entity;
- the 2013-2015 Joint Industrial Plan of the merging entity commenced from the industrial guidelines of the Integration Project already announced to the market and which were updated on the basis of changes within the marketplace, the results reported in the first nine months of 2012 and the activities undertaken jointly by the managements of the companies involved in the merger.

The Merging entity will take the name "UnipolSai Assicurazioni S.p.A.".

Share Swap Ratio

With the support of the respective financial advisors, the Boards of Directors of the companies involved in the merger approved the following share swap ratios:
- 0.050 Fondiaria-SAI ordinary share for every Premafin ordinary share;

- 1.497 Fondiaria-SAI ordinary shares for every Unipol Assicurazioni share;
- 0.339 Fondiaria-SAI ordinary share for every Milano Assicurazioni share;
- 0.549 Fondiaria-SAI "B" savings share for every Milano Assicurazioni saving share.

For the determination of the above-mentioned Share Swap Ratios, the valuation methodologies adopted were in line with the best national and international practice for similar operations. The correctness and the adequacy of the methodologies utilised and the fairness of the results obtained were confirmed by all of the financial advisors, both of the companies involved and the relative related party Committees (including leading financial institutions and acclaimed academics), which issued fairness opinions.

The Share Swap Ratios and the fairness of the Operation was also favourably approved by the related party Committees of the companies involved in the Merger. In relation to this the procedures for transactions with related parties adopted by UGF, Fondiaria-Sai, Premafin and Milano Assicurazioni were complied with. The Independent Directors Committee of UGF approved the share swap ratio unanimously. The Independent Directors Committee of Fondiaria-SAI approved the share swap ratios by majority, with the reasoned abstention of the Director Gianpaolo Galli.
The Independent Directors Committee of Premafin approved the share swap ratio by majority with the opposing vote of the Director Luigi Reale. The Independent Directors Committee of Milano Assicurazioni approved the share swap ratio unanimously.

For the determination of the Share Swap Ratios, the balance sheets as at September 30, 2012 were utilised, prepared in accordance with Article 2501-*quater* of the Civil Code. Consideration was also taken of events subsequent to the approval of the 2012 First Quarter report (reference period for the determination of the principal values of the Merger, communicated to the market in June 2012) and the operating performance in this period of the companies participating in the Merger.

The Turin Court appointed Reconta Ernst & Young S.p.A. as expert to prepare the fairness report on the Share Swap Ratios pursuant to Article 2501-*sexies* of the Civil Code.

Shareholder structure of UnipolSai

Based on the Share Swap Ratios approved, the shareholdings determined and communicated to the market in June 2012 remain substantially confirmed.

	Press release in June 2012	Approved on December 20, 2012
	% shares capital	% shares capital
UGF	61.00%	61.00%
Ex Premafin	0.85%	0.85%
Ex Fondiaria-SAI	27.45%	27.46%
Ex Milano	10.70%	10.69%
TOTAL	**100.00%**	**100.00%**

Following the purchase of Fondiaria-SAI ordinary shares by UGF within the capital increase of Fondiaria-SAI completed in September 2012 for a total shareholding of 4.9% of the ordinary share capital, the holding of UGF in the ordinary share capital of UnipolSai will be 63%.

The table below indicates the shareholders of UnipolSai at the effective statutory date of the merger, taking into account also the subscription by UGF of the Fondiaria-SAI Class "B" savings shares issued under the Fonsai Capital Increase in September 2012 and which remained un-opted at the end of the rights period.

	% held Ord. Share Capital	% held Class A Savings Share Capital	% held Class B Savings Share Capital	% held Total Share Capital
UGF	63.00		63.79	63.09
Ex Premafin	0.85			0.73
Ex Fonsai	25.46	100.00	21.51	24.92
Ex Milano	10.69		14.70	11.26
Total	**100.00**	**100.00**	**100.00**	**100.00**

Description of the operation

The Merger will take place through the incorporation of Premafin, Unipol Assicurazioni and Milano Assicurazioni (the "Companies being Merged") into Fondiaria-SAI (the "Merging Entity"). Following the Merger, all the shares of the Companies being merged will be cancelled and exchanged for shares of the Merging Entity. In order to undertake the share swap, the Merging Entity will: (i) assign the Fondiaria-SAI ordinary shares owned by the Companies being Merged, without this becoming part of UnipolSai; (ii) increase its share capital for a maximum amount of Euro 953,894,503.64, through the issue of a maximum of 1,632,878,373 new ordinary shares and a maximum of 55,430,483 new Class "B" savings shares, all without par value, however where at the effective statutory date of the Merger the number of Fondiaria-SAI ordinary shares held by the Companies being Merged remains unaltered, the capital increase for the share swap will be lower.

The new ordinary shares and the Class "B" savings shares of the Merging Entity will have the same rights (and, with regard to the savings shares, also in terms of accumulation and preference rights) and will be listed on the same terms as the shares of the Merging Entity already in circulation.

In relation to Milano Assicurazioni, the Merger will also be subject to the approval of the Special Savings Shareholders' Meeting of the Company as the savings shareholders of Milano Assicurazioni will be offered an exchange of Class "B" savings shares of Fondiaria-SAI, which will be subordinated to those of the Class "A" savings shares currently in circulation. In fact, the Class "B" savings shares of Fondiaria-SAI will benefit from the creation of value (also in terms of expected profits) contained in the UnipolSai Joint Industrial Plan.

Where, despite that outlined above, the Special Shareholders' Meeting of Milano Assicurazioni does not approve the Merger, the merger will in any case take place of Premafin and Unipol Assicurazioni into Fondiaria-SAI, with the Share Swap Ratios remaining unchanged.
Where, on the other hand, the above-mentioned Special Shareholders' Meeting of Milano Assicurazioni approves the Merger, the savings shareholders of Milano Assicurazioni which have not approved this resolution will have the right of redemption pursuant to Article 2437, paragraph 1, letter g), of the Civil Code.

The shareholders of Premafin will also have the right of redemption where they have not approved the resolutions on the Merger. In accordance with that already communicated to the market however, the former majority shareholders of Premafin will not have the right of redemption.
The above-mentioned redemption will be subject to the completion of the Merger. Further information in relation to the exercise of the redemption and the value of the shares settled will be communicated to the market as soon as it is available.
The By-laws of the Merging Entity, which will enter into force on the statutory date of the Merger, will contain amendments related to the operation.

In relation to the operation it is expected that the Shareholders' Meeting of Fondiaria-SAI called to approve the merger will also be required as per Article 2420-*ter* and 2443 of the Civil Code to approve the issue of a convertible bond in favour of the lenders of Premafin, in accordance with the restructuring plans of Premafin, already communicated to the market. In order to avoid the related dilution effects for the shareholders of UnipolSai, UGF and the companies participating in the Merger, negotiations will take place with these lenders in order to ensure that the conversion is offered as rights to the shareholders of the Post-Merger Entity.

The Merger is expected to be completed by the second-half of 2013, subject to authorisation from the insurance Supervisory Authority and the competent national and international regulatory Authorities and the maintaining of the exemptions and authorisations already obtained.
For accounting and tax purposes the operations undertaken by the Companies being Merged will be recorded in the financial statements of the Merging Entity as of January 1, 2013.

Approval of the 2013-2015 Industrial Plan of UnipolSai
The Board meeting of December 20, 2012 also approved the Joint Industrial Plan, on the basis of the updated industrial guidelines of the Integration Project already communicated to the market. The Industrial Plan was prepared jointly by the management of all the companies involved in the Merger, updating also the targets communicated to the market on June 22, 2012 ("**Previous version**").
The achievement of the complex integration process involved the creation of 26 separate projects teams, involving over 1000 persons, which drew up a wide range of projects of varying degrees of complexity in order to achieve the objectives of the three-year plan.

Synergies and creation of value
The integration is expected to generate synergies of approx. Euro 350 million from 2015 (Euro 345 million in the previous version). The principal synergies will be in three areas:
- operating costs: the synergies amount to approx. Euro 180 million, 17% of the aggregated cost base, in line with the average result of a sample of ten Italian and international comparable operations;
- Non-Life technical sector: the synergies amount to approx. Euro 100 million in the claims management area and reinsurance;
- revenues: the synergies are estimated at approx. Euro 70 million and are based on the implementation of internal best practices from productivity and optimisation of financial management.

In order to achieve the synergies it will be necessary to incur integration costs relating to the three-year period 2013-2015 which are estimated at approx. Euro 300 million. These costs are largely attributable to the first year of the three-year Plan in order to implement the most costly interventions for achieving the synergies by 2015.
In the event Milano Assicurazioni does not participate in the Merger the difference in terms of synergies will not be significant.

Complaint pursuant to Article 2408 of the civil code to the Board of Statutory Auditors of Fondiaria-SAI and relative Report

On March 19, 2012, at the Shareholders' Meeting of the parent company Fondiaria-SAI, the Board of Statutory Auditors of the company presented its report pursuant to Article 2408 of the civil code in relation to the complaint made by a shareholder; this report was published on the internet site of the parent company and subsequently transmitted to the directors and statutory auditors of Milano Assicurazioni.

The Board of Directors of Milano Assicurazioni noted that the above-mentioned complaint and Report of the Board of Statutory Auditors concerned operations and facts, undertaken in the past, which also referred to Milano Assicurazioni.

Therefore, at the meeting of March 23, 2012, the Board of Directors of Milano Assicurazioni, although the complaint pursuant to Article 2408 of the civil code was not directly addressed to the company – decided to undertake specific investigations in parallel with the Board of Statutory Auditors and with the support of financial, real estate and property advisors in order to verify the events, evaluate any effects for Milano Assicurazioni and identify any persons responsible for deeds not in the interest and benefit of the company.

On August 2, the Board of Directors, on the proposal of the Independent Directors Committee set up for the procedures for transactions with related parties adopted by the Company and instructed to examine the transactions and facts contained in the Report prepared pursuant to Article 2408 of the Civil Code by the Board of Statutory Auditors of Fondiaria-SAI, also approved the convocation of the Shareholders' Meeting to resolve on the action of responsibility as per Article 2393 of the Civil Code, giving mandate to the Chairman and the CEO, severally, to determine the date, time and location of the meeting. The Board of Directors also mandated the Independent Directors Committee, composed of Nicola Maione, Ugo Milazzo, Nicola Miglietta and Antonio Salvi, to prepare the illustrative report for the Shareholders' Meeting, with the support of the legal advisors Guido Alpa and Carlo Pedersoli.

Given the appointment by Isvap of an *ad Acta* Representative within Fondiaria-SAI and the powers granted also in relation to the subsidiary Milano Assicurazioni, the Shareholders' Meeting was called concerning the Corporate Responsibility actions on the request of the *ad Acta* Representative held on March 14, 2013, as reported in the section on subsequent events to the year-end.

Standard & Poor's Rating

On December 14, 2012, the rating agency Standard & Poor's improved the rating of the Company to "BBB" from "BB" and removed the Creditwatch while assigning a negative Outlook.
The upward revision follows the progress made in the integration with the Unipol Group and the definition as "core" entities from the previous "non-strategically important" within the Unipol Group.
The negative Outlook reflects the potential risks considered by the rating agency in the execution of the integration.

2012 Corporate Governance and Ownership Structure Report

The information required by Article 123-*bis* of Legislative Decree No. 58 of February 24, 1998, amended by Article 5 of Legislative Decree No. 173 of November 3, 2008, is reported in the Annual Corporate Governance Report, approved by the Board of Directors and published together with the Director's Report, in accordance with Article 89-*bis* of the Regulation adopted by CONSOB through Resolution No. 11971 of May 14, 1999 and Section IA.2.6.of the Instructions on the Regulation of Markets organised and managed by Borsa Italiana S.p.A..

The Annual Corporate Governance Report is available on the Company website (www.milass.it), in the Corporate Governance section.

Pursuant to the corporate governance system of the Company, we declare that the conduct of the corporate boards and of the committees therein was appropriate to ensure compliance with current regulations and of the recommendations of CONSOB in relation to the appointment of the corporate boards of companies listed on the Stock Exchange.

In accordance with the recommendations of CONSOB, before the issue of the respective reports on the financial statements, the Board of Statutory Auditors and the Independent Audit Firm exchanged reciprocal information on the controls undertaken.

Principal characteristics of the risk management and internal control systems in relation to financial disclosure

The Company, in accordance with corporate law and the sector regulations and in line with the indications of the Self-Governance Code, is progressively implementing an Internal Control System focused on continuous monitoring of risks typical to the company and the Group through a targetted and systematic mapping of the principal corporate processes and their related risks and controls.
In order to ensure an improvement in terms of quality, transparency, reliability and accuracy of the corporate disclosure and to make the risk management and internal control systems more effective in terms of financial disclosure, the Board of Directors, in fulfilment of the indications introduced by the Savings Law for the monitoring of the administrative-accounting system, approved a management model, integrated as part of the organisational structure of FONDIARIA-SAI, whose details are based on the requirements that the administrative and accounting procedures are part of a wider Internal Control System, whose responsibility lies with the Board of Directors (hereafter: The Management Model).

<u>Description of the principal characteristics of the risk management and internal control system in place in relation to financial disclosure</u>
In 2007 the Company began a specific project called "Savings law 262/2005" with the objective to establish a Management Model, in line with the best industry practices, establishing a risk management and internal control system in relation to the financial disclosure process.
This system was drawn up based on the following pillars:

- Company Level Controls;
- IT General Controls;
- Administrative-Accounting Model

The Company Level Controls include the aspects of the wider Internal Control System which here relate to, as identified in the CoSO Framework (Committee of Sponsoring Organizations of the Treadway Commission's report, Internal Control—Integrated Framework), the regulations, provisions and mechanisms of control utilised by the Group, with effects on the quality of financial disclosure. In particular they include the conduct of company managers, the manners of delegating authorisation and responsibility, the policies, the procedures and the programmes at corporate level, as well as the constant monitoring of risks, and the internal and external transmission of financial disclosure.
The IT General Controls, based on the COBIT approach (Control Objectives for Information and related Technology), establish the evaluation of controls which oversee the design, acquisition, development and management of the IT system and which must act as an effective and efficient control system in that the processes for the production of obligatory and accounting disclosure for public consumption are conditioned by various components of the IT architecture (systems and infrastructure, platforms, applications) which support the

operating activities.
With reference to the Administrative-Accounting Model the methodological approach adopted is based on the establishment of intervention parameters taking account of:

- the identification of the significant financial statement accounts based on quantitative factors, identified as a percentage of net equity or the result for the year and qualitative factors, based on the volumes and complexity of the transactions, the manuality of the process, the nature of the account and the existence of related parties;
- the correlation of the administrative-accounting processes related to the significant financial statement accounts, which contribute and generate information of a balance sheet, economic and financial nature.

Specifically, the principal corporate processes, related to the most significant financial statement accounts (such as for example "Goodwill and Other Fixed Assets", "Loans", "Shares and Bonds", "Premium Provisions, Claims, Actuarial Provisions and Other Subordinated Liabilities", "Premiums and commissions", "Claim charges") and considered significant in relation to the financial disclosure process are attributable to the areas of Finance, Administration, Subscription (Non-Life and Life), Provision management (Non-Life and Life), Claim settlement and Reinsurance.
The Company has mapped the administrative-accounting processes, identified through a significance rating based on the preparation of the financial statements, with:

- identification of the role and responsibility within each process with establishment of the person responsible for each activity and identification of the various relationships between those involved in the various process phases;
- identification of the existing risks with potential impact on the financial statements through interviews with the managers of the various organisational units involved in each process;
- evaluation of the gross risk profiles, also in relation to fraud, related to the misrepresentation of the balance sheet, financial position and result in the Financial Statements and in the financial disclosure to the market. These evaluations were carried out using the following parameters:
  - frequency of possible occurrence, based on the number of times that the risk could be verified in a specific time period;
  - severity of the impact, defined based on the qualitative-quantitative elements related to incorrect administrative-accounting data or disclosure.

These parameters were evaluated qualitatively according to a High/Medium/Low priority scheme, which establishes the gross risk profile related to the individual activities:

- identification of the control activity, IT or manual, and evaluation of their efficacy in offsetting the risk of untruthful or incorrect representation of the financial disclosure or of lack of traceability;
- define the actions to mitigate the identified risks, in the case in which the controls in place are not sufficient to offset the risk reported or are not sufficiently documented, with establishment of the priority of mitigation actions based on the overall control evaluation;
- implementation and management of a processes/risks/controls database.

With reference to the maintenance of the documentation, the Management Model attributed:

- to the individual Process Owners the management of the various corporate processes for which they are responsible;
- to the Organisation management, the updating of the documentation relating to the corporate processes;
- to the Risk Management department the identification and evaluation of the risks, of their relative controls and any mitigation actions;
- to the Executive Responsible, through a specific dedicated unit, the updating of the administrative-accounting processes established, providing communication to the various Governance departments.

In order to govern the updating methods of the database of the activities carried out by the individual organisational units, as well as the integrated corporate processes with relative risks, controls and any offsetting actions, the Company has prepared a procedure, identifying the Risks and Controls Manager who supports the individual Process Owners and who reports to the Risk Management manager.

The Risk and Control manager involves the Organisational function to commence the consequent reporting and updating in terms of analysis, recording and design of the procedures and carries out controls over the business procedures, data recording and risk analysis, risk monitoring and management of the mitigating risk actions with the preparation of the periodic report.

The Management Model has identified the duties of the Executive Responsible, appointed in accordance with paragraph 1, of Article 154-*bis* of Legislative Decree No.58/98, establishing the methods for interaction between the Executive Responsible, the Board of Directors, the Control and Risk Committee (previously the Internal Control Committee) and the Executive Corporate Boards, as well as identifying the organisational solutions and attributing to the various structures the relative responsibilities for the operational support processes to the Administrative-Accounting Model.

The Board of Directors maintains general responsibility in relation to the administrative-accounting procedures, within the wider Internal Control System, as already stated, whose adequacy is monitored by the Board, also through the Control and Risks Committee, overseeing the resolution of any critical issues identified by the Chief Executive Officer and the Executive Responsible.

The Control and Risks Committee assists the Board of Directors in relation to administrative-accounting governance as established by the management model approved by the Board and reports, at least bi-annually, on the approval of the annual financial statements and the half year report, to the Board of Directors on the activities carried out and the adequacy of the internal control system.

In order to increase the level of responsibility undertaken by the various personnel in relation to regulations in force, the Management Model has established internal declarations of the individual Process Owners who declare that the administrative-accounting procedures relating to the corporate processes correctly represent the activities and the controls necessary to offset the administrative-accounting risks. The declaration provision methods above are regulated through a relative procedure.

The Management Model has also attributed to the Audit department the duty to verify the existence and conformity with the procedures and the indicated controls, as well as their effective application through the carrying out of testing activities, whose results are reported upon bi-annually to the Executive Responsible, to the Chief Executive Officer and to the Control and Risks Committee.

In relation to the mitigation actions identified, the Board of Directors, with prior consultation of the Control and Risks Committee and on the proposal of the Chief Executive Officer and the Executive Responsible, draws up the budget, the intervention plans and the relative priorities.
The implementation of these actions is attributed to the individual Process Owners which, with the support of the Risk and Control manager, monitor at least half-yearly the relative state of advancement.

The Executive Responsible, receiving information from the individual Process Owners, reports bi-annually to the Internal Control Committee on the situation in relation to the offsetting actions identified, supported by the dedicated unit.

Information on Risks

1 The Enterprise Risk Management model and the estimate of the Economic Capital

The Risk Management Model adopted by the Fondiaria-SAI Group is based on the rationale of Enterprise Risk Management:

- aimed to generate the risk management culture in the Group among the different hierarchy levels;
- based on an integrated viewpoint of all of the current and future risks which the Group is exposed to and assessing the impact that these risks can have on solvency and achieving targets.

The Board of Directors of Milano Assicurazioni implemented the Group guidelines in relation to risk management and the ERM framework.

Within the ERM system, the internal model provides several quantitative instruments. Some of these aim to obtain information on the management of:

- the economic capital;
- measures of Risk Adjusted profit;
- fixed operating limits including using Value at Risk.

The model adopted for the valuation of the risk is based on the estimate of the Economic Capital (EC), or rather a Risk Capital model to estimate the capital necessary to evaluate the solvency of the Group, in line with the risk appetite objective. The model is constantly changing and is regularly updated with the target so that it is always adequate to the risks assumed, to the changes in the regulations and to technical and methodological innovations.
The assessment of the above-mentioned quantifiable risks is determined using an ALM approach through the internal model utilising best practice procedures.
The ALM estimate results in an analysis of the shock of the risk variables on both asset and liability accounts in the financial statements.
This phenomenon is significant for financial variables and in particular for interest rate risk. A shock of this size impacts significantly on all interest rate sensitive bond securities and on the value of the Life actuarial reserves and Non-Life claims reserves, due to the discounting of the cash flows.
The financial risks reported below however are reported without taking into account the ALM aspect. The compensation principle defined by this method is principally applied using a "Total Balance Sheet" approach defined by Solvency II.
Accounting standards marginally allow the adoption of this technique, and for clarity no calculations were inconsistent with the criteria of the accounting principles used for the preparation of the financial statements.

Technical risks are assessed through internal models and the models proposed by the standard QIS5 formula. The most significant component is the reserve risk relating to the Non-Life division. The catastrophic risk has a reduced weight taking into account the mitigating effect of the reinsurance agreements. Term life and redemption risks and inflation currently represent a minor technical risk. The risk of advanced redemption is monitored on an ongoing basis as the trend, if confirmed over the long-term, may create concerns on the financial variables.

2 Information on Operational Risks

2.1 Objectives and criteria of the financial risk management

In relation to the financial risk management objectives and policies, as well as the Group mitigation policies, the Board of Directors approved the Investment Policy document.

The policy adopted aims to guarantee:

- Application of general prudence criteria and enhancement of the asset quality over the medium to long-term period;
- Valuation of yields which take adequate account of the market, credit concentration and liquidity risks;
- Evaluation of factors other than risks;
- Asset allocation objective which reflects adequately both the life of the liability and the economic margins established in the Group budget and, for the investments against the life insurance provisions, the minimum guaranteed returns to policyholders.

The structure of the limits is extended to the principal asset classes which make up the investments, in particular, the limits are defined in terms of:

- Asset Allocation limit;
- Concentration limits;
- Limits in terms of liquidity of assets;
- Market and ALM risk limits.

The portfolio structure of the assets in the Life sector is in line with the structure of the liabilities, in which the securities cover the liabilities. For the Non-Life Division, the assets are selected also in consideration of the foreseeable development of the settlement of claims in relation to the relevant provisions.

2.2 Market Risk

Market risk represents the risk of unexpected losses due to changes in interest rates, share prices, exchange rates and property prices.

The monitoring system provides for the evaluation of the economic impact deriving from these variables through measures such as VaR which permit:

- uniform risk measures which allow comparison of different instruments;
- position limits to be determined;
- “risk-adjusted” measures to be created.

In particular, the measures adopted are:

- short-term VaR, i.e. the VaR calculated on a time period of ten working days;
- the Risk Capital, or rather the VaR calculated on a time period of one year.

The analysis of the VaR and the Risk Capital at 31/12/12 is shown below of the equity and bond portfolio calculated at a confidence level of 99.5%.

Analysis of the Value at Risk of the Life Sector at 31/12/2012

Type	Composition % (Exact holding)	VaR Rate Price %	VaR Exchange %	VaR Total %
Total Listed shares	4.25	9.30	0.04	9.34
Total Derivatives	0.00	-95.26	0.00	-95.26
Net Equity exposure	4.25	9.30	0.04	9.34
Total Securities	80.21	0.70	0.02	0.72
Total Unlisted shares	5.83	5.42	0.00	5.42
Total	90.29	1.41	0.02	1.43
Other Assets	9.71	0.71	0.02	0.73
Total	100.00	1.34	0.02	1.36

Analysis of the Value at Risk of the Life Sector at 31/12/2011

Type	Composition % (Exact holding)	VaR Rate Price %	VaR Exchange %	VaR Total %
Totale Listed shares	5.39	12.64	0.29	12.93
Total Derivatives	0.06	N/A	0.00	N/A
Net Equity exposure	5.45	10.83	0.29	11.12
Total Securities	78.61	1.39	0.09	1.49
Total Unlisted shares	9.26	4.26	0.00	4.26
Total	93.32	2.23	0.09	2.32
Other Assets	6.68	1.43	0.04	1.47
Total	100.00	2.18	0.09	2.27

Analysis of the Value at Risk of the Non-Life Sector at 31/12/2012

Type	Compoition % (Exact Holding)	VaR Rate Price %	VaR Exchange %	VaR Total %
Total Listed shares	2.07	12.62	0.04	12.66
Total Derivatives	-0.02	N/A	0.00	N/A
Net Equity exposure	2.06	4.44	0.04	4.48
Total Securities	78.61	0.55	0.01	0.55
Total Unlisted shares	18.22	5.06	0.03	5.09
Total	98.88	1.46	0.01	1.47
Other Assets	1.12	0.54	0.00	0.54
Total	100.00	1.45	0.01	1.46

Analysis of the Value at Risk of the Non-Life Sector at 31/12/2011

Type	Composition % (Exact Holding)	VaR Rate Price %	VaR Exchange %	VaR Total %
Total Listed shares	7.38	9.44	0.11	9.55
Total Derivatives	0.16	N/A	0.00	N/A
Net Equity exposure	7.54	5.21	0.10	5.31
Total Securities	72.80	0.68	0.00	0.68
Total Unlisted shares	18.42	4.86	0.03	4.89
Total	98.76	1.81	0.01	1.82
Other Assets	1.24	0.68	0.00	0.68
Total	100.00	1.79	0.01	1.81

Notes:
- The percentage weight is calculated taking as reference the listed value.
- The column “Price/VaR Rate” and “VaR Exchange %” shows the percentage on the market values.
- The VaR of the derivatives reduces the risks of the equity positions (hedge operations).
- The account other assets includes structured securities.

Analysis of the Risk Capital of the Life Sector at 31/12/2012

Type	Composition % (Exact Holding)	Risk Capital Rate Price %	Risk Capital Exchange %	Risk Capital Total %
Total Listed shares	4,25	34,94	0,19	35,14
Total Derivatives	0,00	.	0,00	.
Net Equity exposure	4,25	34,94	0,19	35,13
Total Securities	80,21	2,93	0,09	3,03
Total Unlisted shares	5,83	23,91	0,00	23,91
Total	90,29	5,79	0,09	5,89
Other Assets	9,71	2,97	0,09	3,06
Total	100,00	5,52	0,09	5,61

Analysis of the Risk Capital of the Life Sector at 31/12/2011

Type	Composition % (Exact Holding)	Risk Capital Rate Price %	Risk Capital Exchange %	Risk Capital Total %
Total Listed shares	5.39	46.29	1.34	47.62
Total Derivatives	0.06	N/A	0.00	N/A
Net Equity exposure	5.45	41.51	1.32	42.83
Total Securities	78.61	6.72	0.42	7.13
Total Unlisted shares	9.26	18.49	0.00	18.49
Total	93.32	9.92	0.43	10.35
Other Assets	6.68	6.92	0.17	7.09
Total	100.00	9.72	0.41	10.13

Analysis of the Risk Capital of the Non-Life Sector at 31/12/2012

Type	Composition % (Exact Holding)	Risk Capital Rate Price %	Risk Capital Exchange %	Risk Capital Total %
Total Listed shares	2.07	37.68	0.19	37.87
Total Derivatives	-0.02	N/A	0.00	N/A
Net Equity exposure	2.06	29.31	0.19	29.50
Total Securities	78.61	2.20	0.02	2.22
Total Unlisted shares	18.22	21.07	0.13	21.20
Total	98.88	6.24	0.05	6.28
Other Assets	1.12	2.18	0.00	2.18
Total	100.00	6.19	0.05	6.24

Analysis of the Risk Capital of the Non-Life Sector at 31/12/2011

Type	Composition % (Exact Holding)	Risk Capital Rate Price %	Risk Capital Exchange %	Risk Capital Total %
Totale Listed shares	7.38	33.59	0.49	34.09
Total Derivatives	0.16	N/A	0.00	N/A
Net Equity exposure	7.54	23.32	0.48	23.80
Total Securities	72.80	2.88	0.00	2.88
Total Unlisted shares	18.42	20.64	0.15	20.78
Total	98.76	7.75	0.06	7.82
Other Assets	1.24	2.87	0.00	2.87
Total	100.00	7.69	0.06	7.75

Notes:

- The percentage weight is calculated taking as reference the listed value.
- The columns "Risk Capital Rate/Price" and "Risk Capital Exchange %" show the percentage on the market values.
- The Risk Capital of the derivatives reduces the risks of the equity positions (hedge operations).
- The account other assets includes structured securities.

The decrease in the overall risk exposure of the portfolio was seen across the various bond and equity sectors following the reduction in volatility on the principal markets.

2.2.1 Interest rate risk

In relation to the interest rate risk, or rather "the risk of unexpected loss deriving from an adverse movement in interest rates", the exposure of the Company principally regards debt securities and in particular long maturity. In order to limit this risk, the Group utilises a mixture of fixed income and variable rate securities. ALM aims to maintain a balance between the duration of assets and liabilities.

Through the use of stochastic models, in addition to the VaR estimate, stress tests are also undertaken utilising extreme interest rate scenario. The table below reports a sensitivity analysis of the value of the bond portfolio (with reference only to the financial assets) corresponding to an increase and a decrease in the interest rates of 50 bp.

Sensitivity analysis of the bond component

	+50bp		-50bp	
(€ milioni)	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Totale	**-160**	**-129**	**168**	**135**
di cui Danni	-71	-34	74	35
di cui Vita	-89	-94	94	100

Notes:

- The structured securities are not included.

The table below shows the analysis of the duration, VaR and Risk Capital of the bond portfolio at December 31, 2012 broken down by type of issuer and maturity.

Analysis of the Life Sector bond component by VaR and Risk Capital maturity

Type	Composition % (Exact Holding)	Duration Macaulay	Sensitivity Rate %	VaR Rate %	Risk Capital Rate %
Government Euro	**79.24**	**6.00**	**-3.90**	**0.74**	**3.13**
Variable Rate	***9.07***	***0.78***	***-0.71***	***0.11***	***0.45***
Fixed Rate	***70.17***	***6.62***	***-4.27***	***0.82***	***3.48***
0,0< <=1,5	11.40	0.65	-0.63	0.09	0.06
1,5< <=3,0	8.00	1.99	-1.82	0.30	0.79
3,0< <=5,5	6.63	4.07	-3.36	0.60	2.31
5,5< <=7	11.92	5.35	-4.17	0.78	3.25
>7	32.22	9.99	-5.93	1.27	5.69
Corporate Euro	**18.52**	**3.94**	**-3.04**	**0.54**	**2.06**
Variable Rate	***0.15***	***0.25***	***-0.24***	***0.03***	***0.08***
Fixed Rate	***18.38***	***3.97***	***-3.06***	***0.54***	***2.07***
0,0< <=1,5	4.35	0.93	-0.89	0.13	0.16
1,5< <=3,0	3.20	1.78	-1.64	0.26	0.62
3,0< <=5,5	6.08	4.04	-3.33	0.60	2.32
5,5< <=7	1.36	5.52	-4.27	0.77	3.21
>7	3.38	8.11	-5.51	1.13	4.99
Euro Bond Funds	**1.43**	**3.00**	**-2.63**	**0.42**	**1.45**
Fixed Rate	***1.43***	***3.00***	***-2.63***	***0.42***	***1.45***
1,5< <=3,0	1.43	3.00	-2.63	0.42	1.45
Government Non Euro	**0.58**	**5.01**	**-3.64**	**0.17**	**1.35**
Fixed Rate	***0.58***	***5.01***	***-3.64***	***0.17***	***1.35***
1,5< <=3,0	0.18	2.10	-1.98	0.06	0.30
3,0< <=5,5	0.17	3.02	-2.63	0.15	1.01
>7	0.23	8.92	-5.79	0.28	2.43
Corporate Non Euro	**0.23**	**0.93**	**-0.86**	**0.04**	**0.10**
Fixed Rate	***0.23***	***0.93***	***-0.86***	***0.04***	***0.10***
0,0< <=1,5	0.19	0.50	-0.48	0.03	0.01
3,0< <=5,5	0.03	3.57	-3.21	0.09	0.61
Total Bonds	**98.57**	**5.62**	**-3.74**	**0.70**	**2.91**
Total	**100.00**	**5.59**	**-3.72**	**0.69**	**2.89**

Analysis of the Non-Life bond component by VaR and Risk Capital maturity

Type	Composition % (Exact Holding)	Duration Macaulay	Sensitivity Rate %	VaR Rate %	Risk Capital Rate %
Government Euro	**91.46**	**4.03**	**-3.02**	**0.54**	**2.19**
Variable Rate	***21.73***	***0.64***	***-0.58***	***0.09***	***0.36***
Fixed Rate	***69.73***	***5.02***	***-3.74***	***0.68***	***2.76***
0,0< <=1,5	6.48	0.87	-0.83	0.12	0.09
1,5< <=3,0	15.84	2.14	-1.94	0.32	0.89
3,0< <=5,5	17.13	4.07	-3.37	0.60	2.30
5,5< <=7	6.98	5.61	-4.32	0.82	3.42
>7	23.29	8.03	-5.48	1.11	4.90
Corporate Euro	**8.43**	**4.23**	**-3.23**	**0.52**	**2.07**
Variable Rate	***0.04***	***0.59***	***-0.52***	***0.08***	***0.53***
Fixed rate	***8.39***	***4.25***	***-3.25***	***0.52***	***2.08***
0,0< <=1,5	2.54	0.65	-0.63	0.09	0.00
1,5< <=3,0	0.85	2.77	-2.45	0.41	1.35
3,0< <=5,5	1.67	4.26	-3.48	0.61	2.40
5,5< <=7	0.17	5.84	-4.46	0.77	3.22
>7	3.15	7.69	-5.52	0.85	3.73
Corporate Non Euro	**0.12**	**0.04**	**-0.04**	**0.00**	**0.00**
Fixed Rate	***0.12***	***0.04***	***-0.04***	***0.00***	***0.00***
0,0< <=1,5	0.12	0.04	-0.04	0.00	0.00
Total Bonds	**100.00**	**4.04**	**-3.03**	**0.54**	**2.17**
Total	**100.00**	**4.04**	**-3.03**	**0.54**	**2.17**

Notes:

- The percentage weight is calculated taking as reference the values utilised in the analysis;
- The analysis does not include structured securities;
- The sensitivity is calculated as a shock of 100 bps on the short term rate.

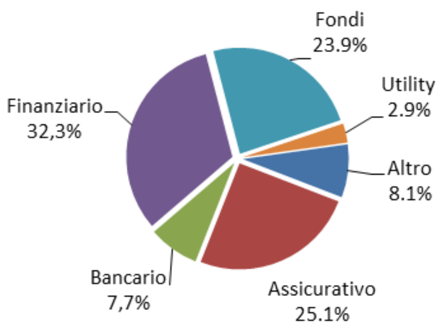
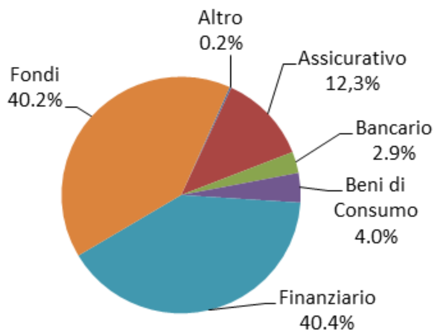
2.2.2 Equity risk, exchange risk and real estate risk

The equity risk or "risk of unexpected losses deriving from adverse changes in equity prices" and the foreign exchange risk or "risk of unexpected losses deriving from adverse changes in exchange rates" are valued as stochastic models calibrated on the market.

The valuation of the assets utilises the volatility of the underlying and associated benchmarks. The volatility recorded on the basis of the above-mentioned criteria is then used as input for the calculation of the VaR and Risk Capital.

The graphs below show the breakdown of the equity portfolio by sector.

Composition of the equity portfolio

Life Sector	Non-Life Sector
	

The impact on the income statement of a reduction in listed equity prices of 10% is shown below. The analysis was carried out gross of the tax effects.

Sensitivity analysis of the listed equity portfolio

(€ milioni)	31/12/2012	31/12/2011
Totale	**-21**	**-35**
di cui Danni	-6	-19
di cui Vita	-15	-16

The table below shows the VaR and Risk Capital analysis relating to the equity risk and exchange risk (of the equity and bond portfolio) broken down by currency.

VaR analysis relating to the Life Sector equity and currency portfolio 31/12/2012

Type	Currency	Composition % (Exact Holding)	VaR Rate Price %	VaR Exchange %	VaR Total %
Shares	Euro	4.15	9.16	0.00	9.16
	Swiss Franc	0.06	14.17	0.84	15.01
	UK Sterling	0.04	16.97	2.96	19.93
	Total Shares listed	**4.25**	**9.30**	**0.04**	**9.34**
Derivatives on shares	Euro	0.00	-95.26	0.00	-95.26
	Total Derivatives	**0.00**	**-95.26**	**0.00**	**-95.26**
	Net Equity exposure	**4.25**	**9.30**	**0.04**	**9.34**
Bond Funds	Euro	1.17	0.42	0.00	0.42
Bonds	US Dollar	0.29	0.20	4.40	4.60
	Euro	78.40	0.71	0.00	0.71
	Swiss Franc	0.36	0.09	0.86	0.95
	Total Bond Funds	**80.21**	**0.70**	**0.02**	**0.72**
Shares	Euro	5.83	5.42	0.00	5.42
	Total Shares unlisted	**5.83**	**5.42**	**0.00**	**5.42**
	Total	**90.29**	**1.41**	**0.02**	**1.43**
	US Dollar	0.04	0.70	4.37	5.07
	Euro	9.67	0.71	0.00	0.71
	Other Assets	**9.71**	**0.71**	**0.02**	**0.73**
	Total	**100.00**	**1.34**	**0.02**	**1.36**

VaR analysis relating to the Non-Life Sector equity and currency portfolio 31/12/2012

Analisi di composizione e di Value at Risk

Type	Currency	Composition %	VaR Rate Price %	VaR Exchange %	VaR Total %
Shares	US Dollar	0,02	4,84	4,36	9,20
	Euro	2,06	12,69	0,00	12,69
	Total Listed shares	**2,07**	**12,62**	**0,04**	**12,66**
Derivatives on shares	Euro	-0,02	N/A	0,00	N/A
	Total Derivatives	**-0,02**	**N/A**	**0,00**	**N/A**
	Net Equity exposure	**2,06**	**4,44**	**0,04**	**4,48**
Bonds	US Dollar	0,09	0,00	4,40	4,40
	Euro	78,52	0,55	0,00	0,55
	Total Bond Funds	**78,61**	**0,55**	**0,01**	**0,55**
Shares	US Dollar	0,12	6,08	4,36	10,44
	Euro	18,10	5,06	0,00	5,06
	Total Unlisted shares	**18,22**	**5,06**	**0,03**	**5,09**
	Total	**98,88**	**1,46**	**0,01**	**1,47**

Notes:

- The percentage weight is calculated taking as reference the listed value.
- The column "VaR Price %" and "VaR Foreign Exchange %" shows the percentage on the market values.
- The VaR of the derivatives reduces the risks of the equity positions (hedge operations).
- The account other assets includes structured securities.

Risk Capital analysis relating to the Life Sector equity and currency portfolio 31/12/2012

Type	Currency	Composition % (Exact Holding)	Risk Capital Rate price %	Risk Capital Exchange %	Risk Capital Total %
Shares	Euro	4.15	34.43	0.00	34.43
	Swiss Franc	0.06	54.56	4.16	58.72
	UK Sterling	0.04	59.41	14.10	73.51
	Total Listed shares	**4.25**	**34.94**	**0.19**	**35.14**
Derivatives on shares	Euro	0.00	N/A	0.00	N/A
	Total Derivatives	**0.00**	**N/A**	**0.00**	**N/A**
	Net Equity exposure	**4.25**	**34.94**	**0.19**	**35.13**
Bond Funds	Euro	1.17	1.45	0.00	1.45
Bonds	US Dollar	0.29	1.52	20.56	22.08
	Euro	78.40	2.97	0.00	2.97
	Swiss Franc	0.36	0.61	4.22	4.83
	Total Bond Funds	**80.21**	**2.93**	**0.09**	**3.03**
Shares	Euro	5.83	23.91	0.00	23.91
	Total Unlisted shares	**5.83**	**23.91**	**0.00**	**23.91**
	Total	**90.29**	**5.79**	**0.09**	**5.89**
	US Dollar	0.04	2.92	20.42	23.34
	Euro	9.67	2.97	0.00	2.97
	Other Assets	**9.71**	**2.97**	**0.09**	**3.06**
	Total	**100.00**	**5.52**	**0.09**	**5.61**

Risk Capital analysis relating to the Non-Life Sector equity and currency portfolio 31/12/2012

Type	Currency	Composition % (Exact Holding)	VaR Rate Price %	Risk Capital Exchange %	Risk Capital Total %
Shares	US Dollar	0.02	22.34	20.35	42.68
	Euro	2.06	37.82	0.00	37.82
	Total Listed shares	**2.07**	**37.68**	**0.19**	**37.87**
Derivatives on shares	Euro	-0.02	N/A	0.00	N/A
	Total Derivatives	**-0.02**	**N/A**	**0.00**	**N/A**
	Net Equity exposure	**2.06**	**29.31**	**0.19**	**29.50**
Bonds	US Dollar	0.09	0.00	20.52	20.52
	Euro	78.52	2.20	0.00	2.20
	Total Bond Funds	**78.61**	**2.20**	**0.02**	**2.22**
Shares	US Dollar	0.12	27.47	20.35	47.82
	Euro	18.10	21.02	0.00	21.02
	Total Unlisted shares	**18.22**	**21.07**	**0.13**	**21.20**
	Total	**98.88**	**6.24**	**0.05**	**6.28**
	Euro	1.12	2.18	0.00	2.18
	Other Assets	**1.12**	**2.18**	**0.00**	**2.18**
	Total	**100.00**	**6.19**	**0.05**	**6.24**

Notes:

- The percentage weight is calculated taking as reference the listed value.
- The column "Price Risk Capital %" and "Risk Capital Foreign Exchange %" shows the percentage on the market values.
- The Risk Capital of the derivatives reduces the risks of the equity positions (hedge operations).
- The account other assets includes structured securities.

In relation to the real estate risk, or rather the risk related to the unexpected depreciation of the value of property, the valuation is made based on the type of investment. The analysis model for residential and commercial buildings is adapted to a historical series of price indices, relating to the trend in market prices recorded in the real estate transactions at a national level.

2.3 Credit Risk

The analysis of the credit risk is broken down as follows:

- *Counterparty Default Risk*, i.e. the risk of possible losses due to unexpected defaults by counterparties and debtors, excluding issuers of bond securities falling under spread risk. In general, this category includes receivables from reinsurers, other receivables and receivables relating to derivatives.
- *Spread Risk*, i.e. the risk related to the change in the value of the bonds held in portfolio against changes in the ratings level of the issuer.

The internal model utilises two models to determine the spread risk.

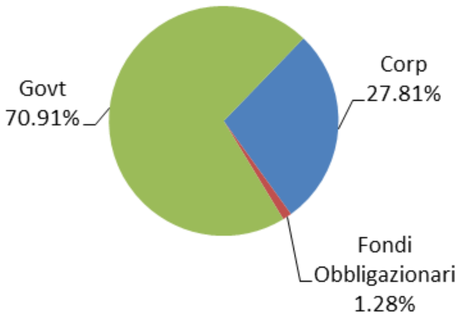
The first model evaluates the probability of default of the issuers present in the portfolio, while the second takes into account the loss in value of the portfolio as a result of issuer "migration" from one rating class to another. This latter is considered more suitable for the overall determination of the Economic Capital. On the basis of these models, the exposure of the Company to the credit risk is periodically monitored.

In relation to the control of overall exposition to credit risk, specific resolutions of the Board of Directors have set fixed limits in terms of concentration for reinsurers and rating classes.

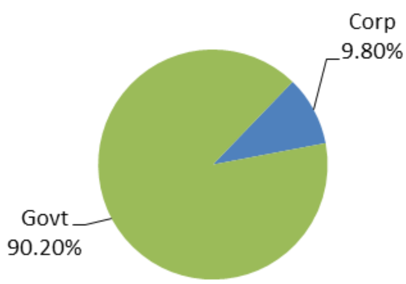
The graph shows the bond portfolio by issuer, rating and segment.

Composition of the Bond portfolio

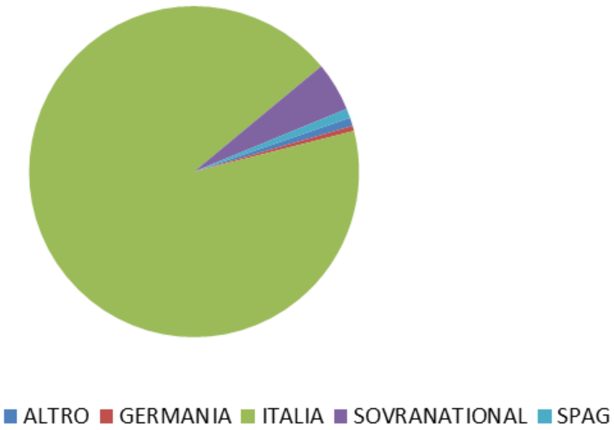
Life Sector



Non-Life Sector

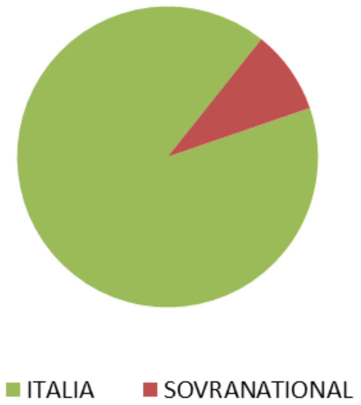


Government bond portfolio by country of the Life Sector



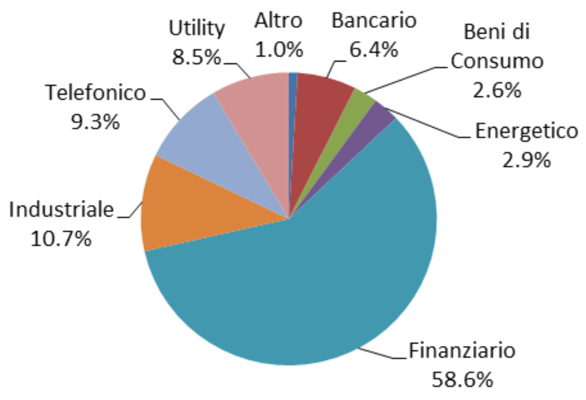
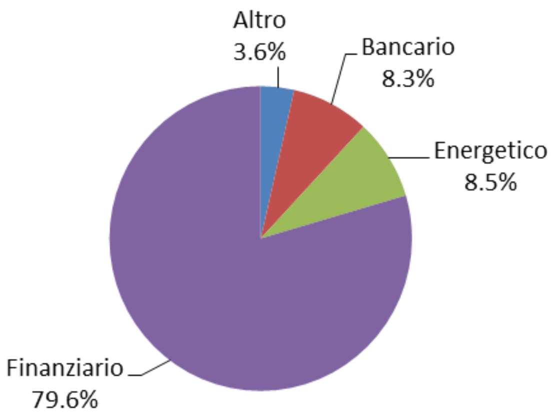
Paese Emittente	Quota (%)
AUSTRIA	0,08%
CANADA	0,15%
GERMANIA	0,50%
ITALIA	92,96%
MESSICO	0,12%
PORTOGALLO	0,04%
SOVRANATIONAL	4,81%
SPAGNA	0,91%
STATI UNITI D'AMERICA	0,18%
SVIZZERA	0,25%

Government bond portfolio by country of the Non-Life Sector

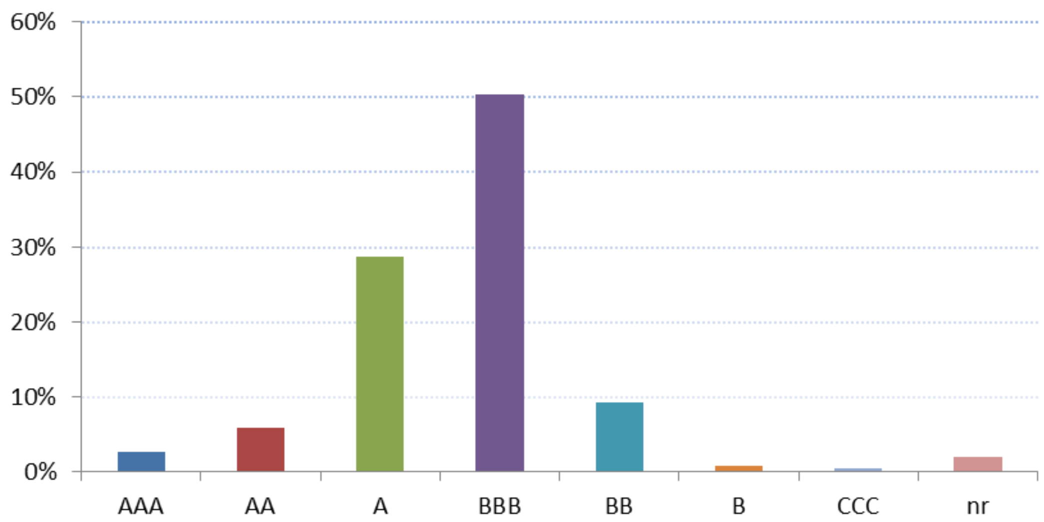


Paese Emittente	Quota (%)
ITALIA	90,98%
SOVRANATIONAL	9,02%

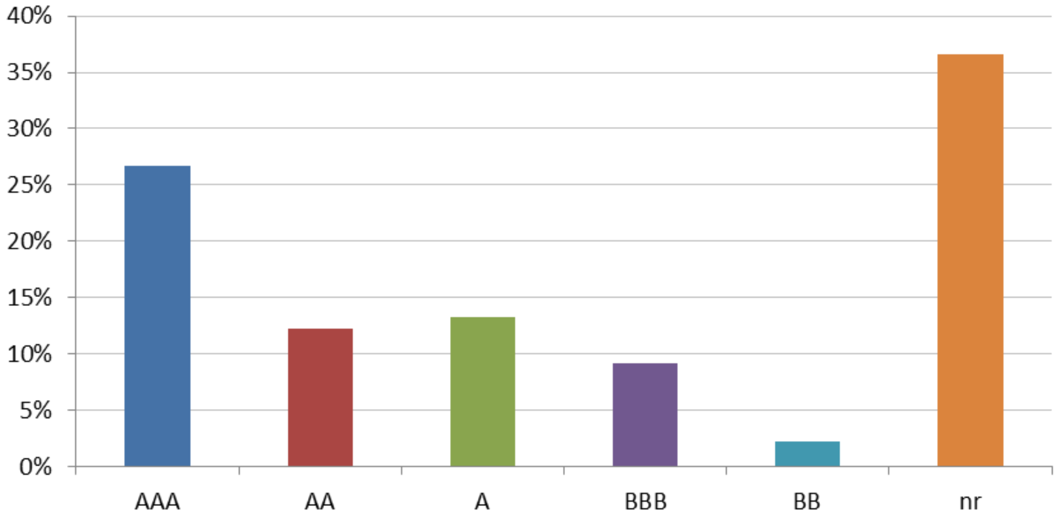
Composition of corporate bonds by segment

Life Sector	Non-Life Sector
	

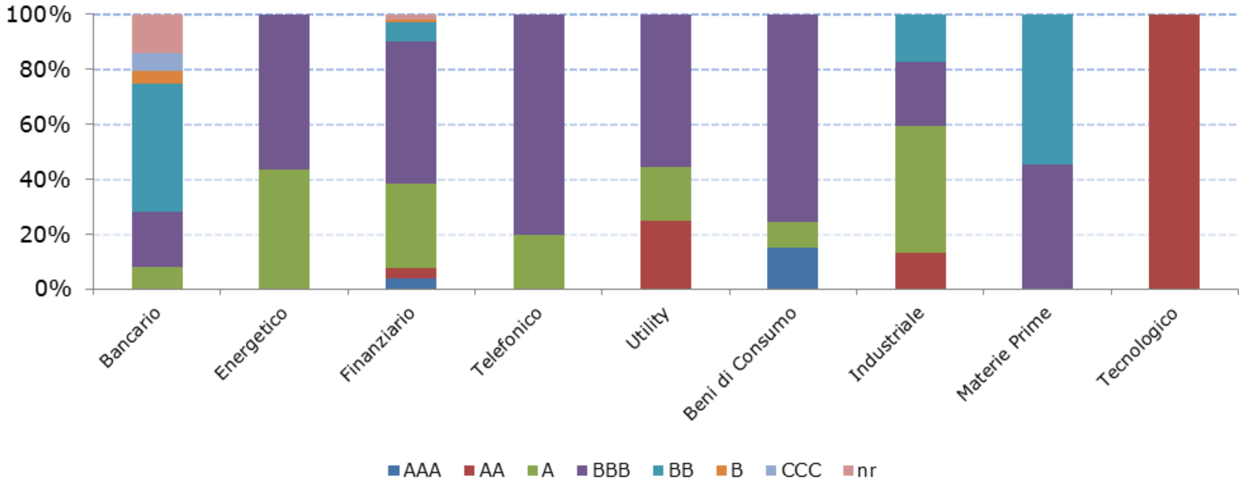
Corporate bond portfolio by Standard & Poor's rating for the Life Sector



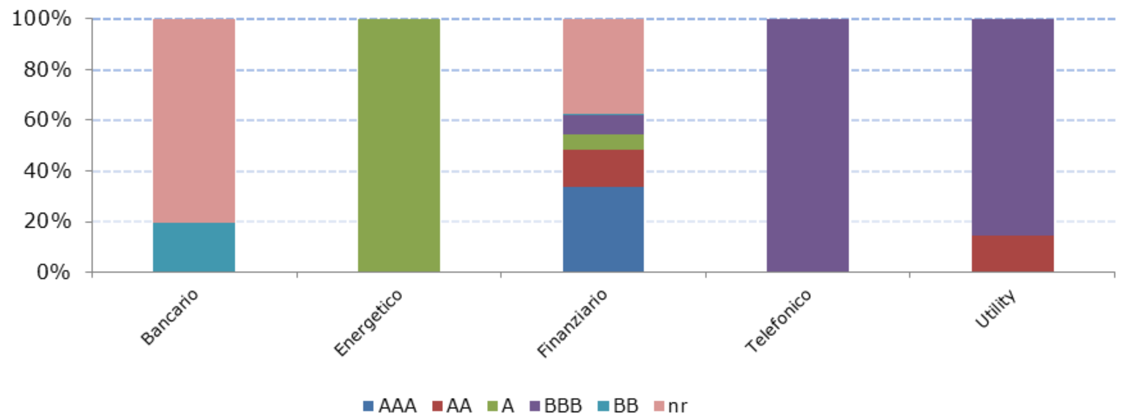
Corporate bond portfolio by Standard & Poor's rating for the Non-Life Sector



Corporate bond portfolio by sector and rating of the Life Sector



Corporate bond portfolio by sector and rating of the Non-Life Sector



2.4 Liquidity Risk

Liquidity risk is “the risk of not being able to fulfil obligations towards policyholders and other creditors due to difficulties in converting investments into cash without incurring losses".

For the management of liquidity, the Company adopted an organisational system based on the centralisation of the financial cash flows through the Group Treasury. This system guarantees, not only rational monitoring of all the inflows and outflows (assisted by daily cash pooling), but also the optimisation of returns on the liquidity realised through the centralised management of the excess liquidity in respect of scheduled commitments. The Group Treasury activities seek to ensure a balance between the maintaining of sufficient liquid funds to cover any unexpected obligations to policyholders and suppliers and allocating excess liquidity to more remunerative investment operations.

In particular these activities, principally undertaken over a ten day time period, are structured according to the following graphic:

The funds in restricted 24 hour deposit accounts (so-called time deposits) are managed by counterparty banks according to the following criteria:

- maximisation of returns
- reliability of the counterparty
- diversification among several counterparties

In relation to commitments, based on the investment Policy, the limits and conditions concerning the liquidity of assets were defined.

3 Information on Operational Risks

3.1 The Framework of Operational Risk Management

The operating risk concerns the "risk of loss deriving from inefficiencies of staff, processes and systems, including those utilised for distance selling, or external events, such as fraud and the activities of supplier services (Outsourcing risk)". Based on the framework of Operational Risk Management, the relationships and the reciprocal impacts between Operating Risks and the risks indicated in the Map are also considered, which include risk compliance and reputational risk, with the objective to evaluate the direct and indirect effects of events relating to operating risks. In particular, the analysis adopted is aimed at understanding, according to the casual logic the risk factors, events and effects (monetary and non monetary) as well as the impacts that these effects can have on the solvency of the Group and achieving the objectives set.

In undertaking its activities, the Risk Management department on the basis of the Group model, works with the Risk and Control Manager (RRC), who report hierarchically to the Process owner and functionally to the Risk Management Department.

In relation to the classification of the Operating Risks, the model adopted is that of the event type in the banking area (Basilea II) and which the current orientation of EIOPA refers to within Solvency II. This classification, structured on three levels was modified for the second and the third levels to adapt it to the specific problems and internal analysis models. The first level of the classification is shown below.

1	Internal fraud
2	External fraud
3	Employment relationship and workplace security
4	Clients, products and business practices
5	Damage to tangible assets
6	Interruption/reduction of operations
7	Execution, delivery and management of processes

3.2 Activities carried out and objectives for 2012

During the last quarter of the year an integration process of the management of operating risks was introduced with the Unipol Group. Based on a comparison of the methodologies, which present differing approaches but are complementary in many aspects, it was decided to review the operative risk analysis methodology to include the best aspects within the relative entities.

In substance, the new methodology project, which reached a rather advanced stage, provides for the following:

- the underlying organisational model will impose that currently applied by the Fondiaria-SAI Group with a network of analysts within the business guidelines coordinated by the Risk Management;
- the metric adopted for the evaluation will be that the utilised by Unipol for the drawing up of an internal statistical model.

A similar approach to the integration process was followed for the establishment of business continuity plans; in fact, maintaining the existing approach for the Companies involved in the integration process, a joint table to establish a Business Continuity Operating Model, commenced in order to guarantee the objectives of the new Group. The process involves the joint analysis of the strength and weaknesses of the two models and the establishment of a model which both guarantees the continuity of the new processes and of the new organisations according to international standards (ISO 22301), obviously also promoting the best practices in the current structures.

The activities concerning the management of IT operating risks are under review as Group organisational model provides for the development of roles and functions. However for 2013 the risk evaluation activities and security policy considerations continue for the components of the IT system stemming from the ex Fondiaria-SAI Group.

The Solvency II convergence project

The Solvency II Directive was published in the Official Gazette of the European Union on December 17, 2009. On March 21, 2012, the Economic and Monetary Affairs Commission of the European Parliament approved the report prepared by Burkhard Balz on the “Omnibus II” Directive proposal. The negotiations between the three major European institutions (The Commission, the Parliament and the European Council of Ministers) therefore began based on the respective approved documents. In October 2012, the legislative process for the approval of the Omnibus Directive stalled. The debate concerning the approval will be restarted once the outcome of the impact assessment on long term guarantees is reviewed, a study which will begin on January 28, 2013 and will conclude at the end of March with the publication of results in June 2013.

On December 20, 2012 the EIOPA published an opinion on the manner for implementation of Solvency II at a national level. The EIOPA requested the National Supervisory Authorities to put in place a series of measures to guarantee the entry into force of a number of fundamental aspects of the Regulation (Governance System, Risk Management System, ORSA, pre-application of the internal model), from January 1, 2014.

With specific regard to the Solvency II compliance project, all activities necessary to standardise the internal model to the methodologies established by the new enlarged Group headed by the parent company Unipol Gruppo Finanziario (UGF) will be carried out.

Subsidiary and associated companies

The list, pursuant to Article 2427, point 5, of the Civil Code, is shown in attachment No. 6 to the notes. For each of these, the balance sheet and the income statement of the last financial statements approved are attached.

The key financial information for 2012 of the principal subsidiaries and associated companies are shown below.

Subsidiary companies

LIGURIA Società di Assicurazioni S.p.A. – Milan (direct holding 99.97%)

In 2012 the Company, with a predominantly multi-mandate sales network, reported premiums of Euro 205.4 million, a decrease of 13.4% compared to Euro 237 million in 2011, due to the difficult economic environment and the portfolio restructuring - implemented also through the discontinuation of poorly performing sales points.

In 2012 a loss of Euro 38.1 million was recorded, compared to a loss of Euro 44.1 million in 2011. The key factors in 2011 which contributed to this result are summarised below:

- the net underwriting result was a loss of Euro 74 million, a deterioration on the previous year which recorded an underwriting loss of Euro 23.1 million. This result is primarily due to the need to further strengthen the prior year claims provisions, in particular in the Motor TPL class, while the current generation claims report a more favourable trend compared to the past.
  With reference to the Motor TPL class, which represents approximately three quarters of the portfolio, the claims reported dropped 31.1%, the frequency decreased significantly and the claims/premium ratio for the current year decreased from 82.2% to 72.6%;
- the financial management result reported a significant improvement, with net income of Euro 17.5 million compared to net charges of Euro 13.4 million in the previous year, which included significant impairments on Italian government bonds following the particularly depressed prices at the end of 2011, when the spread with the German Bund reached over 500 basis points;
- at the end of the year the company availed of the option to transfer to the parent company Milano Assicurazioni its losses carried forward, receiving in return 12% of the relative amount.

The exercise of this option, provided for within the applicable regulations of the group tax consolidation, resulted in an income statement benefit of Euro 11.7 million, taking into account that the deferred tax assets relating to these tax losses were not originally recorded due to the uncertain future profitability outlook.

The actions continued in 2012 to contain costs, particularly in the claims area: in this regard, in February 2012 the Group IT platform for the handling and settlement of claims was adopted, as well as the applications for the monitoring of loss adjustment activities and, in order to fully integrate the claims process of the company with the group and achieve further efficiencies, the loss adjustors department was merged into the Group department.
The analysis and the discontinuation of sales points with unsatisfactory performances also continued, partially compensated with the opening of the new carefully selected sales points by region and portfolio type.
Finally, following the loss in the year, a recapitalisation of the company is necessary, also in light of regulatory solvency margin requirements.

LIGURIA VITA – Milan (direct holding 99.97%)

Premiums written amounted to Euro 19.1 million, a decrease of 3.1% on Euro 19.7 million in the previous year, and relate to traditional Class I products for Euro 17.3 million (Euro 17 million in 2011) and Class V capitalisation contracts for Euro 1.8 million (Euro 2.7 million in 2011). Also in 2013 no Class III products were placed.
New premiums amounted to Euro 12.9 million, a decrease of 1.6% on 2011. These concern single premiums for Euro 10.8 million (Euro 11.4 million in 2011), recurring premium products for Euro 0.9 million (substantially unchanged on 2011) and annual premium contracts for Euro 1.2 million (Euro 0.9 million in 2011).
The sums paid in 2012 amounted to Euro 17.9 million, an increase of 3.9% on the previous year.
The class C insurance contract liabilities total Euro 114.5 million, an increase on Euro 112.8 million in 2011. Insurance contract liabilities of the contracts linked to market indices in Class III amount to Euro 5.3 million.
In relation to the segregated fund performances, the Liguria Fund recorded a yield of 3.62%, substantially in line with the previous year (3.64%) and considered satisfactory in light of the 2012 financial market performance.
The financial management result reported a significant improvement on 2011, with net income of Euro 7.4 million compared to net charges of Euro 5 million in the previous year, which included significant impairments on Italian government bonds following the particularly depressed prices at the end of 2011, when the spread with the German Bund reached over 500 basis points;
Consequently the result for 2012 was a profit of Euro 3.8 million compared to a loss of Euro 8.9 million.

DIALOGO ASSICURAZIONI S.p.A. – Milan (direct holding 99.85%)

In 2012, a loss of Euro 2.2 million was recorded (loss of Euro 11.4 million in 2011). The key factors in 2011 which contributed to this result are summarised below.

Premiums written amounted to Euro 28.4 million, reducing 28.4% amid a difficult economic environment, lower advertising expenditure and an underwriting policy which seeks to balance to the best degree possible the average premium with the frequency and the average claims cost, improving therefore the portfolio quality.

The net underwriting result reported a loss of Euro 9.7 million, in line with the previous year, in particular due to the revaluations made by the loss adjustor's network on the prior year provisions, while the current operational result benefits from the operational actions undertaken to recover profitability and reports signs of improvement. In particular, in relation to the Motor TPL class which represents almost 90% of the portfolio, the current claims/premiums ratio decreased from 105.1% in 2011 to 93%.

The financial management result, following improved operating conditions on financial markets, reports net income of Euro 1.5 million compared to net charges of Euro 0.2 million in the previous year, which included significant write-downs on government securities following the particularly depressed prices at the end of 2011, when the spread between the Italian and German bonds reached over 500 basis points.

At the end of the year the company availed of the option to transfer to the parent company Milano Assicurazioni its losses carried forward, receiving in return 12% of the relative amount. The exercise of this option, provided for within the applicable regulations of the group tax consolidation, resulted in an income statement benefit of Euro 6.1 million, taking into account that the deferred tax assets relating to these tax losses were not originally recorded due to the uncertain future profitability outlook.

SYSTEMA Compagnia di Assicurazioni S.p.A. – Milan (direct holding 100%)

The Company operates in the non-life classes through the commercialisation of standardised products distributed by bank partners in accordance with specific contracts.
During the year the Company recorded premiums of Euro 39.8 million, a total increase of 5.6% on 2011, due to an increase in premiums written in the motor segment (totaling Euro 37.1 million) while premiums in other classes decreased to Euro 2.7 million, a decrease of 63.2%, due to the termination of policies written by the distribution channels of the Banca Popolare di Milano Group, which in this sector now operates with other insurance partners.

The underwriting performance reports a loss of Euro 1.1 million, principally due to the revaluations made by the loss adjustor's on the prior year claims provisions, while the current operating performance reports a significant improvement. The claims/premiums ratio in the current year relating to direct premiums in the Motor TPL class was in fact 69.5% compared to 100.8% in 2011, which was impacted, among other issues, by a number of significant claims.

The financial management result, following improved operating conditions on financial markets, report net income of Euro 2 million compared to net charges of Euro 0.4 million in the previous year, which included significant write-downs on government securities following the particularly depressed prices at the end of 2011, when the spread between the Italian and German bonds reached over 500 basis points.

The result for the year was a profit of Euro 0.2 million, compared to a loss of Euro 3.3 million in the previous year.

IMMOBILIARE MILANO ASSICURAZIONI S.r.l. - Milan (direct holding 100%)

The company has been operational since October 1, 2009, following the partial non proportional spin-off of Immobiliare Lombarda which allocated a spun-off asset portfolio of Euro 241.9 million comprising property, shareholdings in subsidiary and associated companies, cash and cash equivalents and financial debt.

In 2012, the company recorded a loss of Euro 41 million (loss of Euro 35.2 million in 2011). Similar to the previous year, the loss is principally due to the impairments on property and property investment holdings.
In particular, property impairments totaled Euro 33.9 million based on independent experts' valuations. Impairments on investments and write-downs of receivables were made in relation to subsidiary and associated companies for a total of Euro 14.4 million, of which Euro 11.2 million concerning the wite-down of a non-interest bearing receivable from Sintesi Seconda s.r.l., a wholly-owned subsidiary.
At December 31, 2012, the real estate assets totaled Euro 207 million and were in the residential, office, commercial and construction land sectors.
Investments in subsidiaries and associated companies are recorded in the accounts for Euro 7.1 million and refer to:

- 100% of Sintesi Seconda s.r.l., owner of 4 office buildings in Milan. Based on the valuations made by the independent expert the company recorded a write-down of Euro 12.4 million on its property. Consequently the company reported a loss of Euro 11.7 million and the balance sheet reports a net equity deficit of Euro 11.2 million. The book value of the investment was written-down and the non-interest bearing receivable from the company of Euro 11.2 million was also written-down against the future need for the recapitalisation of the company;
- a holding of 44.93% in Borsetto s.r.l., with a book value of Euro 3.4 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 2.8 million. The company holds 49% 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 2012, the development continued 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 associated 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. The approval time required is about 6 months.

Bank debt was almost entirely repaid (Euro 12.8 million at December 31, 2011).

In relation to the significant events during the year we report:
- on March 8, 2012, Immobiliare Milano Assicurazioni sold to Autostrada Torino Milano S.p.A. the shareholding held in **IGLI S.p.A.**, of 16.67% of the share capital, and simultaneously receiving the sales price of Euro 43.8 million. The acquisition price of each IGLI share subject to the sale was established at Euro 10.89572, based on the forecast balance sheet of IGLI at December 31, 2011, with each ordinary share of Impregilo S.p.A. attributed a value of Euro 3.65. The sale resulted in a gain of approximately Euro 1.2 million.
  In this regard, the following is noted:
  - Immobiliare Fondiaria-Sai s.r.l. and Immobiliare Milano Assicurazioni s.r.l. each held a 16.67% stake in IGLI and the Fondiaria-Sai Group therefore had a total holding in IGLI of 33.33% of the share capital, equal to the other two shareholders of IGLI, Autostrade per l'Italia S.p.A. and Argo Finanziaria S.p.A.;
  - On December 27, 2011 Immobiliare Fondiaria-Sai and Immobiliare Milano Assicurazioni agreed the acquisition with Argo Finanziaria of 8,040,000 ordinary shares of IGLI, held by Immobiliare Fondiaria-SAI and Immobiliare Milano Assicurazioni and comprising 33.33% of the share capital of IGLI S.p.A.;
  - Argo Finanziaria had the right to designate its subsidiary Autostrada Torino Milano to acquire the IGLI shares.

  Immobiliare Fondiaria-SAI and Immobiliare Milano Assicurazioni have committed, on their own behalf and on behalf of their affiliates, to abstain from acquiring directly or indirectly, shares, rights and equity instruments of Impregilo S.p.A., financial instruments or debt securities convertible into shares or equity instruments of Impregilo, in addition to any option rights concerning the subscription and/or the acquisition of any of the above-stated instruments for a period of 12 months from the execution of the operation.
- On January 27, 2012, the Board of Directors of **Metropolis**, a company held 29.73% by Immobiliare Milano Assicurazioni, called the Extraordinary Shareholders' Meeting for the Liquidation of the Company, taking into account that, following the placing in liquidation and administration of the shareholders Baldassini-Tognozzi Costruzioni Generali S.p.A. and Consorzio Etruria e Servizi e Promozioni s.r.l., the financial support necessary was not available to realise the recovery, transformation and restructuring of the Manifattura Tabacchi real estate project at Florence.
  The Shareholders' Meeting of March 14, 2012 approved:
  - the winding-up of the company and placement in voluntary liquidation,
  - appointment of the liquidator of the company conferring to him all ordinary and extraordinary powers with the exception of the power to sell the investment MT -

Manifattura Tabacchi S.p.A. for which prior authorisation of the Shareholders' Meeting is necessary.
- the transfer of the registered office from via Fra' Giovanni Angelico No. 58 in Florence to Corso Venezia No. 10 in Milan was approved with consequent modification and approval of the new Article 2 of the company By-laws.

On March 30, 2012, the Shareholders Resolution winding up the company was registered at the Company's Registration Office.
The carrying value of the investment is therefore zero, taking into account the write-downs made in 2011.

CAMPO CARLO MAGNO S.p.A. - Madonna di Campiglio (direct holding 100%)

The company owns a hotel real estate complex at Madonna di Campiglio and a Golf Hotel. The company signed a rental contract with Atahotels S.p.A. which provides for a fee of 20% of the net annual revenues, with a minimum guaranteed fee. The operation guarantees the company an adequate return on the business, in line with market values for similar operations. The year 2012 reports a substantial breakeven result.

SOGEINT – Milan (direct holding 100%)

The Company undertakes commercial assistance to the agencies. Substantial breakeven was recorded in 2012.

PRONTO ASSISTANCE SERVIZI (direct and indirect holding 54.55%)

The Company provides services to Fondiaria-Sai Group policyholders who have undertaken Assistance class guarantees. The 2012 result reports a loss of Euro 0.2 million, unchanged on 2011.

Associated companies

IMMOBILIARE LOMBARDA S.p.A. – Milan (direct holding 35.83%)

Following the partial spin-off in 2009, Immobiliare Lombarda adopted a new mission, changing from a mixed real estate operator, as well as captive, of the Fondiaria Sai Group, to a specialised operator in the consultancy and the provision of services relating to the management and development of both Group and third party real estate assets, open to commercial alliances with other real estate operators through which it can expand its presence in the sector.
In 2012, the Company continued its property consultancy activities, particularly to companies belonging to the Fondiaria-Sai Group.
The company reports a loss of Euro 4.4 million, an increase on the loss of Euro 1.6 million in 2011. The result is principally due to:

- the contraction in real estate activity undertaken on behalf of the companies of the former Fondiaria-Sai Group, due to the difficult market conditions and the reduction in investments made by the Group in this sector;
- the write-down of receivables for approx. Euro 2 .8 million from Citylife, made against a dispute arising after the sale of the investment by Immobiliare Milano s.r.l.

GARIBALDI S.C.A. – Luxembourg (direct holding 32%)

The company is involved in the real estate project – promoted and managed by the US Group Hines - Porta Nuova Garibaldi which concerns an area in Milan between viale Don Sturzo, via Melchiorre Gioia, viaViganò, via De Cristoforis, via Rosales, corso Como and piazzale Freud. The updated project concerns the development of 51,000 sq.m. for office use, 20,000 sq.m. with exposition potential, 10,000 sq.m for commercial use and 4,000 sq.m. for residential use.
The project is noted for the close attention to quality, also in relation to sustainability and respect for the environment, with a view to obtaining the LEED certification. The use of technologies which reduce pollution are particularly noted: the use of groundwater and heat pumps, the use of photovoltaic panels for the production of clean electricity, differentiated collection of production site waste, the adoption of dust and noise minimisation systems and the local production of cement to reduce the impact on the road system. The area will be at the crossroads of major road networks and may be easily reached through 4 metropolitan lines (lines MM5/MM6 will join the existing MM2 and the rail link), two rail stations and an extensive network of public transport.
At December 31, 2012, the following components of the project have been completed: the Podio building, concerning the underground foundations area; Building A, Building B and Building C, Buildings E1 and E2 principally allocated for office use and the residences of Corso Como, in addition to other public areas of the project such as the Public Square (currently Piazza Gae Aulenti) and the pedestrian links to Corso Como and the Isola area.
The result in 2012 was a loss of Euro 94 thousand.
Within this project, the total financial commitment of Milano Assicurazioni is expected at approx. Euro 117 million. Loans granted at December 31, 2012 amounts to approx. Euro 74.6 million and are recorded as Profit Participating Bonds, based on the profits achieved in relation to the property project currently under development.

ISOLA S.C.A. – Luxembourg (direct holding 29.56%)

The company, through its subsidiaries, is involved in the "Porta Nuova Isola" real estate project, promoted and managed by the US group Hines.
The project concerns the construction of approx. 29 thousand sq. metres of total flooring area (tfa), of which approx. 22 thousand for residential use (with approx. 1,000 for social housing), 6 thousand sq. metres for service sector activity and approx. 650 sq. metres of local retail. Three underground parking storeys are also planned, of which the first two for residence parking for the buildings under construction. The third underground floor will be reserved for residents of the Isola area. The residential buildings will be constructed in blocks of 4/5

storeys, which will be developed along Via Confalonieri and two towers of 18 and 26 storeys along Via De Castillia, known as the "Bosco Verticale." Two public buildings, built to a high standard, may house social/cultural events: the first building called "Incubatore per l'Arte" (Incubator for the Arts), already completed, is located in the municipality-owned area south of Via De Castillia (Lotto Lunetta), while the second will be built in a private area to be designated as a public area close to the crossroads between Via Confalonieri and Via Volturno. At the centre of the new block, a green area will be developed which will also connect with the larger urban parks within the Porta Nuova Garibaldi Project.
The result in 2012 was a loss of Euro 87 thousand.
Within this project, the total financial commitment of Milano Assicurazioni is expected at approx. Euro 21 million. Loans granted at December 31, 2012 amounts to approx. Euro 17.9 million as Profit Participating Bonds, based on the profits achieved in relation to the property project currently under development.

ATAHOTELS S.p.A. - Milan (direct holding 49.00%)

In 2012 the company reports a loss of Euro 35.6 million compared to a loss of Euro 23.3 million in 2011. Following the loss, the balance sheet at year-end reports a negative equity of Euro 18.9 million.
The loss for the year is due to the continuing crisis in the hotel sector, which reports a sharp drop in business and vacation numbers, and the write-downs made on tangible and intangible assets in the accounts.
The issues affecting the result for the year are summarised as follows:

- total hotel revenues amounted to Euro 115.9 million, a decrease of 8.5% on Euro 126.7 million in the previous year.
  These results set back the encouraging improvements recorded in 2011, but are within the overall recessionary environment which has not spared any sector and particularly hit the hotel sector;
- despite the worsening economy in the Eurozone, with alternating intensity throughout 2012, the company achieved its margin objective fixed at the beginning of the year; in fact, against a reduction in revenues, the operating margin decreased from 29.6% to 28.5% of revenues, while significant overhead cost savings resulted in a EBITDAR of 22% of revenues compared to 21.9% in the previous year;
- the total amount of rent and similar charges amounted to approx. Euro 36.2 million, accounting for 32% of revenues (approx. 28% in 2011).
  In addition, the company pays leasing charges for the buildings at Varese and Petriolo amounting to Euro 1.7 million, with depreciation of Euro 10.2 million;
- rental costs increased by Euro 3.6 million compared to the previous year due to the previous contracts signed and not yet fully operational and, on the other hand, the discontinuation of the reductions agreed for the two-year period 2010 and 2011, in expectation of an upturn from 2012. The reductions on rent obtained from the owners of buildings from Fondazione Enpam and Enpam Real Estate S.r.l. did not show their full effects in the year as the minimum contractual guarantees were applied, which impacted the company for approx. Euro 1.9 million;

- the result for the year was also impacted by depreciation and amortisation (especially in relation to restructuring work and improvements on assets managed) for Euro 10.2 million and write-downs of tangible and intangible assets of Euro 12 million.

VALORE IMMOBILIARE S.r.l. – Milan (direct holding 50%)

The company, incorporated at the end of 2008 as part of a real estate operation with the companies of the Generali group, owns three buildings in Milan (Piazza Firenze n. 6 - Via Caracciolo n. 16 and Via Cagliero n. 3) and in Rozzano (MI), Via Montepenice n. 6-8-10.
With the completion of the sale of the property and therefore having completed its corporate purpose, the company was placed in liquidation in April. Against this liquidation, also in April, a first part of the equity was repaid to Milano Assicurazioni, amounting to Euro 4.7 million.

Transactions with related parties

Reported below are the transactions with related parties, pursuant to Consob Resolution No. 17221 of March 12, 2010, amended with resolution No. 17389 of June 23, 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.

They principally relate to:
- transactions related to reinsurance activities, all at market prices;
- charges, income and consequent debtor/creditor balances related to the division between the companies of the former Fondiaria-SAI Group of the cost of the general services;
- credit and debit balances deriving from the involvement by Milano Assicurazioni in the former Fondiaria-SAI Group tax consolidation.

(in Euro thousands)

	Assets	Liabilities	Revenues	Costs
Holding companies				
Finsoe	67	-	-	-
Unipol Gruppo Finanziario	4,607	-	147	-
Fondiaria-Sai	164,247	61,021	24,957	26,271
Premafin	-	-	1	-
Subsidiary companies				
Systema	5,594	12,599	16,658	14,268
Dialogo	17	17,453	13,914	15,978
Liguria	2,539	208	2,216	208
Sogeint	2,680	-	28	2,965
Other subsidiaries	2,515	78	44	3,085
Group companies	438,052	115,852	184,889	259,197
Associated companies	92,514	-	19	5
Other holdings	1,208	108	3	
Other related parties	-	198	12,229	69,410

Unipol Gruppo Finanziario
The assets refer to bonds issued by UGF and acquired prior to the acquisition of control of the Premafin Group by the Unipol Group.

Fondiaria-Sai
The assets refer principally to:
- the inter-group balances following the adherence, by Milano Assicurazioni, to the tax consolidation of the former Fondiaria-SAI Group (Euro 104,544 thousand credit for payments on account paid);
- receivables and provisions related to reinsurance transactions, for Euro 55,339 thousand.

The liabilities relate to:
- payables for services received of Euro 9,322 thousand;
- payables deriving from the acquisition of tax losses of subsidiaries which, in accordance with the specific rules of the group tax consolidation, transferred these losses to Milano Assicurazioni (Euro 17,775 thousand).
- payables and provisions deriving from reinsurance and co-insurance transactions of Euro 28,861 thousand.

The revenues principally include the recovery of expenses (Euro 2,792 thousand) and reinsurance (Euro 20,098 thousand).

The costs essentially relate to reinsurance transactions (Euro 14,526 thousand), overhead costs (Euro 9,274 thousand) and financial charges (Euro 1,121 thousand).

Subsidiary companies
Transactions with Dialogo Assicurazioni and Systema Assicurazioni essentially relate to reinsurance operations.
The transactions with Liguria Assicurazioni principally regard seconded personnel and services provided.

Group companies
The transactions with group companies principally include:
- reinsurance transactions, particularly in relation to the Group company The Lawrence Re and in particular: reinsurers receivables and provisions (Euro 117,988 thousand); payables and provisions on indirect business (Euro 20,132 thousand); technical reinsurance costs (Euro 53,826 thousand); technical reinsurance revenues (Euro 64,394 thousand).
- recharges relating to the consortium company Fondiaria-Sai Servizi Group (Euro 79,676 thousand for recharges made and Euro 156,697 thousand for recharges received, of which Euro 82,454 thousand still to be paid at year-end);
- bank deposits at BancaSai (Euro 184,133 thousand) and bonds issued by BancaSai (Euro 21,519 thousand).

Associated companies
The assets comprise Profit Partecipating Bonds issued by the associated companies Garibaldi S.C.A. and Isola S.C.A. which are currently developing property projects in Milan, as previously commented upon.

Other related parties
Revenues principally relate to premiums concerning contracts signed by the Employee Pension Fund of the Fondiaria-SAI Group.
The costs include essentially (Euro 61,590 thousand) the write-downs carried out in the year against the receivables from the company Im.Co. S.p.A. and Avvenimenti e Sviluppo Alberghiero s.r.l. (subsidiary of Im.Co).
As described in the explanatory notes, to which reference should be made, these receivables, of an original value of Euro 179.1 million refer to payments on account on real estate operations regarding the areas in Milan - Via Confalonieri-Via de Castillia (Lunetta dell'Isola) and in Rome - Via Fiorentini. The write-downs were made in consideration of the judgment declaring the bankruptcy of IM.CO. and Sinergia on June 14, 2012 by the Milan Court.
The residual value of these receivables at December 31, 2012 amounted to Euro 78,410 thousand and is not included under assets with related parties as this relationship terminated before the end of the year.

Other information

Compliance with privacy laws (Legislative Decree No. 196/2003)

The Company has undertaken all the necessary measures to ensure compliance with the legal obligations in relation to the protection of personal data (Legislative Decree No. 196/2003), in order to guarantee the protection and integrity of the data of clients, employees, consultants and, in general, any parties involved with the company.
The Company also updated the "Data Protection Document" relating to the year 2012, which illustrates the companies policy on security (information technology, physical security and organisational), in order to guarantee the confidentiality, the integrity and the availability of data.

Litigation

At December 31, 2012, 36,507 claim disputes were still open. Of these, 27,539 related to the Motor TPL class. During the year, 20,640 cases were defined, of which 17,538 relating to the Motor TPL class.
The number decreased compared to the previous year (at December 31, 2011 a total of 42,182 cases were opened, of which 32,578 relating to the Motor TPL class).

Tax Audits

In November 2012, the Major Contributions Office of the Lombardy Tax Agency notified six assessments - following investigations begun in 2009 by the Tuscany Office on writs of the Florence Prosecutor's Office – which contested the deductibility of remuneration paid to Mr. Ligresti in the period 2003-2010, considering the imprecise nature of the assignments, the lack of proof of execution of such and the consequent amounts paid. These considerations were supported by the reports as per Article 2408 of the Civil Code of 16/3/2012 and 26/10/2012 prepared by the Board of Statutory Auditors of the parent company Fondiaria-SAI.

Considering the significance of the offences charged and therefore the doubling of the assessment times as per Article 43, Paragraph 3 of Presidential Decree 60/73, the Lombardy Tax Agency assessed also the tax periods previously established.

Following the investigations carried out, also with the support of external experts, it was considered that sufficient cause to support an appeal to the Tax Agency were not in place, due to the low probatory value of the documentation collected to support the effectiveness and the extent of the activities carried out.

The presence of unfavourable reports by the Internal Control Bodies was also considered, in addition to the sanctions issued by the Supervisory Bodies having considered the interest of the Company in incurring such costs as unproven and the possible taking of legal or compensatory actions.

The amounts requested under the assessment notices amounted to Euro 9.9 million for higher taxes, interest and penalties (applied in the measure of 150%) and concluding, through appeal to the Acquiescence Court, with the payment of Euro 4 million and, for 2010, reducing the tax losses carried forward, with an implied cost, for lower deferred tax assets, of Euro 0.8 million. The above judgment also cancels the accessory sanction of participating at public tenders and supply for a duration of three months.

The charges arising from these tax assessments are fully provisioned in the accounts.

Consob Decision No. 18432 stating the non-compliance of the 2011 statutory and consolidated financial statements of Milano Assicurazioni with the applicable accounting standards.

On October 5, 2012, CONSOB communicated to Milano Assicurazioni that based on its review the 2011 statutory and consolidated financial statements of the Company may not have been prepared in accordance with the applicable accounting standards, with particular reference to the accounting of the motor vehicle civil liability class.

On October 22, 2012, Milano Assicurazioni communicated to CONSOB their considerations in relation to the above facts and circumstances through a communication and not to be in agreement with the issues raised by CONSOB.

CONSOB, however, on December 21, 2012 issued Regulation No. 18432, communicated on the same date to the Company, stating the non-compliance of the 2011 statutory and consolidated financial statements of Milano Assicurazioni with the applicable accounting standards and requested the Company to disclose, pursuant to Article 154-*ter*, seventh paragraph, of the CFA, the following information:
a) the issues raised by Consob in relation to correct accounting in the above financial statements;
b) the national provisions and the International Accounting Standards applied and the violations highlighted by CONSOB;
c) the presentation of the pro-forma consolidated financial statements with comparative figures of the effects that recognition according to the rules would have on the balance sheet, income statement and net equity for the years 2010 and 2011, which were reported in error.

Pursuant to the Consob resolution, Milano Assicurazioni made available to the public the information requested through a press release published on December 27, 2012, to which reference should be made.

ISVAP notification for communications to the Motor TPL Claims Databank

Firstly it is noted that:

- on March 24, 2011, ISVAP sent to all companies operating in the market a letter concerning the communication obligations to the Motor TPL Claims Databank by companies of the details concerning each claim.
  With the above-stated letter, ISVAP announced to having encountered since the entry into force of the new claims communication methods (February 2011), significant deficiencies in that communicated by companies, comprising errors or incompleteness of the data concerning the individual claims.
- on May 18, ISVAP notified Milano Assicurazioni of non-compliance concerning communications made in the period to the Motor TPL claims databank between February 1, 2011 and March 31, 2011. In particular, the company was charged with errors and incomplete communication concerning 62,880 claims, for a total amount of penalties which range from a minimum of Euro 34.4 million to a maximum of Euro 314.4 million. The penalty was calculated multiplying the number of incomplete claims or erroneous claims by the amounts established by Article 316 of the Private Insurance Code. Similar notifications were sent to other companies operating on the market;
- against this notification Milano Assicurazioni, as with other insurance sector companies, appealed to the Lazio Regional Administrative Court, also as a significant amount of the errors recorded by ISVAP relate in fact to data which the Insurance Companies do not directly have access to (for example, data relating to the driver, the trustee, the doctor, the testimony of the counterparties) and for which proper legal instruments are not available to the companies to ensure such acquisition. Under the appeal sent on May 30, 2011, cancelation of the disputed provisions of ISVAP sanction of March 24, 2011 was requested;
- on July 15, 2011, Milano Assicurazioni presented to the Supervisory Body an appeal in accordance with Article 327, paragraph 4, of Legislative Decree No. 209 of 2005. Through the appeal, the application of an alternative penalty was requested based on the Claims Databank processes improvement actions, set out in a specific plan. The alternative penalty ranges from a minimum of Euro 50 thousand to a maximum of Euro 500 thousand.

The Lazio Regional Administrative Court on February 16, 2012 accepted the appeal of the insurance companies, including that of Milano Assicurazioni, cancelling both the letter of March 24, 2011 of ISVAP and the notice sent to Milano Assicurazioni on May 18, 2011, considering Isvap's interpretation to apply the sanctions to each claim incorrect and ruling that these should be applied in relation to the periodic communications to be made to the Claims Databank.

We are awaiting indications from IVASS on how they wish to manage the problems in the future given the fact that the procedure for the application of the sanctions as per Article 327 of the Insurance Code would now not be applicable.

However we report that the actions undertaken - within the situation redefined by IVASS from July 2011 which takes account of a series of exemptions previously not adequately evaluated - have permitted a considerable reduction in the transmission errors, reducing the percentage to below 2%.

Stock Exchange Listing

In 2012, the ordinary share price was within a range of between a minimum of Euro 0.2136 on January 11, 2012 and a maximum of Euro 0.3601 on September 25, 2012; the minimum price for savings shares was Euro 0.1828 on January 10, 2012 with a maximum of Euro 0.4111 on December 20, 2012.

The stock exchange capitalisation at the year-end was Euro 614.2 million (Euro 440.1 million at 31/12/2011), lower than the net book value. In so far as this fact may be seen as an external sign of a loss in value, it is highlighted that the Stock Market listing prices reflect transactions between minority shareholders which do not include the right to control the management policies of the entity. The impairment tests carried out for the purposes of the consolidated financial statements confirm the correctness of the shareholders' equity recorded.

Subsequent events to the year end

IVASS Authorisation procedure of the Merger

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

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

Filing of the merger proposal into Fondiaria-SAI of Unipol Assicurazioni, Premafin and possibly Milano Assicurazioni

On January 28, 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.pA., and, pending further approval, Milano Assicurazioni S.p.A., approved by the Board of Directors of the participating Companies in the merger on December 20, 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 subjected to the authorisation of IVASS, in accordance with Article 201 of Legislative Decree No. 209 of September 7, 2005.

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

On March 14, 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.

In this regard IVASS, previously ISVAP, with decision of the Board of the Bank of Italy and provision No. 32-13-96 of January 29, 2013, heard the request for the extension of office by the *ad acta* Representative Mr. Matteo Caratozzolo, granting a further 45 days, following on from the original conclusion of the appointment scheduled for January 31, 2013 (as defined by ISVAP Provision No. 3001 of September 12 2012), to extend the analysis work and commence compensatory actions and initiatives, also of a legal nature, in relation to the parties involved in the previous management of transactions with related parties which resulted in damage to the Insurance Group.
During the course of these activities, the *ad acta* representative experienced a number of operational difficulties which affected the carrying out of the essential verifications to fulfil the assignment and therefore required additional time to carry out the duties assigned.

Outlook

We recall that on November 30, 2012 the new Board of Directors of Milano Assicurazioni took office, based on the slate presented by Unipol Gruppo Finanziario S.p.A..

Management will focus on consolidating the work performed to date on the integration project with the Unipol Group, in accordance with that outlined to the market, towards a conclusion of the merger operations between the companies Premafin, Fondiaria-SAI, Milano Assicurazioni and Unipol Assicurazioni, which represent a vital step for the restructuring and simplification of the Group, in order to fully draw on the synergies identified and to create value from productivity efficiencies and financial management optimisation.

The integration project between the Unipol Group and Fondiaria-SAI Group is part of the strategic goal to focus on the Non-Life insurance business. In particular the actions previously taken by the Unipol Group will be considered also for the Fondiaria-SAI Group, concerning the insurance portfolio reform operations, the restructuring actions on the sales network and the sharing of best practice policies in relation to the technical-specialist capacities developed by the two Groups in the differing market sectors and in the various distribution channels.

In relation to the Life business, a strengthening of both the commercial offer and the sales network will be evaluated.

The merger will create a leader in the Italian insurance market, first in the Non-Life and Motor TPL sectors with a client base of 14 million and the most extensive agency network in Italy.

The new entity will be among the top ten insurance groups in Europe. This is certainly an ambitious but achievable target, deserving of the coming together of the best qualities of two of the principal Italian insurance traditions.

Bologna, March 20, 2013

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

Proposals to the Shareholders' AGM

REPORT OF THE BOARD OF DIRECTORS
To the Shareholders' Meeting of April 26/29, 2013

REPORT OF THE BOARD OF DIRECTORS

(prepared in accordance with Article 125-ter of Legislative Decree No. 58 of February 24, 1998 and Article 73 of the Issuers' Regulation)

AGENDA

1. **Approval of the Shareholders' Meeting Regulation. Resolutions thereon.**
2. **2012 Financial Statements; Directors' Report; Board of Statutory Auditors' Report and the Independent Auditors' Report. Resolutions thereon.**
3. **Appointment of the Board of Directors and establishment of remuneration; resolutions thereon.**
4. **Remuneration Report in accordance with Article 123-*ter* of the Consolidated Finance Act and Article 24 of ISVAP Regulation No. 39 of June 9, 2011. Resolutions thereon.**
5. **Approval of the financial instrument based remuneration plan as per Article 114 *bis* of the CFA. Resolutions thereon.**
6. **Purchase and utilisation of treasury shares. Resolutions thereon.**

POINT 1 OF THE AGENDA

Approval of the Shareholders' Meeting Regulation. Resolutions thereon.

Dear Shareholders,

In order to govern in the best possible manner the running of the Ordinary and Extraordinary Shareholders' Meeting of Milano Assicurazioni S.p.A., the Board of Directors of the Company proposes to adopt a Regulation in this regard, attached to the present report.

In particular, the regulation covers the manner for participation at the Shareholders' Meeting, the calling and running of the meeting, in addition to establishing a number of rules for the discussion of matters on the Agenda, in compliance with participation rights of Shareholders, and on voting.

We submit the text of the Shareholders' Meeting Regulation and request your approval.

Proposal

The Ordinary Shareholders' Meeting of Milano Assicurazioni S.p.A.,

– *having examined the text of the Shareholders' Meeting Resolution;*
– *having considered the Report of the Board of Directors and the relative attachment*

resolves

(i) to approve the Shareholders' Meeting Regulation text contained in the Report of the Board of Directors to today's Ordinary Shareholders' Meeting, which will be applied from today's Shareholders' Meeting.

POINT 2 OF THE AGENDA

2012 Financial Statements; Directors' Report; Board of Statutory Auditors' Report and the Independent Auditors' Report. Resolutions thereon.

Dear Shareholders,

In relation to the matter on the second point of the Agenda of the Shareholders' Meeting, reference should be made to the section of the accounts published in accordance with law within the Annual Report and, in particular, to that illustrated in the Directors' Report, together with the Reports of the Board of Statutory Auditors and of the Independent Audit Firm.

The financial statements submitted for your approval report a loss of Euro 82,922,062.76.

The Board of Directors therefore submits to the Shareholders' Meeting the following proposal.

Proposal

The Ordinary Shareholders' Meeting of Milano Assicurazioni S.p.A.,

- *having examined the 2012 financial statements of the Company;*
- *having reviewed the Director's Report;*
- *having considered the Board of Statutory Auditors' Report and the Independent Auditors' Report of Reconta Ernst & Young S.p.A;*

resolves

(i) to approve the financial statements of Milano Assicurazioni S.p.A. at December 31, 2012, accompanied by the Directors' Report, which records a loss of Euro 82,922,062.76;

(ii) to cover the loss of Euro 82,922,062.76, through (i) the allocation to the Extraordinary Reserve of the Life insurance sector of the Life sector profit of Euro 33,103,455.67, (ii) the utilisation of the Extraordinary Reserve of the Non-Life insurance sector for the partial coverage of the loss of the Non-Life sector loss for Euro 4.861.943.17, (iii) the utilisation of the share premium reserve to cover the residual loss of the Non-Life insurance sector for Euro 111,163,575.26.

POINT 3 OF THE AGENDA

Appointment of the Board of Directors and establishment of remuneration; resolutions thereon.

Dear Shareholders,

With the Shareholders' Meeting called to approve the 2012 Annual Accounts the mandate of the Board of Directors, appointed by the Shareholders' Meeting of November 30, 2012, concludes.

We therefore invite you to resolve upon - in accordance with the provisions of law and regulations as well as the Company By-Laws - the appointment of the Board of Directors for a period of three years and therefore until the approval of the financial statements for the year ended December 31, 2015. In accordance with, and within the limits of, Article 12 of the By-laws, which provides for a voting mechanism of slates pursuant to current regulations, one Director is elected by the minority, in compliance also with Consob Resolution No. 18452 of January 30, 2013, which establishes the minimum holding percentage necessary for the presentation of slates.

We recall that the Company By-laws provide that the Board of Directors is composed of no more than 19 and no less than 9 members.

We also recall in accordance with the company By-laws, that the slates containing the list of candidates must be filed at the registered office of the company in Milan, Via Senigallia n. 18/2, or through e-mail to the certified email address socimilass@legalmail.it at least twenty-five days before the date fixed for the Shareholders' Meeting in first call (and therefore by April 1, 2013), by shareholders which, alone or together with other shareholders presenting the slate, provide evidence of holding at least 2.5% of the share capital with voting rights at the Ordinary Shareholders' Meeting.

Also in accordance with Article 12 of the Company By-laws, the shareholders wishing to present a slate must file, together with each slate, (i) the declaration of the candidates accepting their candidature and which declare, under their own responsibility, the inexistence of any causes for ineligibility and of incompatibility, as well as the existence of the necessary requisites for the respective offices; (ii) a curriculum vitae containing the personal and professional characteristics of each candidate and whether they qualify as independent Directors.

Together with each slate – also subsequently to the filing of the slate although within 21 days of the date fixed for the Shareholders' Meeting in first call – the communication issued by an intermediary appointed in accordance with law must be sent, proving ownership of the percentage of share capital required by the applicable regulations at the time of presentation.

Also in accordance with Article 12 of the Company by-Laws each slate must contain and expressly indicate at least two persons that are independent pursuant to the requirements for independence of Statutory Auditors as per Article 148, paragraph 3 of Legislative Decree 58/1998, as supplemented. Where only two candidates are in possession of the requirements in question, such candidates may not be assigned the last two progressive numbers in each slate.

Finally, the Board of Directors will be elected in accordance with the gender equality regulation introduced by Law No. 120 of July 12, 2011. For this reason, Shareholders who wish to present a slate are requested to include in the slate a number of candidates belonging to the under-represented gender in accordance with Article 12 of the By-laws.

Slates presented in violation of the above rule are considered null.

The shareholders presenting a "minority slate" are governed also by Consob communication No. DEM/9017893 of February 26, 2009.

The Shareholders' Meeting is therefore invited to fully discuss the proposals, in addition to establish the gross annual remuneration of the Board of Directors for the duration of mandate.

POINT 4 OF THE AGENDA

Remuneration Report in accordance with Article 123-*ter* of the Consolidated Finance Act and Article 24 of ISVAP Regulation No. 39 of June 9, 2011. Resolutions thereon.

Dear Shareholders,

Legislative Decree No 259 of December 30, 2010, enacting Article 24 of Law No. 96 of June 4, 2010 (so-called "2009 Community Law") introduces the recommendations of European Commission No. 2004/913/EC and No. 2009/385/EC in relation to the remuneration of Directors of listed companies, integrating Legislative Decree No. 58 of February 24, 1998 (the "Consolidated Finance Act") with the new Article 123-*ter* "*Remuneration Report*".

This article establishes that companies with listed shares publish, at least twenty one days before the date fixed for the Ordinary Shareholders' Meeting called to approve the financial statements, a Report on the remuneration policies in favour of members of the Board of Directors, of General Managers and of Senior Management with strategic responsibilities.

In accordance with the sixth paragraph of the stated Article 123-*ter* of the Consolidated Finance Act, it is also established that the Shareholders' Meeting is called to resolve upon, with a non-binding decision, in favour or against, the First Section of the Report and that the result of the voting is made available to the public in accordance with Article 125-*quater*, second paragraph of the Consolidate Finance Act.

In addition, in accordance with Regulation No. 39 issued by ISVAP (now IVASS) on June 9, 2011 (the "ISVAP Regulation") the Shareholders' Meeting is requested to approve the remuneration policies in favour of the Corporate Boards and personnel of insurance companies, as established by Article 9 of the By-laws.

In relation to the beneficiary employees of the remuneration policy considered above (the "Remuneration Policies"), the ISVAP regulation requires insurance companies to identify the categories of parties to whom, in addition to the Directors, the remuneration policies are based on particular parameters. This relates to individuals who, at various levels, carry out activities which have a significant impact on the risk profile of the enterprise (the so-called "Risk Takers")

The Company identified, in line with the criteria established in the ISVAP Regulation, the beneficiaries of the Remuneration Policies; the identification process of such beneficiaries is based on the recognition and evaluation of the organisational positions in terms of responsibility, hierarchy level, activities carried out, operational duties, remuneration paid, the possibility to undertake positions of risk to generate profits or to affect other financial statement items in a significant manner.

The Remuneration Policies are based also on the criteria of the Self-Governance Code of Listed Companies.

The Report in comprised of two sections:

- the <u>First Section</u> outlines the Remuneration Policies for 2013, in addition to the procedures utilised for the adoption and implementation of the policies;

- the <u>Second Section</u> provides a suitable outline of each of the items which comprise the remuneration and highlights, individually for the members of the Management and Control Boards and on an aggregated basis for Senior Management with strategic responsibilities of the Company, on an accruals basis, the remuneration paid in the year - of any type and in any form - by the Company. Information on investments held by the above-indicated parties, in the Company and its subsidiaries, is also provided.

***

Therefore the Board of Directors submits for the approval of the Shareholders' Meeting the following proposal.

Proposal

The Ordinary Shareholders' Meeting of Milano Assicurazioni S.p.A.,

- *considering Article 123-ter of the Consolidated Finance Act and 84-quater of Issuers' Regulation;*
- *considering Articles 6 and 24 of ISVAP Regulation No. 39/2011 and Article 9 of the By-laws;*
- *having taken note of the Report of the Board of Directors and the relative attachments,*

resolves

(i) *to approve the First Section of the Remuneration Report in accordance with Article 123-ter of the Consolidated Finance Act and Article 24 of ISVAP Regulation No. 39 of June 9, 2011.*

POINT 5 OF THE AGENDA

Approval of the financial instrument based remuneration plan as per Article 114 *bis* of the CFA. Resolutions thereon.

Dear Shareholders,

The Board of Directors has called you in ordinary session to discuss and consider, among others, the proposal in accordance with Article 114-*bis* of Legislative Decree No 58 of February 24, 1998 (the "Consolidated Finance Act") for a financial instrument based incentive plan for the top management of Milano Assicurazioni S.p.A. (the "Plan").

In particular, we remind you that, in line with the Remuneration Policies adopted by the Company and illustrated in relation to the previous point on the Agenda, the long-term incentive system is based on a closed financial instrument based plan, which establishes for the allocation of Unipol Gruppo Finanziario S.p.A. shares at the end of the three-year Industrial Plan of the Unipol Group, with availability from 2016 and for two subsequent years. This aligns the interests of the beneficiaries and of the Shareholders, rewarding the creation of long-term value.

***

Therefore the Board of Directors submits for the approval of the Shareholders' Meeting the following proposal.

Proposal

The Ordinary Shareholders' Meeting of Milano Assicurazioni S.p.A.,

– *considering Article 114-bis of the Consolidated Finance Act and 84-quater of Issuers' Regulation;*

– *considering the Report of the Board of Directors and the relative attachments, including the Disclosure Document prepared in accordance with the above-stated Article 114-bis of the Consolidated Finance Act,* *resolves*

(i) *to approve, in accordance with Article 114-bis of the Consolidated Finance Act and Article 84-bis of the Issuers' Regulation, the adoption of a share-based incentive plan, which provides for the allocation of Unipol Gruppo Finanziario S.p.A. shares at the end of the three-year period of the Industrial Plan of the Unipol Group, with availability for utilisation from 2016 and for two subsequent years, as illustrated in the Disclosure Document attached to the Report of the Board of the Directors to today's Shareholders' Meeting;*

(ii) *to allocate to the Board of Directors, with express power to sub-delegate, all powers necessary and beneficial for (i) management, administration and full implementation of the Plan, (ii) introducing all integrations and amendments necessary or beneficial in compliance with the remuneration policies adopted by the Company, (iii) providing for the preparation and/or the conclusion of any document necessary or beneficial in relation to the introduction of the Plan and (iv) providing disclosure to the market in accordance with applicable laws (including the provisions of the Self-Governance Code applied by the Company).*

POINT 6 OF THE AGENDA

Purchase and utilisation of treasury shares. Resolutions thereon.

Dear Shareholders,

The Shareholders' Meeting of April 23, 2012 authorised the Board of Directors to acquire and utilise treasury shares, both ordinary and non-convertible savings shares, in addition to ordinary shares of the Parent Companies FONDIARIA-SAI and Premafin Finanziaria – S.p.A. Holding di Partecipazioni, in accordance with Articles 2357, 2357-*ter* and 2359-*bis* of the Civil Code, for a duration of 12 months from the Shareholders' Meeting resolution and therefore until April 24, 2013.

It is therefore considered beneficial to propose to the Shareholders' Meeting that the above-stated authorisation is newly granted, with regard only to the treasury shares, for a duration of 18 months from the date in which the Shareholders' Meeting will adopt the corresponding resolution, based on the reasoning and according to the terms and time periods illustrated below.

Reasoning and objectives of the request

The purchase and utilisation of treasury shares will be carried out, in the interest of the Company and in compliance with the applicable regulation, in addition to best market practice, to achieve the following objectives:

- to intervene, directly or through intermediaries, to facilitate normal trading, countering distortions related to excessive volatility or scarcity of shares;

- to benefit from opportunities to maximise value from market movements – and therefore also for trading purposes – or related to any strategic operations in the interest of the Company;

- to utilise treasury shares for the purposes of investment, therefore efficiently utilising liquidity generated by Company operations.

The request to authorise and purchase treasury shares would not be, in the current situation, carried out before share capital reduction operations of the Company through cancellation of treasury shares acquired.

Number of shares acquirable and manner of execution of the purchase and utilisation operations

It is stated that, at today's date:

- the share capital of Milano Assicurazioni S.p.A. amounts to Euro 373,682,600.42, comprising 1,944,800,842 shares without nominal value, of which 1,842,334,571 ordinary shares and 102,466,271 non convertible savings shares. In compliance with previous resolutions, the Company, at the date of the present report, holds 6,764,860 treasury shares (equal to 0.348% of the entire share capital) - all ordinary shares (0.367% of the ordinary share capital).

  The average unit carrying value of the ordinary shares held by the company was Euro 0.3131. The official market value of the ordinary share at March 18, 2013 was Euro 0.4123.

The Reserve created, in compliance with the above-stated Shareholders' Meeting Resolution of April 23, 2012, for the purchase of treasury shares, unutilised at today's date, amounts to Euro 500,000.00.

It is proposed that:

(i) the purchase of treasury shares may be carried out, for the maximum amounts allowed by law and by best market practice, in the manners established by Article 132 of the Consolidated Finance Act and Article 144-*bis*, paragraph 1, letters a), b) and c) of the Issuers' Regulation, in addition to any other provision, including the regulations of Directive 2003/6/EC and the relative enactment, EU and national regulations, where applicable;

(ii) the utilisation of treasury shares is carried out in the terms permitted by law, also carrying out, on one or more occasions, subsequent purchase and utilisation operations until the ending of the authorised mandate.

Procedures for the purchase and disposal of treasury shares

Both the purchases and sale of treasury shares must be carried out at a price not more than 15% higher nor 15% lower than share price recorded on the trading day prior to each individual operation. These parameters are considered suitable to identify the interval of values between which the purchase and sale of treasury shares is in the interest of the Company.

For purchases a maximum expenditure limit of Euro 25 million is established, establishing a similar treasury share purchase reserve.

***

Therefore the Board of Directors submits for the approval of the Shareholders' Meeting the following proposal.

Proposal

The Ordinary Shareholders' Meeting of Milano Assicurazioni S.p.A.,

- *having considered the proposal of the Board of Directors;*
- *having reviewed the 2012 financial statements;*
- *having considered the provisions of Articles 2357 and 2357-ter of the Civil Code;*
- *having noted that the Company holds 6,764,860 treasury shares (equal to 0.348% of the entire share capital) - all ordinary shares (0.367% of the ordinary share capital);*

resolves

(i) to authorise for a period of 18 months from the present Shareholders' Meeting resolution, the purchase and utilisation of treasury shares, in accordance with Article 2357 and 2357-ter of the Civil Code and within the maximum spending limit of Euro 25,000,000.00, in the manner and conditions stated below.

The purchase of disposal of treasury shares may be carried out in relation to the quantities and the execution manners which follow:

- *the purchase of treasury shares may be carried out, for the maximum quantities permitted by law and market practice, in the manners established by Article 132 of the Consolidated Finance Act and Article 144-bis, paragraph 1, letters a), b) and c) of the Issuers' Regulation, in addition to any other regulation, including the regulations of Directives of 2003/6/EC and the relative enactment EU and national provisions, where applicable;*
- *the utilisation of treasury shares may be carried out in the terms permitted by law, also carrying out, on one or more occasions, subsequent purchase and utilisation operations until the ending of the authorised mandate;*

- *the purchases and utilisation of treasury shares must be carried out at a price not more than 15% higher nor 15% lower than share price recorded on the trading day prior to each individual operation and however in compliance with the above-stated maximum expenditure limit of Euro 25,000,000.00;*

(ii) *to establish a treasury share purchase reserve of Euro 25,000,000.00;*

(iii) *to confer to the Board of Directors – and on their behalf the Chairman and the Chief Executive Officer, independently and also through legal representatives, all powers necessary to carry out the purchase and/or disposal operations of treasury shares.*

Bologna, March 20-27, 2013

for the Board of Directors
The Chairman
Fabio Cerchiai

FINANCIAL STATEMENTS

- *Balance Sheet*
- *Income Statement*

Attachment 1

Company **MILANO Assicurazioni S.p.A.**

Share capital subscribed E. 373,682,600.42 Paid in E. 373.682.600,42

Regstd. office MILANO VIA SENIGALLIA 18/2

Legal office MILAN

SEPARATE FINANCIAL STATEMENTS

Balance Sheet

Year **2012**

(Amounts in Euro)

BALANCE SHEET

ASSETS

			Current year	
A. RECEIVABLES FROM SHAREHOLDERS FOR UNPAID CAPITAL				1 0
of which called in		2 0		
B. INTANGIBLE ASSETS				
1. Acquisition commissions to be amortised				
a) life division	3 3,856,561			
b) non-life division	4 2,511,949	5 6,368,510		
2. Other acquisition expenses		6 0		
3. Formation, start up and similar costs		7 10,219,062		
4. Goodwill		8 11,842,153		
5. Other deferred costs		9 777,997		10 29,207,722
C. INVESTMENTS				
I - Land and buildings				
1. Property used for business activities		11 1,926,559		
2. Property used by third parties		12 399,854,234		
3. Others buildings		13 431,340		
4. Other rights		14 0		
5. Assets in progress and payments on account		15 0	16 402,212,133	
II - Investments in group companies and in other holdings				
1. Shares and holdings in companies				
a) holding companies	17 1,293,916			
b) subsidiaries	18 506,166,886			
c) group companies	19 29,630,334			
d) associated companies	20 2,841,275			
e) other	21 281,809	22 540,214,220		
2. Bonds issued by:				
a) holding companies	23 4,606,978			
b) subsidiaries	24 0			
c) group companies	25 21,519,328			
d) associated companies	26 92,514,300			
e) other	27 0	28 118,640,606		
3. Loans to:				
a) holding companies	29 0			
b) subsidiaries	30 0			
c) group companies	31 0			
d) associated companies	32 0			
e) other	33 0	34 0	35 658,854,826	
		to carry forward		29,207,722

Previous year

			181 0
	182 0		
183 627,242			
184 0	185 627,242		
	186 0		
	187 11,771,314		
	188 23,227,661		
	189 919,287		190 36,545,504
	191 2,115,057		
	192 515,757,096		
	193 438,689		
	194 0		
	195 132,000,961	196 650,311,803	
197 7,326,078			
198 540,986,989			
199 31,128,451			
200 8,363,571			
201 239,243	202 588,044,332		
203 0			
204 0			
205 20,622,328			
206 78,581,300			
207 0	208 99,203,628		
209 0			
210 0			
211 0			
212 0			
213 0	214 0	215 687,247,960	
	to carry forward		36,545,504

BALANCE SHEET

ASSETS

			Current year	
carried forward				29,207,722
C. INVESTMENTS (cont.)				
III - Other financial investments				
1. Shares and holdings				
a) Shares listed	36 117,994,189			
b) Shares not listed	37 166,164			
c) Quotas	38 1,438,150	39 119,598,503		
2. Investment fund units		40 405,395,844		
3. Bonds and other fixed-income securities				
a) listed	41 6,117,902,720			
b) not listed	42 35,146,770			
c) convertible bonds	43 8,910,000	44 6,161,959,490		
4. Loans				
a) secured loans	45 0			
b) loans on policies	46 19,053,607			
c) other loans	47 2,622,493	48 21,676,100		
5. Quotas in mutual investments		49 0		
6. Deposits at credit institutions		50 8,000,000		
7. Other financial investments		51 28,540	52 6,716,658,477	
IV - Deposits with reinsuring companies			53 1,869,171	54 7,779,594,607
D. INVESTMENTS FOR THE BENEFIT OF LIFE ASSURANCE POLICY HOLDERS WHO BEAR THE INVESTMENT RISK AND ADMINISTRATION OF PENSION FUNDS				
I - Investments relating to the performance of investments funds and market indices			55 126,515,072	
II - Investments derived from pension fund management			56 23,153,096	57 149,668,168
D bis. REINSURANCE ASSETS				
I - NON LIFE DIVISION				
1. Unearned premium provision		58 30,512,503		
2. Outstanding claims provision		59 175,566,674		
3. Profit sharing and and premium refunds provision		60 0		
4. Other technical provisions		61 0	62 206,079,177	
II - LIFE DIVISION				
1. Actuarial provisions		63 50,106,496		
2. Provisions for complementary insurances		64 0		
3. Claims outstanding provision		65 3,895,347		
4. Profit sharing and premium refunds provisions		66 0		
5. Other technical provisions		67 0		
6. Technical provisions where the investment risk is borne by the policyholders and provisions relating to the administration of pension funds		68 0	69 54,001,843	70 260,081,020
to carry forward				8,218,551,517

Previous year

	carried forward		36,545,504
216 330,635,862			
217 165,543			
218 1,770,972	219 332,572,377		
	220 567,110,990		
221 5,764,779,181			
222 38,441,896			
223 16,020,850	224 5,819,241,927		
225 0			
226 21,184,693			
227 2,750,582	228 23,935,275		
	229 0		
	230 0		
	231 2,544,852	232 6,745,405,421	
		233 2,078,014	234 8,085,043,198
		235 171,692,210	
		236 18,109,657	237 189,801,867
	238 33,516,395		
	239 159,992,886		
	240 0		
	241 0	242 193,509,281	
	243 61,553,207		
	244 0		
	245 2,914,224		
	246 0		
	247 0		
	248 0	249 64,467,431	250 257,976,712
	to carry forward		8,569,367,281

BALANCE SHEET

ASSETS

			Current year	
carried forward				8,218,551,517
E. RECEIVABLES				
I - Receivables, derived from direct insurance operations, composed of:				
1. Policyholders				
a) premiums for current year	71 219,465,775			
b) premiums for previous years	72 5,338,716	73 224,804,491		
2. Insurance brokers		74 235,084,743		
3. Insurance companies- current accounts		75 13,922,746		
4. Policyholders and others for sums to be recovered		76 44,725,610	77 518,537,590	
II - Receivables, derived from direct insurance operations, composed of:				
1. Insurance and reinsurance companies		78 36,627,893		
2. Reinsurance brokers		79 19	80 36,627,912	
III - Other receivables			81 415,168,910	82 970,334,412
F. OTHER ASSETS				
I - Fixed assets and inventories:				
1. Furniture, EDP and internal transport		83 1,528,007		
2. Tangible assets recorded in public registers		84 23,860		
3. Plant and equipment		85 1,818		
4. Stocks and various assets		86 0	87 1,553,685	
II - Cash and cash equivalents				
1. Bank and postal deposits		88 225,587,395		
2. Cheques and cash on hand		89 9,613	90 225,597,008	
III - Treasury shares			91 2,118,078	
IV - Other assets				
1. Receivable transitory reinsurance accounts		92 592,364		
2. Other assets		93 453,751,461	94 454,343,825	95 683,612,596
G. PREPAYMENTS AND ACCRUED INCOME				
1. Interest			96 81,314,129	
2. Rental			97 34,258	
3. Other prepayments and accrued income			98 67,443	99 81,415,830
TOTAL ASSETS				100 9,953,914,355

Previous year

	carried forward		8,569,367,281
251 251,060,381			
252 11,779,058	253 262,839,439		
	254 301,346,081		
	255 11,125,961		
	256 48,897,004	257 624,208,485	
	258 45,867,624		
	259 16	260 45,867,640	
		261 311,181,846	262 981,257,971
	263 1,854,130		
	264 57,314		
	265 50		
	266 0	267 1,911,494	
	268 411,203,759		
	269 24,663	270 411,228,422	
		271 1,545,770	
	272 893,908		
	273 473,292,768	274 474,186,676	275 888,872,362
		276 74,621,099	
		277 207,718	
		278 0	279 74,828,817
			280 10,514,326,431

BALANCE SHEET

LIABILITIES AND NET EQUITY

			Current year			
A. SHAREHOLDERS' EQUITY						
I - Share capital subscribed or equivalent fund			101	373,682,600		
II - Share premium reserve			102	416,298,318		
III - Revaluation reserve			103	0		
IV - Legal reserve			104	51,679,501		
V - Statutory reserves			105	0		
VI - Reserves for treasury shares and of holding companies			106	3,411,994		
VII - Other reserves			107	132,638,516		
VIII - Retained earnings/(accumulated losses)			108	0		
IX - Loss for the year			109	-82,922,063	110	894,788,866
B. SUB-ORDINATED LIABILITIES					111	150,000,000
C. INSURANCE CONTRACT LIABILITIES						
I - NON-LIFE DIVISION						
1. Unearned premium provision	112	954,017,209				
2. Outstanding claims provision	113	4,061,085,798				
3. Profit sharing and premium refunds provisions	114	0				
4. Other technical provisions	115	2,441,064				
5. Equalisation provision	116	15,439,755	117	5,032,983,826		
II - LIFE DIVISION						
1. Actuarial provisions	118	3,103,211,670				
2. Provisions for complementary insurances	119	113,194				
3. Claims outstanding provision	120	41,081,178				
4. Profit sharing and premium refunds provisions	121	0				
5. Other technical provisions	122	16,034,608	123	3,160,440,650	124	8,193,424,476
D. TECHNICAL PROVISIONS WHERE THE INVESTMENT RISK IS BORNE WHO BEAR THE INVESTMENT RISK AND ADMINISTRATION OF PENSION FUNDS						
I - Provisions relating to the performance of investments funds and market indices funds and market indices			125	126,515,071		
II - Provisions derived from pension fund management			126	23,153,069	127	149,668,140
to carry forward						9,387,881,482

Previous year

		281 373,682,601	
		282 960,907,479	
		283 0	
		284 51,679,501	
		285 0	
		286 8,871,849	
		287 365,878,809	
		288 0	
		289 -783,309,310	290 977,710,929
			291 150,000,000
	292 1,045,039,784		
	293 4,070,806,906		
	294 0		
	295 2,841,457		
	296 13,909,282	297 5,132,597,429	
	298 3,345,428,812		
	299 100,838		
	300 41,732,005		
	301 0		
	302 17,667,852	303 3,404,929,507	304 8,537,526,936
		305 171,692,209	
		306 18,109,633	307 189,801,842
to carry forward			9,855,039,707

BALANCE SHEET

LIABILITIES AND NET EQUITY

			Current year	
	carried forward			9,387,881,482
E. PROVISIONS FOR RISKS AND CHARGES				
1. Provisions for pension and similar			128 7,263,565	
2. Tax provisions			129 18,815,397	
3. Other provisions			130 102,905,072	131 128,984,034
F. DEPOSITS RECEIVED FROM REINSURERS				132 71,030,878
G. PAYABLES AND OTHER LIABILITIES				
I - Payables, derived from direct insurance operations, composed of:				
1. Insurance brokers	133	6,558,396		
2. Insurance companies- current accounts	134	7,851,902		
3. Policyholders for cautionary monies and premiums	135	0		
4. Policyholder guarantee provisions	136	18,187	137 14,428,485	
II - Payables, derived from direct insurance operations, composed of:				
1. Insurance and reinsurance companies	138	28,208,265		
2. Reinsurance brokers	139	170	140 28,208,435	
III - Bonds			141 0	
IV - Payables to banks and financial institutions			142 0	
V - Secured debts			143 0	
VI - Loans and other financial payables			144 916,969	
VII - Post-employment benefit provisions			145 16,836,826	
VIII - Other payables				
1. Policyholders' tax due	146	13,342,123		
2. Other taxes due	147	32,502,272		
3. Social security and welfare institutions	148	7,163,396		
4. Other payables	149	134,439,857	150 187,447,648	
IX - Other liabilities				
1. Payable transitory reinsurance accounts	151	526,093		
2. Commissions on premium collection	152	33,723,568		
3. Other liabilities	153	79,042,837	154 113,292,498	155 361,130,861
	to carry forward			9,949,027,255

Previous year

carried forward			9,855,039,707
		308 0	
		309 12,643,397	
		310 164,909,791	311 177,553,188
			312 83,594,612
	313 11,276,133		
	314 6,276,075		
	315 0		
	316 21,138	317 17,573,346	
	318 25,871,351		
	319 173	320 25,871,524	
		321 0	
		322 0	
		323 0	
		324 1,589,353	
		325 20,941,424	
	326 15,513,320		
	327 45,301,956		
	328 7,688,681		
	329 116,303,873	330 184,807,830	
	331 313,297		
	332 41,974,669		
	333 100,748,966	334 143,036,932	335 393,820,409
to carry forward			10,510,007,916

BALANCE SHEET

LIABILITIES AND NET EQUITY

		Current year
carried forward		9,949,027,255
H. ACCRUALS AND DEFERRED INCOME		
1. Interest	156 4,853,304	
2. Rental	157 33,796	
3. Other accruals and deferred income	158 0	159 4,887,100
TOTAL LIAIBILITIES & SHAREHOLDERS' EQUITY		160 9,953,914,355

BALANCE SHEET

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

		Current year
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS		
I - Guarantees given		
1. Sureties		161 0
2. Endorsements		162 0
3. Other non-secured guarantees		163 0
4. Collateral		164 51,003,793
II - Guarantees received		
1. Sureties		165 211,530,889
2. Endorsements		166 0
3. Other non-secured guarantees		167 230,785
4. Collateral		168 400,000
III - Guarantees given by third parties on behalf of the company		169 39,790,870
IV - Commitments		170 93,961,964
V - Third party assets		171 0
VI - Pension fund assets managed on behalf of third parties		172 0
VII - Securities deposited with third parties		173 7,367,323,230
VIII - Other memorandum accounts		174 150,000,000

Previous year

carried forward		10,510,007,916
	336 4,311,647	
	337 6,868	
	338 0	339 4,318,515
		340 10,514,326,431

Previous year

		341 0
		342 0
		343 0
		344 44,942,602
		345 225,316,365
		346 0
		347 307,700
		348 400,000
		349 41,661,504
		350 100,796,040
		351 0
		352 0
		353 7,447,255,845
		354 157,442,887

Attachment II

Company **MILANO Assicurazioni S.p.A.**

Share capital underwritten E. 373.682.600,42 Paid in E. 373.682.600,42

Regstd. office MILANO VIA SENIGALLIA 18/2

Legal office MILAN

SEPARATE FINANCIAL STATEMENTS

Income statement

Year **2012**

(Amounts in Euro)

INCOME STATEMENT

			Current year
I. TECHNICAL ACCOUNT OF THE NON-LIFE DIVISION			
1. EARNED PREMIUMS NET OF REINSURANCE			
a) Gross premiums written		1 2,488,469,562	
b) (-) Premiums ceded		2 88,633,887	
c) Change in the gross amount of the unearned premium provisions		3 -92,395,768	
d) Change in reinsurers provisions for unearned premiums		4 -867,653	5 2,491,363,790
2. (+) PORTION OF INVEST. INCOME TRANSFERRED FROM NON TECHNICAL ACCOUNT (ACCOUNT III. 6)			6
3. OTHER TECHNICAL INCOME, NET OF REINSURANCE			7 17,116,205
4. CLAIMS INCURRED NET OF RECOVERIES AND REINSURANCE			
a) Claims paid			
aa) Gross amount	8 2,082,932,656		
bb) (-) reinsurers' share	9 53,872,423	10 2,029,060,233	
b) Change in recoveries net of reinsurers' share			
aa) Gross amount	11 28,343,331		
bb) (-) reinsurers' share	12	13 28,343,331	
c) Change in claims provisions			
aa) Gross amount	14 -8,401,034		
bb) (-) reinsurers' share	15 11,894,739	16 -20,295,773	17 1,980,421,129
5. CHANGE IN OTHER TECHNICAL PROVISIONS NET OF REINSURANCE			18 -400,393
6. PROFIT-SHARING AND REVERSALS NET OF REINSURANCE			19 67,276
7. MANAGEMENT EXPENSES:			
a) Acquisition commissions		20 330,378,647	
b) Other acquisition costs		21 75,816,791	
c) Change in commissions and other costs of acquisition to be amortised		22 2,511,949	
d) Collection commissions		23 53,441,638	
e) Other administrative expenses		24 76,317,194	
f) (-) Reinsurers commissions and profit participation		25 30,818,359	26 502,623,962
8. OTHER TECHNICAL CHARGES, NET OF REINSURANCE			27 85,978,534
9. CHANGE IN EQUALISATION PROVISIONS			28 1,530,473
10. TECHNICAL ACCOUNT RESULT - NON-LIFE DIVISION (Account III. 1)			29 -61,740,986

				Previous year	
		111	2,697,733,898		
		112	93,862,690		
		113	-39,528,729		
		114	-3,885,151	115	2,639,514,786
				116	
				117	16,134,736
118	2,161,597,174				
119	50,439,153	120	2,111,158,021		
121	38,616,733				
122		123	38,616,733		
124	301,996,393				
125	-17,327,761	126	319,324,154	127	2,391,865,442
				128	-343,956
				129	108,827
		130	391,946,808		
		131	76,820,099		
		132			
		133	23,337,859		
		134	79,598,311		
		135	29,851,528	136	541,851,549
				137	93,936,213
				138	1,507,161
				139	-373,275,714

INCOME STATEMENT

			Current year
II. TECHNICAL ACCOUNT - LIFE DIVISION			
1. EARNED PREMIUMS NET OF REINSURANCE			
a) Gross premiums written		30 366,948,253	
b) (-) premiums ceded		31 8,768,395	32 358,179,858
2. INVESTMENT INCOME:			
a) Income from shares and quotas		33 5,026,489	
(of which: group companies and other holdings		34)	
b) Income from other investments:			
aa) land and buildings	35		
bb) other investments	36 146,367,578	37 146,367,578	
(of which: from group companies		38 632,882)	
c) Write-back on investments		39 43,300,433	
d) Gains on investment disposals		40 37,248,622	
(of which: group companies and other holdings		41 135)	42 231,943,122
3. INCOME AND UNREALISED CAPITAL GAINS ON INVESTMENTS FOR THE BENEFIT OF POLICYHOLDERS WHO BEAR THE RISK AND PENSION FUND MANAGEMENT			43 17,664,058
4. OTHER TECHNICAL INCOME, NET OF REINSURANCE			44 898,731
5. CLAIMS INCURRED NET OF REINSURANCE:			
a) Claims paid			
aa) Gross amount	45 715,967,654		
bb) (-) Reinsurers share	46 16,728,652	47 699,239,002	
b) Change in provision for sums to be paid			
aa) Gross amount	48 -650,299		
bb) (-) Reinsurers share	49 981,123	50 -1,631,422	51 697,607,580
6. CHANGE IN ACTUARIAL PROVISIONS AND OTHER TECHNICAL PROVISIONS NET OF REINSURANCE			
a) Actuarial provisions:			
aa) Gross amount	52 -242,301,167		
bb) (-) Reinsurers share	53 -11,454,502	54 -230,846,665	
b) Unearned premiums provision			
aa) Gross amount	55 12,356		
bb) (-) Reinsurers share	56	57 12,356	
c) Other technical provisions			
aa) Gross amount	58 -1,633,244		
bb) (-) Reinsurers share	59	60 -1,633,244	
d) Technical provisions where the investment risk is borne by policyholders and those relating to administration of pensions			
aa) Gross amount	61 -39,758,675		
bb) (-) Reinsurers share	62	63 -39,758,675	64 -272,226,228

						Previous year
			140	387,801,887		
			141	10,432,922	142	377,368,965
			143	6,737,765		
(of which: group companies and other holdings			144	)		
	145					
	146	157,693,540	147	157,693,540		
(of which: from group companies			148	105,391)		
			149	4,498,370		
			150	40,645,537		
(of which: group companies and other holdings			151	88)	152	209,575,212
					153	11,127,253
					154	913,609
	155	691,794,219				
	156	19,245,030	157	672,549,189		
	158	-5,548,292				
	159	-672,746	160	-4,875,546	161	667,673,643
	162	-195,333,722				
	163	-11,782,204	164	-183,551,518		
	165	-100,560				
	166		167	-100,560		
	168	-1,983,564				
	169		170	-1,983,564		
	171	-50,377,783				
	172		173	-50,377,783	174	-236,013,425

INCOME STATEMENT

				Current year
7. PROFIT-SHARING AND REVERSALS NET OF REINSURANCE				65
8. MANAGEMENT EXPENSES:				
a) Acquisition commissions			66 8,288,133	
b) Other acquisition costs			67 8,508,314	
c) Change in commissions and other costs of acquisition to be amortised			68 3,229,319	
d) Collection commissions			69 3,035,094	
e) Other administrative expenses			70 8,955,505	
f) (-) Reinsurers commissions and profit participation			71 2,504,795	72 23,052,932
9. ASSET AND FINANCIAL CHARGES:				
a) Investment management charges and interest expenses			73 6,696,904	
b) Value adjustments on investments			74 62,094,080	
c) Losses on investment disposals			75 10,136,116	76 78,927,100
10. ASSET AND FINANCIAL CHARGES AND UNREALISED LOSSES ON INVESTMENTS FOR THE BENEFIT OF POLICYHOLDERS WHO BEAR INVESTMENT RISK, AND MANAGEMENT OF PENSION FUNDS				77 1,789,273
11. OTHER TECHNICAL CHARGES, NET OF REINSURANCE				78 8,817,385
12. (-) PORTION OF INVESTMENT INCOME TRANSFERRED FROM NON TECHNICAL ACCOUNT (ACCOUNT III. 4)				79 18,388,704
13. TECHNICAL ACCOUNT RESULT - LIFE DIVISION (Account III. 2)				80 52,329,023
III. NON TECHNICAL ACCOUNT				
1. TECHNICAL ACCOUNT RESULT – NON-LIFE DIVISION (account I.10)				81 -61,740,986
2. TECHNICAL ACCOUNT RESULT - LIFE DIVISION (account II. 13)				82 52,329,023
3. INCOME FROM INVESTMENTS FOR THE NON-LIFE DIVISION:				
a) Income from shares and quotas			83 3,536,564	
	(of which: group companies and other holdings		84 124,069)	
b) Income from other investments:				
aa) land and buildings		85 15,528,483		
bb) other investments		86 106,156,581	87 121,685,064	
	(of which: from group companies		88 1,114,931)	
c) Write-back on investments			89 9,799,896	
d) Gains on investment disposals			90 64,489,998	
	(of which: group companies and other holdings		91)	92 199,511,522

			Previous year
			175
		176 6,863,729	
		177 8,964,438	
		178 -377,433	
		179 3,520,734	
		180 9,458,018	
		181 2,290,025	182 26,894,327
		183 6,294,567	
		184 165,340,332	
		185 7,100,174	186 178,735,073
			187 12,215,548
			188 7,044,989
			189
			190 -57,565,116
			191 -373,275,714
			192 -57,565,116
		193 8,005,491	
(of which: group companies and other holdings		194 510,723)	
	195 16,561,492		
	196 82,202,449	197 98,763,941	
(of which: from group companies		198 1,086,610)	
		199 5,338,622	
		200 36,152,600	
(of which: group companies and other holdings		201)	202 148,260,654

INCOME STATEMENT

			Current year
4. (+) PORTION OF INVESTMENT INCOME TRANSFERRED FROM TECHNICAL ACCOUNT - LIFE INSURANCE BUSINESS (account II. 12)			93 18,388,704
5. ASSET AND FINANCE CHARGES FOR NON-LIFE DIVISION:			
a) Investment management charges and interest expenses	94	23,349,934	
b) Value adjustments on investments	95	185,774,190	
c) Losses on investment disposals	96	24,379,732	97 233,503,856
6. (+) QUOTA OF INVESTMENT INCOME TRANSFERRED TO THE NON-LIFE TECHNICAL ACCOUNT (account I. 2)			98
7. OTHER INCOME			99 173,804,331
8. OTHER CHARGES			100 236,685,100
9. RESULT FROM ORDINARY ACTIVITY			101 -87,896,362
10. EXTRAORDINARY INCOME			102 35,707,756
11. EXTRAORDINARY CHARGES			103 18,689,770
12. RESULT FROM EXTRAORDINARY ACTIVITY			104 17,017,986
13. LOSS BEFORE TAXES			105 -70,878,376
14. INCOME TAXES FOR THE YEAR			106 12,043,687
15. LOSS FOR THE YEAR			107 -82,922,063

			Previous year	
			203	
	204	19,555,594		
	205	459,039,578		
	206	28,244,930	207	506,840,102
			208	
			209	135,937,760
			210	211,400,088
			211	-864,882,606
			212	12,134,012
			213	86,941,716
			214	-74,807,704
			215	-939,690,310
			216	-156,381,000
			217	-783,309,310

Explanatory Notes

Part A

Accounting principles

Section 1

Illustration of the accounting principles

General principles

The financial statements were prepared on the going concern principle. Although the year 2012 reports a loss, which has already been illustrated in detail in the Directors' Report, there are no significant uncertainties or events or conditions which could give rise to doubts on the ability to continue to operate as a functioning entity. In particular, we highlight that the shareholders equity is adequate for regulatory purposes concerning solvency margins. The overall solvency ratio (Non-Life + Life) at the end of the year was approx. 144%.

The accounting principles adopted in the preparation of the present financial statements are in accordance with current law and for their interpretation the accounting principles issued by the National Council of Professional Accountants (Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri) and the Italian Accounting Organisation (Organismo Italiano di Contabilità). These criteria are consistent with those utilised in the previous year, with the exception of those illustrated below. We report however that the changes in the accounting principles compared to 2011 (which relate to depreciation on property and the amortisation of long term commissions) had an entirely negligible impact on the income statement of the year (approx. Euro 1.3 million higher costs before tax).

Intangible assets

Acquisition commissions to be amortised: this account includes acquisition commissions relating to long-term contracts, paid in advance and amortised on a straight-line basis.
The commissions on the long-term contracts issued in 2012 were amortised over three years; in the Life sector the amortisation was based on the duration of each contract, but in any case no longer than ten years.
Until the end of the previous year, the commissions on the long-term contracts concerning both Life and Non-Life sectors were entirely expensed in the income statement in the year in which they were issued.

The account includes also the residual amount still to be amortised of the commissions and long-term contracts of the life classes existing in the 2007 financial statements of Sasa Vita which, in line with the accounting principles adopted until 2007 by Sasa Vita, continue to be recorded over the duration of each contract and in any case not for a period greater than 10 years.

Formation and start-up costs: the amount recorded in the account refers to costs recorded for the share capital increase in 2011 and costs related to the integration project with the Unipol Group. These costs are amortised on a straight-line basis over 5 years.

Goodwill. The account includes the goodwill deriving from the acquisition in 2005 of the portfolio of Maa Assicurazioni S.p.A. by Nuova Maa, incorporated into Milano Assicurazioni in 2003.
This goodwill is amortised on a straight line basis over 20 years, a period considered appropriate considering the characteristics of the portfolio, as well as the specific insurance activity and of the long-term prospects which form the basis of the investments in the sector.

Other deferred costs: they are recorded as an asset for an amount equal to the acquisition cost, and amortised on a straight-line basis for their relative useful lives.

Investments

Buildings
They are considered non-current investments in accordance with article 15, paragraph 2, of Legislative Decree 173/97.

They are recorded at cost increased, where applicable, in the current and previous years by:

- incremental expenses on the values;
- INVIM ten year, with the exclusion of the extraordinary part as per Law 363/91;
- revaluations made pursuant to law No. 576 of December 2, 1975, No. 72 of March 19, 1983 and No. 413 of December 30, 1991;
- revaluations made on the allocation of the merger deficit;

and decreased, where applicable, by:

- write-downs made to take account of permanent losses in value, determined on the basis of independent expert valuations.

From the present financial statements, the buildings for company use and those for third party use were depreciated at a rate of 3%. For the buildings wholly-owned the depreciation rate is calculated on the value of the building less the value attributed to the land on which the building is located.
Residential buildings for use by third parties were however not depreciated, considering their expected residual value at the end of their useful life.
Until 2011, all buildings for third party use (both for residential and commercial use) were not subject to depreciation considering their useful life.

Investments in group companies and equity securities:
The investments in group companies and other holdings are generally recorded under non-current assets in accordance with the provisions of article 15, paragraph 2, of Legislative

Decree No. 173/97 and are therefore recorded at cost, adjusted for any permanent loss in value.

The permanent loss in value of subsidiaries and associated companies are generally recorded with reference to the share of the loss for the year; the book values for the investments in subsidiaries and associated companies are compared with the corresponding share of net equity, determined in accordance with article 16, paragraph 5, of Legislative Decree 173/1997 and any higher book values are maintained only if, and for the relative portion, justified by goodwill, progressively recovered through the normal operations.

Other shares and non-current investments are recorded at cost and adjusted for any permanent impairment in value.

The listed shares which are not recorded as non-current assets are recognised at the lower value between book value, determined in accordance with the continual average cost criteria, and that resulting from the stock exchange price on the final trading day of the year.

Where the criteria pursuant to article 16, paragraphs 3 and 6, of Legislative Decree 173/97 exists the recoveries in value are recorded within the limits of the write-downs made in previous years.

Bonds and other fixed-income securities:
The securities recorded under non-current investments are valued at purchase cost applying the continual average cost criteria, adjusted by the quota of the trading margin (positive or negative difference between the purchase value and repayment value) matured in the year and, where applicable, for permanent loss in value.

The listed securities recorded under current assets are recognised at the lower value between the book value, determined with the continual average cost criteria, adjusted to take account of issue margins matured, and that resulting from the stock market listing on the last trading day of the year.

The issue and trading margins of bond securities without prefixed maturity (so-called perpetual) were calculated with reference to the *first call* date provisioned in relation to their repayment method.
Where the criteria pursuant to article 16, paragraphs 3 and 6, of Legislative Decree 173/97 exists the recoveries in value are recorded within the limits of the write-downs made in previous years.

Other financial investments:

The **investment fund units** recorded under non-current assets are valued at cost, net of any reduction for permanent loss in value; those recorded under current assets are valued at the lower between purchase cost and the value, recorded at the reporting date.

The **time deposit contracts** with repurchase obligation are recorded in the accounts as independent investments or financial operations. In particular the spot and forward purchase operations are recorded in the account *other financial investments* for the amounts corresponding to the spot value, while those, where applicable, relating to spot sales and forward repurchase are recorded as payables, without generating changes in the holdings of securities. The income components are recorded pro-rata respectively in the *Income from other investments* and *Investment management charges* and *Interest expense*.

Options on derivative contracts: the premiums paid relating to the options acquired are recorded in the account *other financial investments*; the premiums received relating to the options sold are *recorded under other loans* and *other financial payables*. On the exercise of the option, the amount of the premium was adjusted to the book value or the result from the disposal of the underlying asset; on the disposal of the option the amount of the premium was recognised under profits or losses realised on investments.
The derivative instruments hedging investments are valued in accordance with the applicable accounting principles. In particular this results in the recording in the income statement of gains and losses from valuations in line with the correlated gains or losses on the hedged financial instrument. The other operations on financial derivative instruments for financial management are recorded at the lower between cost and market value.

Investments in which the risks are borne by the policyholders

The securities hedging commitments deriving from life contracts, whose services are linked to the performance of specific equity indices (Index-Linked) or to internal funds (Unit-Linked), are recorded at fair value based on the official price on the last trading day of the year or for the investments made on non regulated markets, at the average price at which these investments were traded on the last day of settlement of the year; this criteria is also utilised to determine the commitments towards policyholders, in order to create the correlation with the actuarial reserves recorded under liabilities.
The reserve for transfer of assets from class C to class D, recorded in net equity, includes the difference between the carrying value and current value of the bonds transferred to the class "Investments relating to services linked with investment funds and market indices". The reserve is subsequently reduced on the maturity and the sale of the investments from which the gains are derived.

Premiums written

NON-LIFE DIVISION:

The gross premiums written include the amounts matured in the year from insurance contracts. In accordance with article 45 of Legislative Decree 173/1997 and the instructions contained in ISVAP Regulation No. 22 of April 4, 2008, they include:
- cancellations due to technical reversals of the individual securities issued in the year;
- The changes of contracts, with or without changes in premiums, made through replacement or supplemented;

While they do not include, as they are included in the account *other technical charges:*
- The write-downs for doubtful receivables from policyholders for premiums of the year made at the reporting date;
- The write-downs and cancellations of receivables from policyholders for premiums in previous years.

LIFE DIVISION:

The gross premiums written include all the amounts matured in the year from insurance contracts. In accordance with article 45 of Legislative Decree 173/1997 and the instructions contained in ISVAP Regulation No. 22 of April 4, 2008, they include:

- The cancellations due to technical reversals of the individual securities issued in the year;
- The cancellation of premiums from annuities expired in previous years;
- The changes of contracts, with or without changes in premiums, made through replacement or supplemented;

While they do not include, as they are included in the account *other technical charges:*

- The write-downs for doubtful receivables from policyholders for first annuity premiums of the year made at the reporting date;
- The write-downs and cancellations of receivables from policyholders from first year annuity premiums or units issued in previous years.

Insurance contract liabilities

NON-LIFE SECTOR:

Premiums provision on direct insurances risks: this includes the provision for premium fractions, the provision for risks in course and where applicable the integrations to the provision for premium fractions, calculated in accordance with Section I of ISVAP Regulation No. 16 of March 4, 2008.

The provision for premium fractions was determined in accordance with the pro-rata method applied analytically for each policy based on the gross premiums written minus acquisition commissions.

Relating to the provision for risks in course, the valuation for the creation of the provision is made based on an empirical calculation procedure constructed on the ratio of claims to premium for the current generation recorded in the accounts.
The ratio includes net damages for claims of the current generation including the direct and settlement expenses, both externally and internally, as well as the claims reserves at the year-end for the current generation claims, which also include the quota attributable to direct expenses and settlement expenses.
The denominator of the ratio represents the premiums for the period excluding the premiums issued from the acquisition commissions paid, in order to make the calculation based on elements (premiums written, reserve premiums pro-rata at the beginning and end of the year) technically uniform in their content.

The procedure for the determination of the provision for risks in course is as follows:
- The claims ratio to premiums in the current year is determined in accordance with the procedures indicated;
- This ratio is valued in accordance with the values assumed in the previous years to verify the reasonableness of assuming repeatability, ascertaining also the existence of objective elements which may provide significant variables in the immediate future on the value in terms of greater frequency of claims or higher average costs;
- Where this ratio is above 100%, the excess of the reserve is applied for the premium fraction as well as the premium instalments which will be made on the relative contracts.

The additional provision for premium fractions relate, where the requirements are fulfilled, to credit, bond, hailstorm and natural calamity insurance, in accordance with the provisions of Chapter I, Section III, of the above-mentioned ISVAP regulation No. 16/2008 as well as attachment 1 for the credit contracts stipulated or renewed by December 31, 1991.

The total amount provisioned is considered appropriate to cover the commitments for risks in course at the year-end.

Claims provision on direct insurances risks: this provision includes the total amount of the sums that, from a prudent valuation made based on objective elements and separate for each claim, are necessary against the payment of the claims during the year or in previous years, and those still not paid, as well as the relative settlement expenses.

The claims provision is determined in accordance with ISVAP Regulation No. 16 of March 4, 2008, utilising the latest cost as calculation criteria, to take into account all expected future charges, on the basis of historical and projected data. This also includes the estimate relating to the claims occurring in the year but not yet reported at the year end.

The liability recognised represents the result of a multi-phased complex technical valuation, which arises from a preliminary valuation made through an analysis of the single positions open, followed by a process to calculate the latest cost assigned to a management level within the company which utilises statistical-actuarial methods for these purposes.

In the case of non reporting of the provisions by the loss adjustor's offices a statistical average cost provision is applied.

Motor TPL
It should be noted that February 2007 saw the introduction of the direct indemnity system which, in the event of a road accident, allows victims who are not responsible, or responsible only in part, to be compensated directly by their insurer.

Similar to that applied in the previous year, actuarial statistical models were developed that analyse claims up to 2006 and subsequent claims separately, dividing the latter into claims not falling under the direct indemnity system (primarily as they concern permanent physical

injuries resulting in an invalidity of greater than 9% or more than two vehicles involved) and those falling under the CARD handler system. As consideration was taken on the totality of the claims, without distinction between claims incurred and claims reported late, the estimate of the final provision obtained by the model includes the I.B.N.R. provision (Incurred but not reported).
For current generation claims, account was also taken of the expected market value of the average cost of accepted claims.

Claims handled (no Card and Card)
The Chain Ladder Paid and Bornhuetter-Ferguson Paid actuarial methods were used in order to calculate the final cost for the claims provision with equal weighting to both methods.
It should be noted that the discontinuity observed in the number of claims provisioned at the end of 2012 compared to the previous year, primarily deriving from a different management treatment of the claims still open against only direct expenses, resulted in the impossibility of using the Fisher Lange actuarial method, utilised up to the previous year.
The actuarial methods utilised (Chain Ladder Paid and Bornhuetter-Ferguson Paid), based on the total amounts paid and not on the number of claims provisioned, on the other hand permitted the reaching of a satisfactory provision, determining a reasonable supplementation compared to the analytical estimates made by the loss adjustor network.

CARD Debtor
The value of the provision derives from the communications made by the Companies through CONSAP. On the claims for which no provision amount is received from CONSAP, the provision is valued as follows:
- material damage – a provision is made equal to the flat rate as per the regulations defined by the Card agreement;
- CTT – an average value is obtained utilising the average statistical cost table adjusted to take account of any ISVAP regulations relating to excess and ceiling levels.

CARD Management flat rates
The provision for the Management CARD flat rate is determined through the application of the regulations for the definition of the flat rates on the cost of the Card Management Claims. Prudently, the calculation of the flat rate is made before the integration due to the application of the actuarial models.

I.B.N.R. provisions (Incurred but not yet reported)
The provision for claims incurred but not yet reported (IBNR) was determined in accordance with the general calculation criteria pursuant to paragraph 1 of Article 32 of ISVAP Regulation No. 16, implementing a method which provides the estimate of the IBNR claims provision, by number and amount, on the basis of experience acquired in previous years, taking into account the trend in the number of late claims and the average cost of claims reported late. The analysis of the IBNR provision was made separately between Third Party Liability, Ordinary, No Card Claims and Card Claims, estimating the amounts based on historical data of late reporting in previous years and the average cost obtained from an analysis of late claims.

General TPL Class
Taking into account that for the classes with long settlement processes, such as the General Third Party Liability Class, the analytical valuation does not take into account all expected future charges, the Company, in order to determine the last cost, has developed the following actuarial valuation methods:

- Chain-Ladder Paid
- GLM

As consideration was taken of the totality of the claims, without distinction between claims incurred and claims reported late, the estimate of the final provision obtained by the model includes the I.B.N.R. provision (Incurred but not reported).
For the application of the Chain Ladder Paid the amounts of the claims paid from 1997 to 2012 were utilised with the addition of an adjustment in order to take account of claims older than 15 years.
The GLM is a stochastic method which, in addition to the claims provision (also determined on the basis of the historical data of payments classified by similar risk categories) provides confidence on the estimates obtained.
The amount of the provision was determined taking into account both methods. In fact, it is increasingly important to associate to the estimate of the provision through the traditional deterministic systems a valuation which, in addition to the value of the provision, allows specification of the predictability indices.

Other Non-Life Classes
The determination of the last cost was made on the basis of the provisions of the loss adjustor's, adjusted to take into account past experience in relation to changes in the claims provision.

The claims provision includes also the total amount of the sums necessary to cover previous year claims not yet reported at year-end (I.B.N.R. claims provision). The last cost of these claims is estimated with reference to the historical data of previous years and in particular the observation, by individual insurance class, of the late claims made in comparison to the year of occurrence of the event giving rise to the claim.

Other technical provisions: the account includes the aging provision of the health class, which offsets the greater risk due to the increased life span of the policyholders. The determination was made separately for each contract utilising technical-actuarial criteria in accordance with article 47, point 2, of ISVAP regulation No. 16 of March 4, 2008.

Equalisation provisions: these amounts are reserved in order to reduce the volatility in the movements in the claim rate in future years or to cover specific risks, in accordance with the Isvap Regulation No. 16/2008, section V, paragraph III. In particular the account includes, where the requirements are fulfilled:
- the equalisation provision of the credit class, accrued to cover any negative technical balance retained of the class at the year-end;
- the equalisation provision for natural calamity risk and the risks deriving from nuclear energy, accrued to cover any claims over the time horizon of the contracts.

Unearned premium provision on indirect business: the provision is calculated based on the communications received from the reinsurance companies; where this has not been received, appropriate rates are applied to the premiums written and the related risks still in course at the year-end, taking into account the specific regulations for insurance for Credit, Bonds, Hailstorm and other natural calamities and damage coverage related to nuclear energy.

Claims provision for reinsurance risks: the provision is calculated based on the communications received from the insurance companies supplemented by objective and statistical elements in our possession. The provisions are considered sufficient to meet the commitments at the year-end.

LIFE DIVISION:

Technical provisons relating to direct insurances risks: they are calculated in accordance with the actuarial techniques which comply with current legislative provisions and in particular the principles contained in ISVAP Regulation No. 21 of March 28, 2008. The calculation is made analytically for each contract, based on the commitments without detraction for acquisition expenses; the base calculation techniques (interest rates, demographic assumption for eliminations for death or invalidity and frequency of abandon) are the same utilised for the calculation of the premiums of the individual contracts. In any case, the actuarial provision is not lower than the redemption values.

The account also includes the additional provision for financial risk and demographic risk. Among the additional provision for financial risk, we highlight the additional provision for guaranteed interest rate risk, calculated in accordance with the provisions of articles 47 and 48 of ISVAP regulation No. 21/2008.

The provision derives from the higher cost that the company must incur against the difference between the interest rate guaranteed to the policyholders and the current and expected returns on the assets represented by the actuarial reserves, calculated in accordance with the provisions of the previously stated Regulation 21 (art. 38-46).

The additional provision for demographic risk, made in line with Articles 50, 51 and 52 of ISVAP Regulation No. 21, provides for the higher cost that the company must incur against the average extension of the human life for the annuity tariffs or where the option for conversion of capital to annuity exists.

For the products in accordance with article 41, paragraphs 1 and 2 of Legislative Decree 209 of 7/9/2005, as well as the Open Pension Funds, the calculation is made analytically contract by contract, adopting assumptions that represent with maximum approximation the value of the underlying assets.

Technical provisons for reinsurance risks: they are recorded based on communications provided by the insurance companies.

Technical provisions attributed to reinsurers

The technical provisions relating to the reinsurers are calculated applying the same criteria adopted for direct premiums, taking account of the reinsurance contractual clauses.
The provisions attributable to the reinsurance companies are determined with the same criteria utilised for the formation of the reserves of the underwritten risks and represent the share, attributable to them, of the contractual commitments undertaken.

Receivables

They are recorded at realisable value, taking into account the doubtful debt provisions recorded as a direct reduction of the nominal value. In particular the write-down of the receivables from policyholders for premiums was made taking into account the expected amounts collectible, based on experience acquired in the previous years and recorded in categories similar to these receivables.

Other asset accounts

Tangible assets and inventories: they are recorded at purchase cost, net of the relative depreciation. The depreciation for the year is calculated with rates adequate in relation to the residual utilisation of the assets.

The following rates are applied:

Furniture and fittings	12%
Office machines	12%
Internal transport	20%
Tangible assets recorded in public registers	25%
Plant and equipment	15%

The above rates are reduced by half for the purchases in the year.

Provisions for risks and charges

They relate to:
- provision for taxes, which includes, where the requirements are met, current income taxes, limited to the IRAP regional tax, the deferred tax liability charge, in addition to future charges arising from any tax assessments. The current tax charge relating to the IRES income tax was recorded in the account *payables to parent company* following the inclusion by Milano Assicurazioni to the Fondiaria-SAI Group tax consolidation;
- provisions for future risks and expenses, accrued with reference to certain charges relating to the year and known at the date of the preparation of the financial statements.

Prepaids and accruals

These include the portion of charges and income covering two or more periods, in accordance with the accrual basis of accounting.

Accounting principles of the other accounts

Indirect business: the inward and outward reinsurance relating to contracts with Companies of the group are recorded on an accruals basis. The reinsurance contracts with third parties are recorded in the income statement for the year 2011 in accordance with the provisions of Article 42 of Legislative Decree 173/97. The data relating to the year 2012, only partially received, is suspended in the transitory accounts under assets and liabilities.

Settlement expenses: the amounts recorded include the settlement expenses both paid and accrued, which include all the expenses relating to inspection, verification, valuation and settlement of the claims and are attributed to the individual classes based on the claims treated, taking into account their differences.

The dividends are recorded at the moment of receipt.

Conversion into Euro of accounts in foreign currencies

The accounts are prepared in Euro. The accounts in foreign currencies are translated into Euro at the year-end rate according to multi-currency accounting, with the exchange differences recorded in the accounts *other charges* and *other income* of the non-technical account.

Current and deferred taxes

Milano Assicurazioni as the consolidated company, and Fondiaria-SAI as the consolidating company, jointly renewed the Group taxation option in accordance with Article 117 and subsequent of the income tax act for the three year period 2010-12 in order to optimise the overall tax charge, signing an agreement concerning the operational rules of the tax consolidation which is uniform for all companies involved.

The structure of the agreement establishes a balanced allocation of advantages deriving from the tax consolidation: each consolidated company is recognised potential advantages deriving from the consolidation which will establish a tax position in principle not inferior than that which would have been achieved without the tax consolidation. Therefore, qualifying as a sub-holding, Milano Assicurazioni is guaranteed, in comparison to its subsidiaries, a similar position to that which would have been obtained through exercising the option as a consolidating company in the tax consolidation.
In line with the above-mentioned general principles, taking into account the possibility of carrying forward the fiscal losses for an unlimited time period introduced by Legislative Decree 98/2011, in 2011 the above-mentioned agreement was updated offering the consolidated companies a possibility to opt for the immediate recognition of the tax losses transferred up to an amount of 12%, without awaiting the assessable income which would on the other hand recognise an amount equal to the IRES nominal tax rate (currently 27.5%). With reference to the losses transferred to the consolidation in the period 2006-2010 and not yet remunerated, this right had to be exercised by December 31, 2012. Once fully operational however, this option must be exercised within 90 days from the presentation of the tax declaration.

Italian accounting principle No. 25 is applied relating to the accounting treatment of income taxes, which requires the calculation of the fiscal charge for the year taking into account the taxes paid but referring to future years (deferred tax assets) and those on the other hand which, although payable in future years, relate to the current year (deferred tax liabilities). The deferred tax assets are recorded only in the presence of reasonable certainty of their future recovery, while the deferred tax liabilities are not recorded when there is little probability that the payable will arise.
The reasonable certainty of the recovery of the deferred tax asset was verified on the basis of the capacity of the Company to produce assessable income at least sufficient to recover these taxes.

The deferred tax assets considered principally refer to the tax losses of Milano Assicurazioni and the subsidiary companies involved in the tax consolidation of the former Fondiaria-Sai Group, the changes in the long-term component of the claims provisions, to provisions for risks and charges, to the doubtful debt provisions and to the adjustments to buildings and to equity securities with exclusion of those within the participation exemption regime as per Article 97 of Pres. Decree 917/86.
However the deferred tax assets relating to the provisions made against costs of uncertain deductibility are not considered and the change to the life insurance contract liabilities as per Article 111, paragraph 1 *bis* of Pres. Decree 917/86.

The deferred tax assets on tax losses were recorded on fulfilling the following requirements:

- there exists a reasonable certainty to achieve, in a reasonable immediate time period, 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.

From the year 2011, due to the amendments introduced by Legislative Decree No. 98/2011, Article 84 of the CFA, fiscal losses carried forward and not yet lapsed may be carried forward for 80% of the assessable income without time limit. The possibility that the benefits related to the tax losses will be realised was analysed based on the 2013-2015 Industrial Plan, recently approved by the Board of Directors of the Company and on the outlook for the coming years, also considering that established for the purposes of the impairment tests on goodwill carried out in the consolidated financial statements.
The benefit related to the losses recorded by subsidiaries participating in the tax consolidation is allocated to the Risks Provision. Based on the agreement concerning the rules for application of the tax consolidation, this benefit devolves to the parent company Milano Assicurazioni only for the part not separately utilisable by the subsidiary companies based on the assessable income produced by them. The utilisation of the risk provisions with the consequent recording of the benefit will take place once the above-stated condition has been fulfilled.

The deferred tax liabilities relating to the gains assessable over several years were also considered, principally relating to buildings sold.

The calculation of the deferred tax assets and liabilities were made separately for IRES income tax and IRAP regional tax relating to current tax rates, respectively of 27.5% and 6.82%.
The deferred tax assets are recorded in the account *other assets* of the balance sheet, while the deferred tax liabilities are recorded under *provision for risks and charges* in the account *provisions for taxes*.

UNCERTAINTY ON UTILISATION OF ESTIMATES

The application of some accounting standards necessarily implies significant elements of judgment based on estimates and assumptions which are uncertain at the time of their assessment.

For the 2012 financial statements, assumptions made are considered to be appropriate and consequently the financial statements are considered to be prepared with the intention of clarity and represent in a true and fair manner the financial situation and result for the year. In the notes, adequate and exhaustive information is provided into the underlying reasons for the decisions taken, the valuations made and the criteria adopted in the application of the accounting standards.

In order to provide reliable estimates and assumptions reference was made to historical experience, as well as other factors considered appropriate in the specific cases, based on the available information.

It cannot be excluded, however, that variations in estimates and assumptions may determine significant effects on the balance sheet and income statement, as well as on the potential liabilities reported for information purposes in the accounts, where different opinions are made compared to those utilised at the time reported.

In particular, management used more subjective valuations in the following cases:

- in establishing the long-term nature of the losses in investments and other financial instruments;
- in the determination of the loss in value of buildings
- in the calculation of the technical provisions;
- in the estimate of the recovery of the deferred tax assets;
- in the quantification of provisions for risks and charges, for the uncertainty therein and of the time period and the assumptions utilised.

Information on financial risks is contained in the directors' report.

* * *

In relation to the significant events at the beginning of 2013 and transactions with related parties, reference should be made to the directors’ report.

Part B

Notes on the Balance Sheet and Income Statement

The Company undertakes insurance business in the classes indicated in article 2, paragraphs 1 and 3 of Legislative Decree 209/2005 (Private Insurance Code). We therefore attach the following:
- The balance sheet relating to the non-life management (attachment 1);
- The balance sheet relating to the life management (attachment 2);
- The statement relating to the division of the result for the year between life and non-life divisions (attachment 3).

All the amounts are expressed in thousands of Euro.

Balance Sheet - Assets

Section 1

Intangible assets (account B)

	2012	2011	Change
1.Acquisition commissions to be amortised			
a)Life Sector	3,857	627	3,230
b)Non-Life Sector	2,512	-	2,512
2.Other acquisition expenses	-	-	-
3. Formation and start-up costs	10,219	11,771	-1,552
4.Goodwill	11,842	23,228	-11,386
5.Other deferred costs	778	920	-142
TOTAL	**29,208**	**36,546**	**-7,338**

From the present year, acquisition commissions relating to long-term contracts, paid in advance, are amortised on a straight-line basis. In particular:
- in the Non-Life classes, the commissions on long-term contracts issued in 2012 were amortised over three years;
- in the Life classes they were amortised based on the duration of each contract, for a period in each case not greater than ten years.

Until the end of the previous year, the commissions on the long-term contracts concerning both Life and Non-Life sectors were however entirely expensed in the income statement in the year in which they were issued. That recognised at the end of 2011 concerns the residual amount still to be amortised of the commissions on long-term contracts of the life classes existing in the 2007 financial statements of the merged entity Sasa Vita which, in line with the accounting principles adopted by the Company, continue to be recorded over the duration of each contract and in any case not for a period greater than 10 years.

The change in the accounting principle relates to the accounting of the costs on the accruals basis rather than on the general prudence principle, which resulted in a lower charge to the income statement in 2012 of approx. Euro 6 million.

The account *formation and start-up costs* refer principally to the share capital increase in 2011. The original amount of Euro 14,714 thousand was amortised on a straight line basis over 5 years. The amortisation in the year amounted to Euro 2,943 thousand.

The account *goodwill* includes the residual goodwill deriving from the acquisition of the portfolio of Maa Assicurazioni by Nuova Maa, incorporated in Milan in 2003 and amortised over 10 years. This period is considered appropriate, taking into account the characteristics of the portfolio to which they refer as well as the specific insurance activity and of the long-term prospects based on which the investments in the sector were made. The verification of the recoverability of goodwill, carried out on the preparation of the consolidated financial statements, verifies the goodwill recorded to the separate financial statements.
The amortisation process on the following goodwill concluded in the year:

- The goodwill deriving from the acquisition of the insurance portfolio of Latina Assicurazioni S.p.A., in 1992;
- The goodwill relating to the life portfolio of La Previdente Assicurazioni S.p.A., originally acquired from La Previdente Vita (formerly Latina Vita) in 1993;
- The goodwill recorded in 2003 following the merger by incorporation of Maa Vita.

The amortisation charge for the year amounted to Euro 11,387 thousand and is recorded in the income statement account *other charges*.

The account *other deferred costs* principally refer to the quota to be amortised of the commissions incurred against the subordinated loan of Euro 100 million granted by Mediobanca in 2008. These commissions, of an original amount of Euro 1.4 million, are amortised over 10 years, in line with the period beyond which the beneficiary may repay the loan.

The changes in the year of *Intangible Assets* are analysed in attachment 4.

Section 2

Investments (account C)

Land and Buildings (account C. I)

		2012	2011	Change
I.	Property used for business activities	1,927	2,115	-188
II.	Property used by third parties	399,854	515,757	-115,903
III.	Other buildings	431	439	-8
IV.	Other property rights	-	-	-
V.	Assets in progress and payments on account	-	132,001	-132,001
TOTAL		**402,212**	**650,312**	**-248,100**

The changes compared to the previous year principally relate to:

Improvement works	828
Sales	-58,282
Adjust. to values	-51,181
Amortisation & Depreciation	-7,464
Transfers to other accounts	-132,001
TOTAL	**-248,100**

The **sales** principally relate to the building for office use in Milan, Piazza S. Maria Beltrade, sold at the end of June to Carlyle Real Estate SGR S.p.A., for a price of Euro 63 million, resulting in a gain of Euro 6.7 million. On the signing of the sale Euro 25 million was received and at the end of 2012 a further Euro 12 million was received. Of the residual amount, Euro 12,000 thousand was due by the end of 2013 and Euro 14,000 thousand by the end of 2014, in addition to interest. The purchaser of the building provided surety guarantees against these amounts.

The **adjustment to values** were recognised based on an independent experts' valuation at year-end and concern the following buildings:

(Euro thousands)

Milan – Via Caldera	-20,470
Milan – V.le Lancetti – Via dell'Aprica	-12,109
Milan – Via Crespi	-6,897
Bologna – Via Bassi	-4,088
Assago – Milano Fiori	-3,854
Rome – Via in Arcione	-2,136
Milan – Viale Umbria	-861
Turin – Strada del Drosso	-420
Turin – Corso Trapani	-342
Brescia – Via XX Settembre	-4
TOTAL	**-51,181**

The lower value attributed to the properties compared to the valuations already prudently made in the previous year were impacted by the underlying economic difficulties, in which the real estate sector values are not expected to increase.
The general outlook anticipates unsold building stock or repossessions against unpaid mortgages and continued difficulty in accessing credit by both sector operators and private individuals.
In addition, the introduction of the IMU property tax, much higher than the previous ICI property tax, significantly impacted all asset values calculated under yield methods such as the DCF.
Against this background it is difficult to anticipate, at least in the short-term period, that the Group development projects and other real estate initiatives can result in the full recovery of investments.
These problems are also compounded by significant over-supply in the services sector between demand and offer, with prolonged selling periods and increased requests for discounts by operators.
The risk perception by investors continues to remain high and which has resulted in a reduction by valuers in the expected yields for vacant buildings or development projects, an increase in the discount rate and of the exit yield in the DCF models utilised for the valuation of assets, with a consequent reduction in the market value in the properties.
Finally, we report that the valuation of the real estate assets in 2012 was assigned to the same independent expert utilised in 2011 in order to ensure methodological continuity, an important factor considering the difficulties in the market.

The **depreciation** concerns buildings, both for company use and for third party use, at the rate of 3%. For buildings entirely held, depreciation was calculated excluding the value of land which is not subject to deterioration.
Residential buildings for third party use were not subject to depreciation as careful maintenance ensures unlimited utilisation.
In the previous year, only the buildings used for company use were subject to depreciation. The change in the accounting principle, which resulted in higher costs in 2012 of Euro 7.3 million, was carried out taking account of the current crisis within the real estate sector and, in particular, the weakness of property prices, which impacts the recoverable value, as described in detail in the previous comment on adjustments to values.

In relation to **assets in progress and payments on account** the amount recognised in the 2011 financial statements included the payments on account issued over time to the companies Im.Co. S.p.A. and Avvenimenti e Sviluppo Alberghiero S.r.l. in relation to future purchase contracts concerning property operations in Milan, Via Confalonieri - Via de Castillia (Lunetta dell'Isola) and in Rome, Via Fiorentini. During the year, following the bankruptcy declarations of Im.Co. and Sinergia of June 14, 2012 by the Milan Court, these positions were transferred from the account *Land and Buildings* to the account *Other Receivables*. The above-stated operations provided that Milano Assicurazioni would become the owner of these buildings only when completed and approved and the contracts did not contain specific guarantees. The declaration of bankruptcy therefore put the company at risk of losing the right of delivery of these buildings under construction, remaining creditors for the amounts paid on account.

The change in the account **land and buildings** compared to the previous year is detailed in attachment 4 to the present notes, which includes, pursuant to Article 16, point 7 of Legislative Decree 173/97, the current value of the buildings at the balance sheet date of Euro 462 million and approx. Euro 60 million above the book value. This current value was obtained by estimates made by independent experts and determined through a separate evaluation of each land and building utilising asset type methods, based on the intrinsic and extrinsic value of the assets and taking into account their profitability, in accordance with the provisions of Isvap Regulation No. 22 of April 4, 2008.

The list of the buildings owned by the company and the movements in the year are shown in an attachment to the notes.

Investments in group companies and other companies (account C. II)

	2012	2011	Change
Shares and holdings in group companies	540,214	588,044	-47,830
Bonds in group companies	118,641	99,204	19,437
Loans to group companies	-	-	
TOTAL	**658,855**	**687,248**	**-28,393**

The account ***shares and holdings in group companies*** comprise:

(In Euro thousands)	Book value	Share held directly (%)
Parent companies		
Fondiaria-Sai	95	0.01
Premafin	1,175	0.43
Unipol	24	0.002
	1,294	
Subsidiary companies		
Campo Carlo Magno	24,648	100.00
Dialogo Assicurazioni	9,345	99.85
Immobiliare Milano	365,682	100.00
Liguria Società di Assicurazioni	100,600	99.97
Pronto Assistance Servizi	605	28.00
Sogeint	100	100.00
Systema Compagnia di Assicurazione	5,187	100.00
	506,167	
Group companies		
Atahotels	0	49.00
Fondiaria-Sai Servizi Group	13,262	34.21
Immobiliare Lombarda	6,873	35.83
Nuove Iniziative Toscane	3,168	3.12
Sai Investimenti	1,200	29.00
Saiagricola	4,900	6.80
Service Gruppo Fondiaria-Sai	227	30.00
	29,630	
Associated companies		
Garibaldi Sca	660	32.00
Isola Sca	1,598	29.56
Valore Immobiliare	583	50.00
	2,841	
Other holdings		
Bancapulia Ord	155	0.18
Bancapulia Priv	28	0.22
Tirrena Assicurazioni	-	11.14
Ufficio Centrale Italiano	99	10.98
	282	
TOTAL	**540,214**	

Adjustment to values of shares and holdings of Group companies

These amount to Euro 114,084 thousand and principally relate to the companies indicated below:

Liguria Assicurazioni
The carrying value of the investment was reduced to Euro 100.6 million, recognising an impairment of Euro 66.7 million.
The adjustment was based on a valuation of the company under the Sum of Parts methodology (SOP), utilising the Dividend Discount Model (DDM) for the valuation of Liguria Assicurazioni and the Appraisal Value for Liguria Vita.
The parameters utilised for the application of the DDM, as a discount rate, include cost of own capital (Ke) of 9.59%.

The valuation was carried out based on the 2013-2015 company plan and the 2016 and 2017 projections drawn up to reflect a normal level of profitability.

Immobiliare Milano
The book value of the investment was aligned to the adjusted net equity, with the property gains and the deferred taxes on tax losses and buildings impairments prudently not recognised to the financial statements of the subsidiary. The alignment resulted in a value adjustment of Euro 30,708 thousand.

Atahotels S.p.A.
The company in 2012 reports a loss of Euro 35,577 thousand and an equity deficit of Euro 18,857 thousand. Consequently, the carrying value of the investment (Euro 8,193 thousand) was written-down and the share of the net equity deficit (Euro 9,240 thousand) was recorded to the charges provision.

Dialogo Assicurazioni
The valuation adjustment amounts to Euro 2,241 thousand and represents the share of losses in the year recorded by the company. Net of these adjustments the book value of the investment, amounting to Euro 9,345 thousand, is in line with the relative net equity.

Campo Carlo Magno
The carrying value of the investment was reduced to Euro 24.6 million, recognising an impairment of Euro 2.5 million. The impairment was made based on the adjusted net equity at December 31, 2012, considering an updated valuation report on the real estate located at Madonna di Campiglio, Golf Hotel, owned by the subsidiary.

Immobiliare Lombarda
The impairment amounts to Euro 1,491 thousand and represents principally the share of losses in the year recorded by the company. Net of this adjustment, the book value of the investment amounts to Euro 6,873 thousand.

* * *

In accordance with article 16, paragraph 4 of Legislative Decree 173/97 we provide information included in the account *shares in Group companies* which are recorded at a value above the corresponding net equity share. The book value is compared with the net equity prepared in accordance with Italian GAAP for a uniform comparison.

In Euro thousands	**Valued in accord. with Art. 16, point 4, Lgs Decree 173/97**	**Book value**	**Difference**
Liguria Assicurazioni	29,288	100,600	71,312
Immobiliare Milano Assicurazioni	317,618	365,682	48,064
Campo Carlo Magno	19,852	24,648	4,796

For **Liguria Assicurazioni**, the higher carrying value represents the goodwill based on the valuation of the investment as described in detail in the preceding paragraph.

For **Immobiliare Milano** the difference relates to gains on investments held and deferred tax assets prudently not recorded by the company.

For **Campo Carlo Magno** the difference is due to the higher value of the hotel real estate complex at Madonna di Campiglio, Golf Hotel, compared to the carrying value in the accounts of the company.

The account ***Bonds issued by group companies*** includes:

- *Profit Participating Bonds* for Euro 92,514 thousand, issued by the associated company Garibaldi S.C.A (Euro 74,622 thousand) and Isola S.C.A. (Euro 17,892 thousand).
  Garibaldi S.C.A. is a Luxembourg-registered company 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 51,000 sq.m. for office use, 20,000 sq.m. with exposition potential, 10,000 sq.m for commercial use and 4,000 sq.m. for residential use;

Isola S.C.A. is a Luxembourg-registered company which 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 700 sq. m for local retail use.
The yield of the bonds, with expiry on December 31, 2020, is based on the profits achieved by the issuing companies in relation to the property projects currently under development. Considering both the nature of the property projects 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.

- bonds issued by the Group company Banca Sai S.p.A. for Euro 21,519 thousand;
- bonds issued by the parent company Unipol Gruppo Finanziario for Euro 4,607 thousand.

The following information is attached:
- The changes in the year of shares and holdings, of bonds and of loans to group companies and other investments (Attachment 5);
- The schedule containing information relative to investment holdings (Attachment 6);
- The schedule analysing the movements (Attachment 7).

Other financial investments (account C. III)

	2012	2011	Change
Shares and quotas	119,598	332,572	-212,974
Investment fund units	405,396	567,111	-161,715
Bonds and other fixed-income securities	6,161,960	5,819,242	342,718
Loans	21,677	23,935	-2,258
Units in mutual investments	-	-	-
Deposits at credit institutions	8,000	-	8,000
Other financial investments	29	2,545	-2,516
TOTAL	**6,716,660**	**6,745,405**	**-28,745**

The account **shares and quotas** includes Euro 101,131 thousand of listed shares recorded under current assets and Euro 18,467 thousand of shares recorded under non-current assets.

The **shares recognised as current assets** are valued at the lower between the carrying value and the stock exchange price recorded on the last trading day of the year, recording a net value adjustment of Euro 5,029 thousand. The amount principally relates to the write-down carried out on the investment in Mediobanca (Euro 8,914 thousand) and the recovery in value on the investment held in Unicredit (Euro 3,783 thousand). In this regard, these investments, previously recognised under non-current securities, at the end of 2012 were transferred to the current sector, considering that the long-term strategic investment characteristics were no longer in place, which are necessary to qualify, also in accordance with Article 14, second part of ISVAP Regulation No. 36, as an investment within the non-current category.
In relation to the investment in Mediobanca, the transfer to the current segment was carried out considering that the investment is due to be disposed of by December 31, 2013 under the commitments undertaken with the Anti-Trust Authority within the integration project of the Fondiaria-Sai Group and the Unipol Group.
The investment in Unicredit was almost entirely disposed of in January 2013.

The **non-current investments** are recorded at cost, adjusted for any permanent impairment in value.
The impairment overall amounted to Euro 1,090 thousand and impacted Industria e Innovazione for Euro 535 thousand, Istituto Europeo di Oncologia for Euro 333 thousand and Banca Intermobiliare for Euro 222 thousand.

Net of impairments, the listed shares in the non-current segment indicate, compared to the stock exchange prices on the last trading day of the year, net unrealised losses of Euro 70 thousand, as set out below:

RCS Mediagroup	377
Banca Intermobiliare	-136
Industria e Innovazione	-311
TOTAL	**- 70**

Units in **mutual investments** report net unrealised gains of Euro 17,883 thousand in the year.

The account ***Bonds and other fixed income securities*** are broken down as follows:

Listed government securities	5,138,656
Non-listed government securities	7,320
Other listed securities	979,247
Other non-listed securities	27,827
Convertible bonds	8,910
TOTAL	**6,161,960**

During the year, issue margins were recorded in this account of Euro 18,029 thousand and trading margins of Euro 19,310 thousand.

The **listed bonds recorded in the current segment** amounted to Euro 2,639,115 thousand and were valued at the lower between carrying value and the stock exchange price recorded on the last trading day of the year, taking account however of the adjustments in value of previous years following the recording of the relative write-backs following share price increases. The valuation led to a net write-back of Euro 38,036 thousand.

The **listed bonds recorded in the non-current segment** amount to Euro 3,522,845 thousand and are maintained at cost, adjusted for any impairment. The adjustments amounted to overall Euro 5,928 thousand, of which Euro 2,523 thousand concerning subordinated bonds issued by the Dutch credit institution SNS Bank and Euro 3,405 thousand concerning 2007/2049 bonds issued by Groupama.

In relation to SNS Bank, on February 1, 2013 the Dutch Government announced the nationalisation of the bank and its subsidiary SNS REAAL. Following this unilateral action the subordinated bonds, at all levels, issued by this entity were expropriated by the Dutch Government. Against this expropriation a negligible amount is expected to be paid according to current information. The company, which held at December 31, 2012 securities subject to expropriation for a nominal value of Euro 2.5 million, presented recourse to the Dutch court against the expropriation action and, while awaiting developments on the appeal, taking into account the level of subordination of the securities expropriated, prudently wrote-down their value.

In relation to the bonds issued by Groupama the impairment was made taking account that the securities did not pay the coupon on the maturity date of October 22, 2012.

The **non listed bonds** were maintained at cost, as there were no permanent losses in value. In relation to the Bony Lux Cashes Unicredit 2009/2050 bonds, a write-back of Euro 797 thousand was recognised based on a valuation by a leading market operator.

Overall the **bonds and other fixed income securities** recorded the following gain/losses compared to the stock market prices at year-end for the listed securities and the expected realisable prices for the non-listed securities.

	Gains	**Losses**
Listed securities	219,407	-40,496
Non-listed securities	4,197	-282
TOTAL	**223,604**	**-40,778**
of which:		
Current	88,743	-
Non-current	134,861	-40,778

The most significant amounts by issuer are shown below:

Issuer	Book value 31/12/2012 *(000/€)*
Italy	4,720,548
EFSF (European Financial Stability Facility)	169,078
European Community	99,516
BEI (Banca Europea Investimenti)	98,806
KFW	87,140
Unicredit Group	61,008
Intesa San Paolo	48,012
Asset Repackaging Trust Six	42,971
Banco Popolare	28,205
Allianz Finance	26,564
Spain	24,865
ENI	23,456
Santander Insuances Unipersonal	22,808
Royal Bank of Scotland	21,283
British Telecom PLC	20,849
Goldman Sachs Group Inc.	20,051

The table below summarises the assets, which have subordination clauses:

(Euro thousands):

beneficiary	Carrying value Euro/000 at 31/12/12	Settlement date	Level of subordination	Interest rate	Advance settlement
ALLIANZ FINANCE	26,564	perpetual	Upper Tier 2	4.375%	17-Feb-17
ASSURANCE GEN.DE FRANCE	2,722	perpetual	Tier 1	4.625%	10-Jun-15
AVIVA	7,075	perpetual	Tier 1	4.729%	28-Nov-14
AXA	13,818	perpetual	Tier 1	5.777%	06-Jul-16
BANCA CARIGE	2,849	07-Jun-16	Lower Tier 2	Euribor 3m+102	07-Mar-13
BANCA ITALEASE	1,374	15-Oct-14	Lower Tier 2	Euribor 3m+50	15-Jan-13
BANCA LOMBARDA	3,500	perpetual	Tier 1	6.130%	
BANCA POPOLARE EMILIA ROMAGNA	3,706	23-Mar-16	Lower Tier 2	Euribor 3m+100	25-Mar-13
BANCHE POPOLARI UNITE	4,132	30-Oct-18	Lower Tier 2	Euribor 3m+50	30-Oct-13
BANCO BILBAO VIZCAYA ARG. INTL.	1,285	perpetual	Tier 1	4.952%	20-Sep-16
BANCO POPOLARE	18,710	31-May-21	Lower Tier 2	6.375%	no
BANCO POPOLARE	5,000	09-Sep-16	Lower Tier 2	5.700%	no
BANCO POPOLARE	4,495	28-Apr-17	Lower Tier 2	4.750%	no
BARCLAYS BANK	5,541	perpetual	Tier 1	4.750%	15-mar-20
BARCLAYS BANK	4,369	23-Jan-18	Lower Tier 2	6.000%	no
BES FINANCE	3,200	perpetual	Lower Tier 2	4.500%	16-Mar-15
BNP PARIBAS	4,197	perpetual	Tier 1	8.667%	11-Sep-13
BNP PARIBAS CAPITAL TRUST	3,495	perpetual	Tier 1	5.868%	16-Jan-13
BNP PARIBAS	1,925	22-Jan-19	Lower Tier 2	4.375%	22-Jan-14
BCA POP COMMERCIO E INDUSTRIA	2,500	perpetual	Tier 1	7.344%	27-Mar-13
CASSA DI RISPARMIO DI FIRENZE	1,983	05-Dec-13	Upper Tier 2	Euribor 3m+95	no
COMMERZBANK	2,868	13-Sep-16	Lower Tier 2	1.08%	13-Sep-13
CREDIT AGRICOLE	1,763	perpetual	Tier 1	4.130%	09-Nov-15
CREDIT SUISSE	448	20-Dec-14	Lower Tier 2	Zero Coupon	no
DANSKE BANK	2,660	16-Mar-18	Upper Tier 2	4.100%	16-Mar-15
DEUTSCHE BANK	3,997	31-Jan-13	Lower Tier 2	5.125%	no
DEUTSCHE BANK	1,118	17-Feb-15	Lower Tier 2	libor 3m +80	19-Feb-13
DEUTSCHE CAPITAL TRUST	4,829	perpetual	Tier 1	5.330%	19-Sep-13
DEUTSCHE POSTBANK FUNDING	4,015	perpetual	Tier 1	5.983%	29-Jun-17
DNB BANK ASA	2,993	08-Mar-22	Lower Tier 2	4.750%	no
FORTIS BANK	2,861	perpetual	Tier 1	4.625%	27-Oct-14
GENERALI	7,457	10-Jul-42	Lower Tier 2	10.125%	no
GENERALI	2,005	12-Dec-42	Lower Tier 2	7.750%	no
GENERALI FINANCE	15,764	perpetual	Tier 1	5.317%	16-Jun-16
GENERAL ELECTRIC CAPITAL CORP	4,107	15-Sep-67	Upper Tier 2	5.500%	15-Sep-17
GROUPAMA	6,473	perpetual	Tier 1		22-Oct-17
HSBC CAPITAL FUNDING	2,399	perpetual	Tier 1	5.369%	24-Mar-14
HT1 FUNDING	3,998	perpetual	Tier 1		30-Jun-17
ING BANK	5,767	18-Mar-16	Lower Tier 2	Euribor 3m+67.5	18-Mar-13

INTESA SANPAOLO	6,741	perpetual	Tier 1	8.047%	20-Jun-18
INTESA SANPAOLO	13,749	28-Jun-18	Lower Tier 2	5.750%	no
INTESA SANPAOLO	3,000	perpetual	Tier 1	9.500%	01-Jun-21
INTESA SANPAOLO	2,992	16-Jul-20	Lower Tier 2	5.150%	no
INTESA SANPAOLO	5,460	20-Feb-18	Lower Tier 2	Euribor 3m+25	no
JP MORGAN CHASE BANK	3,804	30-Nov-21	Lower Tier 2	4.375%	14-Nov-16
MONTE DEI PASCHI DI SIENA	2,387	30-Nov-17	Lower Tier 2	Euribor 3m+40	28-Feb-13
MUENCHENER	2,982	26-May-42	Tier 1	6.248%	no
OMW	1,994	perpetual	Tier 1	6.750%	26-Apr-18
PROSEC FUNDING	4,210	30-Jun-16	Upper Tier 2	4.668%	no
ROYAL BANK SCOTLAND	15,000	09-Apr-18	Lower Tier 2	6.934%	no
RWE	2,495	perpetual	Tier 1	4.625%	28-Sep-15
SANTANDER ISSUANCE	4,718	23-Mar-17	Lower Tier 2	Euribor 3m+75	25-Mar-13
SANTANDER ISSUANCE	13,520	24-Oct-17	Lower Tier 2	Euribor 3m+140	24-Jan-13
SANTANDER ISSUANCE	4,571	30-sep-19	Lower Tier 2	4.500%	30-Sep-14
SIEMENS	4,094	14-Sep-66	Tier 1	5.250%	14-Sep-16
SNS BANK NEDERLAND	-	perpetual	Tier 1		22-Jul-13
SOCIETE GENERALE	1,334	perpetual	Tier 1	4.196%	26-Jan-15
STANDARD CHARTERED	9,358	26-Sep-17	Lower Tier 2	5.875%	no
UNICREDIT GROUP	1,600	01-Feb-16	Upper Tier 2	3.950%	no
UNICREDIT GROUP	12,164	perpetual	Tier 1	4.028%	27-Oct-15
UNICREDIT GROUP	7,249	26-Sep-17	Lower Tier 2	5.750%	no
UNICREDIT GROUP	3,700	22-sep-19	Lower Tier 2	4.500%	22-Sep-14
UNICREDIT GROUP	8,910	15-Dec-50	Tier 1		23-Feb-16
UNIPOL ASSICURAZIONI	4,607	28-Jul-23	Lower Tier 2	5.660%	28-Jul-13
ZURICH FINANCE	2,621	02-Oct-23	Lower Tier 2	5.750%	02-Oct-13
TOTAL	**341,222**				

Government bonds issued by Greece

As previously outlined, the difficult conditions which have affected the Greek economy for some time required the introduction of initiatives to restructure the Greek debt securities.

After various intervention proposals discussed in 2011, on February 24, 2012 an exchange offer on Greek government securities was finally approved which provides for every Euro 1,000 of nominal value of securities in circulation, the substitution with:

- 20 Greek government securities for a total nominal value of Euro 315 and expiry between 11 and 30 years;
- 2 new securities issued by the European Financial Stability Fund for a total nominal value of Euro 150;
- GDP linked securities issued by Greece with a notional value equal to the new exchanged securities (Euro 315) which will produce additional interest if Greek GDP grows beyond a fixed threshold;
- short-term Zero Coupon securities issued by the EFSF to hedge the interest matured and not paid on the old Greek government issues at the date of the agreement.

The plan, which establishes March 8 as the expiry date for the declaration of intent, reports a subscription rate by investors of approx. 95%. Milano Assicurazioni S.p.A. subscribed for all shares held.

In the 2011 financial statements the Greek securities held, both within the current and non-current segments were valued at the stock market listings at year-end, recognising an overall impairment of Euro 21.2 million. Following these write-downs, the total carrying value of these securities was Euro 7.9 million.

The securities issued by the Greek state through the exchange offer were recorded to the current investment category, recognising a loss of Euro 0.7 million, equal to the difference between the market value of the new securities on allocation and the residual book value of the securities previously held.
Finally, during the third quarter, due to optimism surrounding Greece and its rescue, these securities were sold, removing therefore the exposure towards Greece.

Government bonds issued by Spain, Portugal, Ireland and Italy

The following table reports the breakdown of government securities issued by the other so-called peripheral Eurozone countries. In accordance with that recently requested by the European Securities and Markets Authority (ESMA) also the Italian government securities are reported in the table (in thousands of Euro).

(Euro thousands)

State	Maturity within 12 months	Maturity between 1 and 5 years	Maturity between 6 and 10 years	Maturity beyond 10 years	Total book value	Price at December 31	Unrealised gains/losses
Spain	-	-	-	24,865	24,865	19,940	-4,925
Portugal	-	990	-	-	990	987	-3
Ireland	-	-	-	-	-	-	-
Italy	328,222	2,097,342	1,550,544	744,440	4,720,548	4,829,513	+108,965

These losses relate to securities recorded in the non-current segment, in that those recorded in the current segment in line with the applicable accounting principles for this segment were valued at the lower of book value and market value at December 31.

Derivative finance operations

Milano Assicurazioni has a limited use of derivative financial instruments in strict compliance with the provisions contained in Isvap Regulation No. 36/2011 and the Framework Resolution adopted by the Board of Directors pursuant to the same Regulation.
At December 31, 2012 the following derivative financial operations remain open, all hedging investments held in portfolio or interest rate risks in relation to the subordinated loans:

- nominal contract of Euro 50 million of an Interest Rate Swap with the counterparty HVB expiring on July 14, 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 July 14, 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;
- combined options (put purchase – call sell) on 6,459,144 Unicredit shares, with average strike price of Euro 3.588. At December 31, 2012, these options were subject to net adjustments of Euro 0.9 million.

These operations were undertaken in accordance with the Board of Directors' resolution of May 14, 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.

The principal derivative finance operations closed in the year related to:
- advance closure or the exercise of combined put/call options on Generali shares which, overall, resulted in a positive impact to the income statement of Euro 5,592 thousand. Following the exercise of the options, the entire holding in Generali was sold on the market, resulting in a loss of Euro 864 thousand;
- advance closure of 4,045,817 combined put/call options on Unicredit shares which, taking into account an average strike price of Euro 6.6366, resulted in the receipt of Euro 15,426 thousand. As at the moment of closure of the options the Unicredit shares subject to hedging were recognised in the non-current investment segment, the amount received was not recorded as income to the income statement but as a reduction in the book value of the underlying shares. This enabled a reduction in the unitary carrying value of the 6,455,262 Unicredit shares recognised in the Non-Life classes from Euro 5.52 to Euro 3.139. At year-end, the investment was transferred to the current segment and the book value was aligned with the listed price on the last stock market trading day, of Euro 3.72, recognising a write-back of Euro 3,780 thousand;

- advance closure of 985,000 combined put/call options on Mediobanca shares which, taking into account an average strike price of Euro 4.8135, resulted in the receipt of Euro 1,451 thousand. As at the moment of closure of the options the Mediobanca shares subject to

hedging were recognised in the non-current investment segment, the amount received was not recorded as income to the income statement but as a reduction in the book value of the underlying shares. This enabled a reduction in the unitary carrying value of the 3,077,700 Mediobanca shares recognised in the Non-Life classes from Euro 8.004 to Euro 7.539. At year-end, the investment was transferred to the current segment and the book value was aligned with the listing price on the last stock market trading day, of Euro 4.6563 per share, recognising an impairment of Euro 8,873 thousand;
- advance closure of 14,462,040 combined put/call options on Banca Popolare di Milano shares which, taking into account an average strike price of Euro 0.307, resulted in net losses of Euro 1.2 million.

No derivative contracts were signed on currencies as the exposure to exchange risk is immaterial.

Non-current assets

The assets considered as stable investments were allocated to the non-current segment in line with the economic and financial performance of the company.
This relates to investments of the classes B Other intangible assets, C.I. Land and buildings and of the Securities of classes C.II and C.III, these latter within the resolutions approved by the Board of Directors on May 14, 2011 which redefined the guidelines for the classification of investments as long-term, also to re-balance the securities portfolio structure in line with the portfolio management planning and the time profile of commitments undertaken with policyholders.

In particular, the resolution requires that the securities relating to the *Non-current investments* are those held in the company for the purposes of “stable investment”, a requisite which must be established on allocation of the security to the segment. A further condition for recording the debt securities in the non-current investment segment is that they must be assigned a Standard & Poor’s rating of at least BBB- or equivalent.

The non-current assets are recorded at cost, adjusted for any permanent impairment in value. The table below shows the Class C III non-current investments:

	31.12.2012	31.12.2011
Shares and quotas	18,467	86,626
Investment fund units	-	332
Bonds and other fixed-income securities	3,522,845	3,792,918
TOTAL	**3,541,312**	**3,879,876**

The account *shares and holdings* includes the following principal investments:

Company	Number of shares	Book value (in Euro thousands)
Istituto Europeo Oncologia	1,394,536	1,431
Industria e Innovazione	532,800	1,065
Rcs Mediagroup	12,480,511	15,351

The significant reduction on the previous year is essentially due to the transfer from the non-current asset segment to the current segment of the investments in Mediobanca and Unicredit at the end of the year, considering the non-applicability of the strategic long-term investment characteristics, which are necessary to qualify, also in accordance with Article 14, second part of ISVAP Regulation No. 36, as an investment within the non-current segment.
In relation to the investment in Mediobanca, the transfer to the current segment was carried out considering that the investment is due to be disposed of by December 31, 2013 under the commitments undertaken with the Anti-Trust Authority within the integration project of the Fondiaria-Sai Group and the Unipol Group.
The investment in Unicredit was almost entirely disposed of in January 2013.
In relation to the account Bonds and other fixed income securities, in the year securities for Euro 427.4 million were recognised to the non-current segment, principally comprising issues of Supranational European Institutions. The disposals amounted to Euro 668.1 million and principally related to securities issued by Germany. Non-current securities reaching maturation in the year amounted to Euro 24.1 million. Impairments in this segment, net of the relative write-backs, totaled Euro 5.1 million.

The following information is attached:

- Breakdown by current and non-current utilisation of the assets comprising the shares and quotas C.III.1, units in investment funds C.III.2, bonds and other fixed-income securities C.III.3; other financial investments - C.III.7 (attachment 8);
- The change in the year of the non-current assets include the accounts in the previous point (attachment 9);
- The changes in the year of the loans - account C.III.4 (attachment 10).

Deposits with reinsuring companies (account C. IV)

	2012	2011	Change
	1,869	**2,078**	**-209**

The account relates to the life division for Euro 1,347 thousand and to the non-life division for Euro 522 thousand and was created based on the respective reinsurance clauses.

Section 3

Investments where risk is borne by life policyholders and pension fund management (account D)

	2012	2011	Change
I. Investments relating to the performance of investments funds and market indices	126,515	171,692	-45,177
II. Investments derived from pension fund management	23,153	18,110	5,043
TOTAL	**149,668**	**189,802**	**-40,134**

The investments relating to the performance of investment funds and market indices concern index-linked products for Euro 93,297 thousand and unit-linked products for Euro 33,218 thousand, principally placed in previous years. The reduction on the previous year essentially relates to the maturing products, while new issues were of a very limited amount.

The investments deriving from the management of the pension funds relate to the Milano Assicurazioni Open Pension Fund, structured over six investment lines. The breakdown of the investments by line is shown in the table below:

Milano Bond	7,488
Milano Gest	5,594
Milano Mix	2,612
Milano Europa	2,307
Milano Global	2,474
Milano Premium TFR	2,678
TOTAL	**23,153**

Attachment 11 includes the assets deriving from the performance of investments funds and market indices.

Attachment 12 shows the assets deriving from the management of the pension funds.

Section 4

Insurance contract liabilities attributed to reinsurers (account D bis)

	2012	2011	Change
NON-LIFE INSURANCE SECTOR			
1. Unearned premium provision	30,513	33,516	-3,003
2. Claims provision	175,567	159,993	15,574
3. Reserve for profit sharing and reversals	-	-	-
4. Other technical provisions	-	-	-
LIFE INSURANCE SECTOR			
1. Actuarial provisions	50,106	61,553	-11,447
2. Unearned premium provisions for additional insurance	-	-	-
3. Provision for claims to be paid	3,895	2,914	981
4. Provision for profit sharing and reversals	-	-	-
5. Other technical provisions	-	-	-
6. Technical provisions where investment risk borne by policyholders and provisions from pension fund management	-	-	-
TOTAL	**260,081**	**257,976**	**2,105**

The insurance contract liabilities relating to the reinsurers are calculated applying the same criteria adopted for direct premiums, taking account of the reinsurance contractual clauses.

The provisions attributable to the reinsurance companies are determined with the same criteria utilised for the formation of the provisions of the underwritten risks and represent the share, attributable to them, of the contractual commitments undertaken.

The reinsurance policy remained substantially stable compared to the previous year. For further information on these issues, reference should be made to the relative paragraph in the Directors’ Report.

The increase in the claims provision principally relates to the earthquake in Emilia Romagna in May and June 2012: the reinsurance claim excess coverage in fact allowed a recovery of Euro 13.1 million, excluding the amounts paid for premium reintegration.

The reduction in the actuarial provisions reflects the decrease in the life insurance contract liabilities relating to the gross direct premiums.

Section 5

Receivables (account E)

	2012	2011	Change
DIRECT INSURANCE OPERATIONS			
1. Policyholders for premiums	224,804	262,839	-38,035
2. Insurance brokers	235,085	301,346	-66,261
3. Insurance company current accounts	13,922	11,126	2,796
4. Policyholders and others for sums to be recovered	44,726	48,897	-4,171
REINSURANCE OPERATIONS			
1. Insurance and reinsurance companies	36,628	45,868	-9,240
2. Reinsurance brokers	-	-	
OTHER RECEIVABLES	415,169	311,182	103,987
TOTAL	**970,334**	**981,258**	**-10,924**

The account other receivables are composed of the following principal amounts:

Tax receivables	87,119
Receivables from Fondiaria-SAI for income tax payments on account and recorded under receivables following the inclusion by Milano Assicurazioni to the Fondiaria-SAI Group tax consolidation	104,544
Receivables from the Fondiaria-Sai Servizi S.c.r.l Group for secondment of personnel	79,705
Receivables from other companies of the former Fondiaria-Sai Group	15,701
Receivables from Carlyle Real Estate SGR S.p.A.	26,000
Receivables from IM.CO S.p.A. and Investimenti e sviluppo Alberghiero s.r.l.	78,410

The receivables from the consortium Gruppo Fondiaria-Sai Servizi s.c.r.l., which manages the centralised services for the Fondiaria-Sai Group, should be considered together with the payables to the consortium for services received and recorded in the account *other payables* totaling Euro 82,454 thousand.

The receivables from Carlyle Real Estate SGR S.p.A. concern the residual amount yet to be received for the sale of the building for office use located in Milan, Piazza S. Maria Beltrade 1, of which Euro 12,000 thousand due by the end of 2013 and Euro 14,000 thousand by the end of 2014, plus the relative interest. The purchaser of the building provided surety guarantees against these amounts.

The receivables from Im.Co. S.p.A. and Avvenimenti e Sviluppo Alberghiero s.r.l., former related parties of Milano Assicurazioni, refer to the estimated realisable value of the amounts paid concerning future construction contracts signed in previous years with these companies and previously recognised to the *Land and buildings* account. In 2012, following the bankruptcy declarations of Im.Co. and Sinergia of June 14, 2012 by the Milan Court, these positions were transferred from the account *Land and Buildings* to the account *Other Receivables*. The above-stated operations provided that Milano Assicurazioni would become the owner of the buildings under construction only when completed and approved and the contracts did not contain specific guarantees. The declaration of bankruptcy therefore put the company at risk of losing the right of delivery of these buildings under construction, remaining creditors for the amounts paid on account.

The receivables are shown are net of a total doubtful debt provision of Euro 237,438 thousand, recorded as a direct deduction of the specific receivable accounts to which they refer and as follows:

Receivables from policyholders for premiums	58,890
Receivables from insurance brokers	46,854
Receivables from insurance company current accounts	200
Receivables from reinsurance comnpanies	13,990
Other receivables	117,504
TOTAL	**237,438**

The **policyholder doubtful debt provision** for premiums is drawn up as follows:

- highly aged receivables are entirely written to the Doubtful Debt Provision: in 2012 the receivables relating to generations 2009 and prior were written-down;
- for receivables overdue to a lesser extent, future write-downs are estimated based on the historical trend of write-downs. The amount determined in such a manner, net of the relative premiums provision, is the basis of the provision for these receivables.

For the transport classes of the Sasa division, account is taken of the high proportion of reinsurance.

The doubtful debt provision for receivables from Insurance intermediaries essentially concerns the receivables from discontinued Agencies in relation to which legal disputes are in course.

The **other receivables doubtful debt provision** includes Euro 100,659 thousand provisioned against the previously stated receivables from Im.Co. and Avvenimenti e Sviluppo Alberghiero (a company held by Im.Co), of which Euro 39,069 thousand already recognised to the 2011 financial statements as an impairment on property initiatives subject to development and Euro 61,590 thousand recognised in the current year following the bankruptcy declaration issued on June 14, 2012 by the Milan Court against Im.Co. and Sinergia.
Following the bankruptcy judgment, the estimated realisable value of the receivables carried out by an independent expert was calculated based on the assumption of two competitive auctions with a reduction of around 36% in the appraisal value. For Avvenimenti e Sviluppo Alberghiero, a subsidiary of Im.Co, in the case of liquidation, a discount of 20% on the expert’s valuation is assumed.
For the purpose of distributing the amount recovered between the creditors, consideration was given to the grounds for seniority, in addition to the statutory privileges (employees and tax authorities) and procedural costs.
The estimate of the recovery time, varying depending on the creditor profile, is expected to be in line with the procedural period. The receivables were discounted using a tax free risk, equal to the yield on Italian 10-year bonds, as the parameters related to the risk are already explicitly considered in the discount applied to the recoverable value.
Based on the parameters utilised, against an original amount of receivables of Euro 179,069 thousand (of which Euro 77,403 thousand from Im.Co and Euro 101,666 thousand from Avvenimenti e Sviluppo Alberghiero), the valuation established a recoverable value of Euro 78,410 thousand.
The statement of affairs filed with the receiver concerned the entire amount of receivables from Im.Co of approx. Euro 77 million.

Section 6

Other assets (account F)

	2012	2011	Change
TANGIBLE ASSETS AND INVENTORIES:			
1. Furniture, EDP and internal transport	1,528	1,854	-326
2. Tangible assets recorded in public registers	24	57	-33
3. Plant and equipment	2	-	2
4. Stocks and other assets	-	-	-
CASH AND CASH EQUIVALENTS:			
1. Bank and postal deposits	225,587	411,204	-185,617
2. Cheques and cash on hand	10	24	-14
TREASURY SHARES	2,118	1,546	572
OTHER ASSETS			
1. Receivable transitory reinsurance accounts	592	894	-302
2. Other assets	453,752	473,293	-19,541
TOTAL	**683,613**	**888,872**	**-205,259**

The *bank deposits* include:
- Euro 223,951 thousand of deposits denominated in Euro, of which Euro 182,468 thousand relate to the group company Banca Sai and Euro 1,665 thousand to the group company Unipol Banca;
- Euro 1,636 thousand of deposits denominated in foreign currencies.

The significant reduction on 2011 relates to the short term time deposits, not in place in 2012 and amounting to Euro 179,500 thousand at the end of 2011.

The *transitory asset accounts from reinsurance* include the loss of a technical nature for the indirect business and ceded, as the counter-entry of operations recorded in the accounts with the reinsurance companies, which are recorded in the technical account in the following year, as there is insufficient information necessary to fully determine the relative financial result of each contract.

The account *other assets* is composed of the principal amounts:

Deferred tax assets	366,577
Actuarial provision tax as per Leg. Decree No. 209/02	8,724
Transit account between non-life and life division	26,092
Indemnities paid to agents terminated, whose commissions are in the course of application.	9,576

The account *Deferred tax assets* recorded the following changes:

Initial amount	397,958
Conversion of deferred tax assets into tax credits	-37,303
Deferred tax assets arising in the year	64,369
Deferred tax assets cancelled in the year	-55,452
Other changes	-2,995
Closing balance	**366,577**

Of the deferred tax assets cancelled in the year, Euro 8,734 thousand relate to the use of tax losses carried forward of Milano Assicurazioni against the 2012 assessable income.

The decrease of Euro 37,303 thousand is due to the conversion of part of the deferred tax assets into tax credits in accordance with the limits permitted by Article 2, paragraph 55 & 58, of Legislative Decree 225/2010 and therefore for the amount obtained applying to the losses for the year the ratio between deferred tax assets and the sum of share capital and reserves.

The temporary differences deductible relating to the deferred tax asset principally relate to:
- The excess of the adjustments on insurance receivables of the years from 2000 to 2004 compared to the limit of 0.60% of the amount of the receivables, deductible on a straight-line basis over eighteen years;
- The excess of the adjustments on insurance receivables of the years from 2005 to 2007 compared to the limit of 0.40% of the amount of the receivables, deductible on a straight-line basis over eighteen years;
- The excess of the adjustments on insurance receivables of the years from 2008 to 2012 compared to the limit of 0.30% of the amount of the receivables, deductible on a straight-line basis over eighteen years;
- The doubtful debt provision and the provision for risks and charges;
- Adjustments to the value on equity investments, which are not within the participation exemption regime;
- impairments on property;
- The quota of the increase of the claims reserve which for the part relating to the long-term component is deductible over eighteen years;

- the potential tax benefit related to the tax loss recorded by Milano Assicurazioni in 2010 of Euro 27,776 thousand;
- the potential tax benefit related to the tax loss recorded by Milano Assicurazioni in 2011 of Euro 42,971 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;

The relative benefits of the tax losses were recorded on fulfilling the following requirements:
- there exists a reasonable certainty to achieve, in a reasonable immediate time period, 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.

From the year 2011, due to the amendments introduced by Legislative Decree No. 98/2011, Article 84 of the CFA, tax losses carried forward and not yet lapsed may be carried forward for 80% of the assessable income without time limit. The possibility that the benefits related to the tax losses will be realised was analysed based on the 2013-2015 Industrial Plan, recently approved by the Board of Directors of the Company and on the outlook for the coming years.

The benefit related to the losses recorded by subsidiaries participating in the tax consolidation is allocated to the Risks Provision. Based on the agreement concerning the rules for application of the tax consolidation, this benefit devolves to the parent company Milano Assicurazioni only for the part not separately utilisable by the subsidiary companies based on the assessable income produced by them.
The utilisation of the risk provisions with the consequent recording of the benefit takes place once the above-stated condition has been fulfilled.

From these provisional data, also in consideration of recent legislative changes, the agreement for the fiscal consolidation was updated, recognising to the consolidated companies the right, in consideration of the possibility of unlimited carry forward of tax losses, to opt for the immediate recognition of the tax losses transferred of an amount of 12%, without therefore awaiting the consequent assessable income in future years.
Milano Assicurazioni is potentially concerned by the application of the new regulation both as a consolidated company (with the consolidating parent company Fondiaria-Sai) and as sub holding (with its own subsidiaries in the group fiscal consolidation). At the end of 2012 the subsidiaries Liguria Assicurazioni and Dialogo Assicurazioni utilised this option, ceding to Milano Assicurazioni prior tax losses for respectively Euro 97,105 thousand and Euro 51,018 thousand.
Against this cession Milano Assicurazioni paid to the subsidiaries Euro 17,775 thousand, recognised to the income taxes account and utilised the risk provision for Euro 38,744 thousand.

The total of the temporary differences deductible taken into consideration amount to Euro 950,618 thousand, corresponding to deferred tax assets of Euro 366,577 thousand determined separately for IRES income tax and IRAP regional tax in accordance with the tax rates applicable.

The temporary deductible differences for which no deferred tax asset was calculated amounted to Euro 82,438 thousand and relate to the quota of the provisions made against costs of uncertain deductibility.

Section 7

Prepayments and accrued income (account G)

	2012	2011	Change
ACCRUED INCOME			
1. Interest	81,314	74,580	6,734
2. Rental	10	23	-13
3. Others	-	-	-
PREPAYMENTS			
1.Interest	-	41	-41
2.Rental	25	24	1
3.Others	67	161	-94
TOTAL	**81,416**	**74,829**	**6,587**

The accrued interest principally relates to coupons on bonds.

Balance Sheet - Liabilities

Section 8

Net Equity

	2012	2011	Change
1.Share capital	373,683	373,683	-
2.Share premium reserve	416,298	960,907	-544,609
3.Revaluation reserve	-	-	-
4.Legal reserve	51,679	51,679	-
5.Statutory reserves	-	-	-
6.Reserves for treasury shares and shares of holding companies	3,412	8,872	-5,460
7.Other reserves	132,639	365,879	-233,240
8.Retained earnings/Acc. losses	-	-	-
9.Loss for the year	-82,922	-783,309	700,387
TOTAL	**894,789**	**977,711**	**-82,922**

At December 31, 2012, the share capital was comprised of 1,944,800,842 shares, of which 1,842,334,571 were ordinary shares and 102,466,271 saving shares.

The above-stated shares were entirely paid in and without a nominal value as resolved by the Extraordinary Shareholders' Meeting of April 27, 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 ordinary shares shall not receive any part of the share capital until the entire value of the savings shares has been reimbursed.

The reserve for treasury shares or those of holding companies is composed of:

16,000 Unipol Gruppo Finanziario shares	24
9,157,710 Premafin shares	1,175
99,825 Fondiaria-Sai shares	95
6,764,860 Treasury shares	2,118
TOTAL	**3,412**

During the year no acquisitions of treasury shares or of parent company shares took place. The reduction in the provision compared to 2011 principally relates to the book value of the Fondiaria-Sai shares, which reduced following the separation (for Euro 6,024 thousand) and the subsequent sale of the option rights relating to the share capital increase made by the parent company in the year.

The account *other reserves* comprises:

Extraordinary reserve	89,451
Previdente Vita merger reserve	9,320
Maa Vita merger reserve	2,800
Sasa Vita merger reserve	12,993
Dialogo Vita merger reserve	801
Reserve for purchase of treasury shares	10,000
Reserve for purchase of holding company's shares	3,000
Special life division reserve	4,260
Reserve for transfer of assets from class C to class D	14
TOTAL	**132,639**

The extraordinary reserve decreased compared to the previous year by Euro 233,240 thousand due to the following:

- utilisation of Euro 238,700 thousand following the partial covering of the 2011 losses in accordance with the Shareholders' Meeting resolution of April 23, 2012;
- increase of Euro 5,460 thousand for the transfer from the reserves for treasury shares and for parent company shares, adjusted based on the carrying value at December 31, 2012, of the shares in portfolio;

The reserve for transfer of assets from class C to class D includes the difference between the carrying value and current value of the bonds transferred to the class "Investments relating to services linked with investment funds and market indices". The amount is unchanged on the previous year.

A summary of the changes in the shareholders' equity during the year is shown in the table below.

Statement of changes in Shareholders' Equity

Statement of changes in shareholders' equity

(in Euro)

	Share Capital	Equity Reserves	Result for the year	Total
Balance at 31/12/2010	**305,851,341**	**1,618,090,362**	**-512,679,407**	**1,411,262,296**
Utilisation of reserves to cover 2010 losses		-512,679,407	512,679,407	0
Increase in share capital				
Ordinary shares	64,244,940			64,244,940
Savings shares	3,586,319			3,586,319
Share premium reserve		281,926,684		281,926,684
Net loss for the year			-783,309,310	-783,309,310
Balance at 31/12/2011	**373,682,600**	**1,387,337,639**	**-783,309,310**	**977,710,929**
Utilisation of reserves to cover 2011 losses		-783,309,310	783,309,310	0
Net loss for the year			-82,922,062	-82,922,062
Balance at 31/12/2012	**373,682,600**	**604,028,329**	**-82,922,062**	**894,788,867**

Section 9

Subordinated liabilities (account B)

	2012	2011	Change
Subordinated loans	**150,000**	**150,000**	**-**

The account includes:
- Euro 50 million related to the residual amount of the subordinated loan provided to Milano Assicurazioni by Mediobanca in 2006 for an amount of Euro 150 million (Euro 100 million was repaid in July 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 million relating to a loan 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 increased by 350 basis points for the first ten years and subsequently 450 basis points. The repayment may 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 June 22, 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 the Issuer is subject to, in addition to any resolution by the extraordinary shareholders' meeting of the Issuer 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 Issuer is voluntarily subject, no longer being subject to the Standard & Poor's rating) of the beneficiary companies 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 ISVAP.

It is finally reported 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 April 26, 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 – Banca di Credito Finanziario S.p.A. and Assicurazioni Generali S.p.A., the net debt of Milano Assicurazioni with Mediobanca will be reduced, as well as with the "post-merger" entity, in order to significantly reduce the ties with this latter.

Section 10

Insurance contract liabilities (account C.I. - Non-life sector and C.II. Life sector)

	2012	2011	Change
NON-LIFE INSURANCE SECTOR			
1. Unearned premium provision	954,017	1,045,040	-91,023
2. Claims provision	4,061,086	4,070,807	-9,721
3. Provision for profit sharing and reversals	-	-	-
4. Other technical provisions	2,441	2,841	-400
5. Equalisation provisions	15,440	13,909	1,531
LIFE INSURANCE SECTOR			
1. Actuarial provisions	3,103,212	3,345,429	-242,217
2. Unearned premium provisions for additional insurance	113	101	12
3. Provision for claims to be paid	41,081	41,732	-651
4. Provision for profit sharing and reversals	-	-	-
5. Other technical provisions	16,034	17,668	-1,634
TOTAL	**8,193,424**	**8,537,527**	**-344,103**

The *unearned premium provision* includes Euro 941,493 thousand of premium fraction provision for direct business, Euro 11,697 thousand for the direct business provision for risks in course and Euro 826 thousand of unearned premium reserve relating to indirect business.

The direct business unearned premium provision was calculated with the pro-rata temporis method, taking account of the expected legal amendments for risks of a particular nature.
The provision for risks in course comprises, as set out in Chapter II, Section I of ISVAP Regulation No. 16 of March 4, 2008, the provision to cover the risks arising after the year-end to meet all indemnities and expenses deriving from insurance contracts agreed before this date, in order that the expected costs of these risks exceed the reserve for premium fraction increased by the premiums, which will be due on these contracts.

The claims following the earthquake which hit Emilia Romagna in May and June 2012 fulfilled the requirements for the use of the supplementary provision for damage from natural calamities. The amount utilised was Euro 15,168 thousand, equal to the excess of the cost of claims of the year compared to the gross claims recognised for these guarantees.

The table below shows the breakdown of the premium provisions by class.

	Provision for fraction of premium	Provision for current risks	Indirect premiums provision
Accident	63,603	-	-
Health	16,695	-	-
Land vehicles	82,739	-	-
Railway	4	-	-
Aviation	320	-	-
Maritime	991	171	-
Goods in transit	1,587	-	-
Fire	85,361	-	117
Property	72,616	-	38
Motor TPL	475,662	-	-
Aviation TPL	123	-	-
Maritime TPL	1,701	-	-
General TPL	75,214	11,526	507
Credit	32	-	-
Bonds	40,449	-	164
Pecuniary losses	11,317	-	-
Legal protection	2,517	-	-
Assistance	10,562	-	-
TOTAL	**941,493**	**11,697**	**826**

The claims provisions for direct business amounts to Euro 4,015,904 thousand and claims relating to inward reinsurance amount to Euro 45,182 thousand. The direct business reserves include Euro 3,802,689 thousand of reserves for indemnities and direct expenses and Euro 213,215 of reserves for settlement expenses. These amounts comprise Euro 303,768 thousand accrued against claims referring to the year but not yet reported at the balance sheet date (I.B.N.R. - Incurred but non reported - claims provisions).

The *other non-life insurance contract liabilities* include the aging reserve of the health class, which offsets the greater risk due to the increased life span of the policyholders. It was made separately for each contract utilising technical-actuarial criteria in accordance with article 47, point 2, of ISVAP regulation No. 16 of March 4, 2008.

The actuarial provisions for direct life business amount to Euro 3,101,863 thousand, while the residual amount of Euro 1,349 thousand relates to indirect business.
The technical direct business provisions are calculated analytically for each contract based on the pure commitments, without subtraction of the acquisition expenses. The base calculation techniques (interest rates, demographic assumption for eliminations for death or invalidity and frequency of abandon) are the same utilised for the calculation of the premiums of the

individual contracts. In any case, the actuarial provision is not lower than the redemption values.

The account other technical provisions - life division includes:

Future expense provisions:	
Class I	11,962
Class III	403
Class IV	61
Class V	3,585
Supplementary provisons (article 26, paragraph 2 of Isvap Regulation No. 21/2008):	
Class I	24
TOTAL	16,035

The following information is attached:

- statement of changes in the premiums provisions items (account C.I.1) and the claims provision items (account C.I.2) and the non-life division (attachment 13);
- statement of changes in the actuarial provision items (account C.II.1) and the claims provision items (account C.I.2) and the provision for profit sharing and premium refunds (account C.II.4) (attachment 14).

Section 11

Insurance contract liabilities where investment is risk borne by policyholders and provisions from pension fund management (account D)

	2012	2011	Change
I. Provisions relating to the performance of investments funds and market indices	126,515	171,692	-45,177
II. Provisions derived from pension fund management	23,153	18,110	5,043
TOTAL	**149,668**	**189,802**	**-40,134**

The provisions relating to the performance of investments funds and market indices concern:
- products with services related to the performance of primary equity market indices for Euro 93,297 thousand;
- contracts for services related to internal and external investment funds for Euro 33,218 thousand.

The provisions deriving from the management of the pension funds relate to the Milano Assicurazioni Open Pension Fund. The breakdown of the reserve by line of investment is as follows:

Milano Bond	7,488
Milano Gest	5,594
Milano Mix	2,612
Milano Europa	2,307
Milano Global	2,474
Milano Premium TFR	2,678
TOTAL	**23,153**

Relating to the minimum guarantees offered to the policyholders, it is noted that:

- Index linked: in cases of predeceasing an additional service is guaranteed based on the age of the policyholder at the contract date;
- Unit Linked: in case of predeceasing an additional service is guaranteed equal to an increase in the value of the quota acquired based on the age reached at the moment of death;
- Pension Funds: for the segments Milano Premium TFR, Milano Gest and Milano Bond the payment of a minimum guaranteed amount recognised in the case of the exercise of the pension right, surrender for death, permanent invalidity or unemployment for over 48 months. The minimum guaranteed amount is equal to the sum of the net contributions paid, increased by 1.25% on an annual basis in the Milano ELI Premium segment and 2% on an annual basis in the Milano Gest segment and 2.5% in the Milano Bond segment.

The amount at December 31, 2012 of the actuarial provisions generated from these additional guarantees was Euro 2,488 thousand, recorded in the account C.II.1 - actuarial provisions.

Section 12

Provisions for risks and charges (account E)

	2012	2011	Change
1. Pension and similar obligations	7,264	-	7,264
2. Tax provisions	18,815	12,643	6,172
3. Other provisions	102,905	164,910	-62,005
TOTAL	**128,984**	**177,553**	**-48,569**

The **pensions and similar obligations provisions** include the share matured at year-end of service bonuses under the employee labour contracts. In 2011 the relative amount of Euro 6,370 thousand was included in the account Other Provisions.

At the end of 2012, the **Tax provisions** comprised the IRAP payable for Euro 5,193 thousand, deferred tax liabilities of Euro 8,572 thousand and the provisions against possible charges relating to tax investigations in progress for Euro 5,050 thousand.
The current IRES payable was recognised however as a deduction of the tax receivables from Fondiaria-Sai, under the rules of the tax consolidation.
The changes in the deferred tax liability during the year were as follows:

Initial amount	12,643
Deferred tax liabilities arising in the year	-
Deferred tax liabilities cancelled in the year	-4,071
CLOSING BALANCE	**8,572**

The temporary taxable differences relating to the deferred tax liability principally concern:

- Capital gains which, in accordance with tax regulations, may be taxed on a straight line basis in the year in which they were realised and subsequent years up to a maximum of four years;
- Depreciation on buildings deducted in the income tax declaration;
- The quota assessable of the write back of securities in portfolio, written down in previous years.

The deferred tax liabilities cancelled in the year principally derive from the quota of gains realised in previous years and deductible over a number of years for tax purposes.

The total temporary taxable differences amounts to Euro 27,621 thousand, with corresponding deferred tax liabilities of Euro 8,572 thousand, determined separately for IRES income tax and IRAP regional tax in accordance with the tax rates applicable.

The account **Other provisions** 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 91,729 thousand relates to the risks provision, of which Euro 53,203 thousand concerning disputes and risks with the agency networks, Euro 17,178 thousand concerning various legal disputes, Euro 16,930 thousand relating to tax assets recognised in relation to losses of subsidiary companies, provisioned in accordance with the group tax consolidation and Euro 4,418 thousand concerning other risks;
- Euro 11,176 thousand concerning provisions for future charges.

Attachment 15 shows the changes in the year in the provision for risks and charges.

Section 13

Payables	2012	2011	Change
PAYABLES, DERIVED FROM DIRECT INSURANCE OPERATIONS, COMPOSED OF			
1. Insurance brokers	6,558	11,276	-4,718
2. Insurance company current accounts	7,852	6,276	1,576
3. Policyholders for deposits and premiums	-	-	-
4. Policyholder guarantee provisions	18	21	-3
PAYABLES, DERIVED FROM REINSURANCE OPERATIONS, COMPOSED OF:			
1. Insurance and reinsurance companies	28,208	25,871	2,337
2. Reinsurance brokers	-	-	-
BONDS	-	-	-
PAYABLES TO BANKS AND FINANCIAL INSTITUTIONS	-	-	-
PAYABLES WITH COLLATERAL	-	-	-
LOANS AND OTHER FINANCIAL PAYABLES	917	1,589	-672
STAFF TERMINATION PAY	16,837	20,941	-4,104
OTHER PAYABLES:			
1. Policyholders’ tax due	13,342	15,513	-2,171
2. Other taxes due	32,502	45,302	-12,800
3. Social security and welfare institutions	7,163	7,689	-526
4. Other payables	134,440	116,304	18,136
TOTAL	**247,837**	**250,782**	**-2,945**

Payables and other liabilities (account G)

The changes during the year of the Employee Leaving Indemnity were as follows:

Balance at the beginning of the year (*)	**18,166**
Revaluations	570
Provision matured during the year	5,167
Payments during the year	- 2,437
Employee leaving indemnity allocated to pension funds	- 4,629
Balance at the end of the year	**16,837**

(*) net of payments made to INPS for employees which, subsequent to the pension reform of 2007, chose to maintain their Employee Leaving Indemnity in the company and which in 2011 were recognised to other receivables.

The changes are also shown in attachment 15 of the present notes.

The account *other payables* include the following principal amounts:

Payables to Gruppo Fondiaria-Sai Servizi S.c.r.l. for services obtained relating to the overheads structure at group level	82,454
Payables to suppliers for the purchase of goods and services	19,238

The payables to the Fondiaria-Sai Servizi consortium, which centrally manages the services for the entire Fondiaria-Sai Group, are to be considered together with the receivables from the consortium, principally for personnel expenses, recorded to the account "*other receivables for invoices issued and to be issued*" (Euro 79,705 thousand).

Other liabilities	**2012**	**2011**	**Change**
Payable transitory reinsurance accounts	526	313	213
Commissions on premium collection	33,724	41,975	-8,251
Other liabilities	79,042	100,749	-21,707
TOTAL	**113,292**	**143,037**	**-29,745**

The transitory liability accounts from reinsurance include the positive income values of a technical nature for the indirect business and ceded, as the counter-entry of operations recorded in the accounts with the insurance companies, which are recorded in the technical account in the following year, as there is insufficient information necessary to fully determine the relative financial result of each assumption.

The account *other liabilities* include the following principal amounts:

Payments for claims in the non-life classes and sums in the life division in course of execution at the balance sheet date	628
Premiums on claim excess reinsurance	8,172
Transit account between non-life and life division	26,092
Over-accruals for the period, to be paid	13,238

Section 14

Accrued liabilities and deferred income (account H)

	2012	2011	Change
ACCRUED LIABILITIES			
1. Interest	4,853	4,312	541
2. Rental	27	-	27
3. Others	-	-	-
DEFERRED INCOME			
1. Interest	-	-	-
2. Rental	7	7	-
3. Others	-	-	-
TOTAL	**4,887**	**4,319**	**568**

This account accrued interest can be broken down as follows:

- Euro 620 thousand for interest matured at December 31 on the residual amount of the subordinated loan provided by Mediobanca in 2006. We recall that this loan has an interest rate at Euribor 6 months +180 basis points and is 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 2,052 thousand for interest matured at December 31 on subordinated loans of Euro 100 million provided to Milano Assicurazioni by Mediobanca in 2008.
  This loan is of a hybrid nature and perpetual duration and is therefore included in the solvency margin up to a limit of 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 may be made in one repayment after 10 years.
- Euro 733 thousand for interest matured at December 31, 2012 on the Interest Rate Swap contract in place in relation to the subordinated loan of Euro 50 million, signed in 2008 with HVB and maturing in 2016. Based on this contract, Milano Assicurazioni pays to the counterparty a fixed annual rate of 3.18% and receives from the counterparty the Euribor rate at 6 months;
- Euro 1,083 thousand for interest matured at December 31, 2012 on the Interest Rate Swap contract in place in relation to the subordinated loan of Euro 100 million, signed in 2011 with Mediobanca and maturing in 2018. Based on this contract, Milano Assicurazioni pays to the counterparty a fixed annual rate of 2.35% and receives from the counterparty the Euribor rate at 6 months;

- Euro 365 thousand for interest relating to installment payments due to the tax authorities following the fiscal assessment for the tax period 2005-2008.

Section 15

Assets and liabilities relating to group companies and other investments

In attachment 16, the assets and liabilities concerning group companies and other holdings are shown.

Section 16

Receivables and payables

These receivables and payables are due within one year except where specified below.

The account C.III.4 under assets, Loans, includes Euro 19,054 thousand of loans on life policies, generally related to the residual duration of the relative contracts and in any case with possibility of advanced repayment by the policyholders.

The account E.I.2 *receivables from insurance brokers* includes Euro 50,713 thousand related to the termination of mandates, due beyond one year, of which Euro 26,019 thousand is due over five years.

The account E.III of assets, *Other Receivables*, includes Euro 26,000 thousand of receivables from Carlyle Real Estate SGR S.p.A. and concerns the residual amount yet to be received for the sale of the building for office use located in Milan, Piazza S. Maria Beltrade 1, of which Euro 12,000 thousand due by the end of 2013 and Euro 14,000 thousand by the end of 2014, plus the relative interest. The purchaser of the building provided surety guarantees against these amounts.

Section 17

Guarantees, commitments and other memorandum accounts

	2012	2011	Change
GUARANTEES GIVEN:			
1. Guarantees		-	-
2. Endorsements		-	-
3. Other non-secured guarantees		-	-
4. Secured guarantees	51,004	44,943	6,061
TOTAL	**51,004**	**44,943**	6,061
GUARANTEES RECEIVED:			
1. Guarantees	211,531	225,316	-13,785
2. Endorsements		-	
3. Other non-secured guarantees	231	308	-77
4. Secured guarantees	400	400	-
TOTAL	**212,162**	**226,024**	-13,862
GUARANTEES PROVIDED BY THIRD PARTIES ON BEHALF OF THE COMPANY	39,791	41,662	-1,871
COMMITMENTS	124,937	100,796	24,141
THIRD PARTY ASSETS	-	-	
PENSION FUND ASSETS MANAGED ON BEHALF OF THIRD PARTIES	-	-	
SECURITIES DEPOSITED WITH THIRD PARTIES	7,367,323	7,447,256	-79,933
OTHER MEMORANDUM ACCOUNTS	150,000	157,443	-7,443

Attachment 17 shows the details of the guarantees given, guarantees received as well as commitments.

Guarantees given

Secured guarantees essentially relate to:

- bank deposits in which a pledge was registered in relation to disputes in course (Euro 42,916 thousand).
- surety bank deposit in favour of Consap, guaranteeing the commitments deriving from the CARD convention, which governs the method of direct compensation in the Motor TPL class (Euro 8,000).

Guarantees received

The sureties account comprises:

- the guarantees received by the agents in compliance with their mandates amounted to Euro 181,502 thousand;
- the guarantees received by Carlyle Real Estate S.G. R. against the residual amount to be received, plus interest, for the sale of the building located in Milan in Piazza Santa Maria Beltrade, 1 (Euro 27,400 thousand);
- the guarantees received by lessees amount to Euro 1,577 thousand;
- various guarantees amounting to Euro 1,052 thousand.

Guarantees provided by third parties on behalf of the company

The account includes principally the surety of Euro 32,795 thousand given in favour of Consap guaranteeing the commitments deriving from the CARD convention, which governs the method of direct compensation in the Motor TPL division.

Commitments

These comprise:
- Euro 37,191 thousand of commitments to the associated company Garibaldi S.C.A. in relation to the Garibaldi-Repubblica real estate project, previously commented upon in the Directors' Report;
- Euro 5,262 thousand of commitments to the associated company Isola S.C.A in relation to the Milano Isola real estate project, also previously commented upon in the Directors' Report;
- Euro 51,509 thousand of commitments concerning the securities purchase operations signed at year-end with settlement date in the first days of 2013.

Commitments were cancelled for Euro 30,975 thousand in relation to the real estate projects Milano - Isola (Euro 22,666 thousand) and in Rome, Via Fiorentini (Euro 8,309 thousand) with the now bankrupt former related parties IM.CO. S.p.A. in liquidation and Avvenimenti e Sviluppo Alberghiero Srl; with the declaration of the bankruptcy of the Im.Co- Sinergia group the initiatives with these counterparties will not be completed.

Securities deposited with third parties

The account includes the securities of properties of the company held in custody by credit institutions or other parties; the breakdown by depository entity is as follows:

Group companies (including Banca Sai)	7,109,671
Credit institutions	150,584
Other depository entities	107,068
TOTAL	**7,367,323**

The other memorandum accounts include Interest Rate Swap operations on subordinated loans in place.

Income Statement

Section 18

Information on the technical account of non-life business (I)

Attachment 19 shows the information on claims relating to the technical account of the non-life division - Italian and Foreign portfolios.

In accordance with ISVAP Regulation No. 22 of April 4, 2008, the *Quota of income transferred from the non-technical account* is zero as due to the significant impairments on equity holdings and buildings a net charge was recorded on investments attributable to the non-life classes.

The account 1.3 *other technical income* principally includes:
- the reversal of the commissions relating to the premiums written in previous years, cancelled in the current year (Euro 13,147 thousand);
- technical accounts relating to outward reinsurance (Euro 4,716 thousand).

Within the direct business, the reserve for claims existing at the beginning of the year resulted in a reversal of Euro 360,074 thousand, as follows:

	2012	2011
Existing claims provision at beginning of year	4,030,000	3,739,018
Indemnities paid during the year	-1,407,136	-1,358,255
Claims provision at the end of the year	-2,999,074	-2,902,026
Recoveries and changes for sums to be recovered	16,136	22,778
Difference	**-360,074**	**-498,485**

The negative reversal principally relates to the Motor TPL and General TPL classes and derives both from the more aggressive settlement policy and more prudent valuations made by the loss adjustor’s network.

The rescue operation of the parent company Fondiaria-Sai, the change in ownership and in general the transition period however had an immediate and direct impact on the loss adjustor’s network from the beginning of the year, consolidating the practices which were already implemented during the past year.

During 2012 the activities of the loss adjustor’s network therefore saw a major change from the past with a more aggressive policy in the management of claims with the objective of not allowing cases to drag on for long periods whose costs increase if not closed completely and promptly. In particular there was greater recourse to partial payments and a more aggressive policy on the more serious claims.
On the revision of the prior year claims provisions the loss adjustor’s also undertook significant revaluations utilising greater prudence.

The account *commissions and profit participation* received from reinsurance companies includes Euro 8,634 thousand of profit participation matured from reinsurance companies in application of specific contractual clauses.

The account 1.8 *other technical charges* includes, for Euro 79,006 thousand, the analytical calculations and the write-downs for non collectible receivables from policyholders for premiums, recorded in this account in accordance with ISVAP Regulation No. 22 of April 4, 2008. Specifically, premiums of Euro 87,680 thousand were cancelled in the year. The amount includes all of the cancellations of premiums issued in prior years of any type and include therefore, in addition to the write-downs for irrecoverability of the receivable, also cancellations of a technical nature. Against these cancellations, the doubtful debt provision accrued in the 2011 financial statements was utilised for Euro 67,564 thousand. The impact on the income statement was therefore substantially neutral, taking account of the premiums provision concerning cancellations. The valuation of receivables from policyholders at the end of 2012 resulted in the creation of a doubtful debt provision of Euro 58,890 thousand. The doubtful debt provision was constituted as follows:

- highly aged receivables are entirely written to the Doubtful Debt Provision: in 2012 the receivables relating to generations 2009 and prior were written-down;
- for receivables overdue to a lesser extent, future write-downs are estimated based on the historical trend of write-downs. The amount determined in such a manner, net of the relative premiums provision, is the basis of the provision for these receivables.

For the transport classes of the Sasa division, account is taken of the high proportion of reinsurance.
The decrease of the provision compared to 2011 is due to the lesser amount of gross receivables, due in part to the contraction in the portfolio.

The following table provides a breakdown by class of the charges recognised in the year.

Motor TPL	34,386
Land vehicles	3,915
Total Class – Motor	**38,301**
Accident	8,418
Fire	12,240
General TPL	10,827
Other Non-Life Classes	17,894
Total analytical cancellations	**87,680**
Utilisations of the Doubtful Debt Provision year 2011	**-67,564**
Doubtful debt provision year 2012	**58,890**
Total	**79,006**

The change in the equalisation reserves (account I.9) of Euro 1,530 thousand essentially relates to the reserve for natural calamities provisioned according to Ministerial Decree No. 705 of November 19, 1996, accruing 2% of the premiums related to the insurance contracts of the natural calamity risks or 0.30% where the insurance contract also guarantees other risks and the premium relating to these are not separately identified.
The equalisation reserves are provisioned in order to reduce the volatility in the movements in the claim rate in future years or cover specific risks, in accordance with Isvap Regulation No. 16/2008, paragraph III.

The following table shows the details by class at December 31, 2012:

	2012	**2011**	**Change**
Accident	637	620	17
Health	10	10	-
Land vehicles	5,070	4,431	639
Aviation	94	90	4
Maritime	71	63	8
Goods in transit	275	266	9
Fire and natural elements	8,683	7,863	820
Property	476	454	22
General pecuniary losses	123	112	11
TOTAL	**15,439**	**13,909**	**1,530**

Section 19

Information concerning the life technical account (II)

Account II.4 *other technical income* principally includes the management commissions relating to the internal funds related to unit-linked life products (Euro 419 thousand) as well as the reversal of the commissions related to the premiums of the previous years cancelled or written down during the year (Euro 299 thousand).

There were no differences recorded between the amount of the reserve for sums to be paid existing at the beginning of the year and the sums paid to beneficiaries of the contracts during the year for claims from previous years as well as the amount of the residual reserve at the year-end.

The account *commissions and profit participation* received from reinsurance companies includes Euro 2,048 thousand of profit participation matured from reinsurance companies in application of specific contractual clauses.

As for that stated in relation to the non-life technical account, the account II.11 *other technical charges* includes, for Euro 8,360 thousand, the cancellations and the write-downs for non collectible receivables from policyholders for premiums, recorded in this account in accordance with ISVAP Regulation No. 22 of April 4, 2008.

The share of the profits of the investments transferred to the non-technical account relates to investments other than those to cover the related technical reserves and acquired therefore with the net equity. The amount transferred was calculated according to the provisions of article 23 of ISVAP Regulation No.22 of April 4, 2008 in relation to which we report:

a) determination of net profit of the investments equal to the amount of the income from investments net of the amount of the asset and financial charges recorded in the technical account. The unrealised income and gains in addition to the asset charges and unrealised losses relating to investments in which the risk is borne by the policyholders and from the management of pension funds are excluded;

b) calculation of the old age equity provision and of the subordinated liabilities at the end of the previous year and at the end of the current year;

c) calculation of the sum of half of the technical provisions (actuarial provisions, complementary insurance unearned premium provisions, provisions for sums to pay, provisions for profit participations and other technical provisions) from direct and indirect premiums written, net of reinsurance, at the end of the previous year and at the end of the current year;

d) calculation of the ratio between the amounts at letter b) and the sum of the amounts at letters b) and c);

e) quantification of the quota of investment income to be transferred to the non-technical account equal to the amount between the ratio as per letter d) and the amount of the net profit from investments as per letter a).

The following information is attached:
- summary information and reinsurance balance (attachment 20);
- the details of investment income – account II. 2 (attachment 21);
- the details of income and gains not realised relating to investments in which the risk is borne by the policyholders and from the management of pension funds – account II. 3 (attachment 22);
- the details the equity and financial charges – account II. 9 (attachment 23);
- the details of financial and asset charges and losses not realised relating to investments in which the risk is borne by the policyholders and from the management of pension funds – account II. 10 (attachment 24).

Section 20

Development of the technical accounts

Non-life insurance

Attachment 25 shows the summary of technical accounts by each class - Italian portfolio.

All the costs and revenues directly related to the purchase of premiums and settlement of claims are allocated, from their origin, to the class they belong to. The accounts common to several classes are divided as follows:
- based on the premiums issued the *other administration expenses*;
- based on the commissions issued the *other acquisition expenses*;
- based on the number of damage claims paid, calculated by class based on specific parameters, for the settlement expenses not directly allocated to the individual claims or classes.

Attachment 26 shows the summary of technical accounts for all of the non-life class - Italian portfolio.

Life insurance

Attachment 27 shows the summary of technical accounts by each class - Italian portfolio.
All the costs and revenues directly related to the purchase of premiums and the settlement of claims are allocated, from their origin, to the class they belong to. The common accounts to several classes are divided between the classes as follows:

- based on the number of contracts in portfolio (numbers insured in the case of collective contracts), the other administration expenses;
- based on the number of new contracts the other acquisition expenses.

Attachment 28 shows the summary of technical accounts for all of the life class - Italian portfolio.

Non-life and life insurance

Attachment 29 shows the claims of the technical accounts summarised for all the life and non-life classes - indirect business.

Section 21

Information concerning the non-technical account (III)

The following information is attached:
the details of investment income – account III. 3 (attachment 21);
the details the equity and financial charges – account III. 5 (attachment 23).

We provide the following details on the most significant accounts:

Other income (account III. 7):

Interest income from bank deposits	3,473
Interest on receivables	2,259
Recovery of expenses/administrative costs	87,211
Utilisation of provision for risks and charges	78,408
Income from conversion of items expressed in foreign currency	647
Other income	1,806
TOTAL	**173,804**

The interest on receivables includes principally interest on receivables from Agents for compensation for the ending of mandate (Euro 1,204 thousand) and interest on tax receivables (Euro 822 thousand).

The recovery of expenses and administration charges, which are offset against other charges, principally relate to recharges to the consortium company Gruppo Fondiaria-Sai Servizi (for Euro 79,676 thousand) for the secondment of personnel belonging to the unified group level organisational structure. Therefore, for the services provided to the consortium company recharges were received for Euro 156,697 thousand, recorded in the income statement based on the nature of the expenses.

The utilisations from the provisions for risks and charges were made against the charges incurred in the year or more updated valuations on the risks. In particular:

- Euro 38,744 thousand concerns the utilisation of the provisions against the tax benefits relating to losses of subsidiaries. In this regard we highlight the following:
  - the current tax losses of the subsidiary companies included in the tax consolidation may be utilised by Milano Assicurazioni to reduce its own assessable taxes and form the basis of deferred tax income recorded in the *income taxes* account of the income statement;
  - the tax benefit related to these losses is accrued to the risk provision, based on the application rules of the tax consolidation - this benefit devolves to the parent company Milano Assicurazioni only for the part not separately utilisable by the subsidiary companies based on the assessable income produced by them. The utilisation of the risk provisions with the consequent recording of the benefit takes place once the above-stated condition has been fulfilled. From the year 2011, due to the amendments introduced by Legislative Decree No. 98/2011, Article 84 of the CFA, tax losses carried forward and not yet lapsed may be carried forward for 80% of the assessable income without time limit.

  Also in consideration of recent legislative changes, the agreement for the fiscal consolidation was updated, recognising to the consolidated companies the right, in consideration of the possibility of unlimited carry forward of fiscal losses, to opt for the immediate recognition of the fiscal losses transferred of an amount of 12%, without therefore awaiting the consequent assessable income in future years. In 2012 the subsidiaries Liguria Assicurazioni and Dialogo Assicurazioni utilised this option, ceding to Milano Assicurazioni tax losses for, respectively, Euro 97,105 thousand and Euro 51,018 thousand. Against this cession Milano Assicurazioni paid an amount of 12% under the tax consolidation agreement (Euro 17,775 thousand, recognised in the income taxes account) and utilised the risk provisions for the amount provisioned of 27.5% of these losses.
- Euro 20,395 thousand relates to that provisioned in relation to the prudent valuations of property held by subsidiaries and absorbed by the new valuations made in the year;
- Euro 18,649 thousand concerns utilisations of the charges provision.

The gains from the translation of foreign currencies relate to the exchange differences realised during the year, as well as adjustments, at year-end, to accounts in the balance sheet in foreign currencies. Net exchange gains of Euro 647 thousand were recognised to the income statement, taking account of that recorded to Other Charges.

Other charges (account III. 8)

Administrative costs/expenses incurred for third parties	87,211
Specific provisions	35,165
Goodwill amortisation	11,386
Write-down of receivables	85,014
Interest on payables and loans	7,094
Other taxes	225
Other charges	10,590
TOTAL	**236,685**

The provisions for risks and charges relate to disputes at the balance sheet date and expected future charges. This include, in particular:

- approx. Euro 11.2 million concerning the tax benefit on losses in 2012 recorded by the subsidiary companies which participate in the group tax consolidation, provisioned based on the considerations of the previous comment on utilisations of the risks and charges provisions;
- approx. Euro 9.2 million provisioned against the share of the equity deficit of the associated company Atahotels at December 31, 2012.

The account *amortisation of goodwill* is detailed in the following table:

	Amortisation	Residual goodwill
The goodwill deriving from the acquisition of the insurance portfolio of Latina Assicurazioni S.p.A. in 1992	3,257	-
The goodwill relating to the life portfolio of La Previdente Assicurazioni S.p.A., originally acquired from Previdente Vita (formerly Latina Vita) in 1993	1,693	-
The goodwill deriving from the acquisition of the portfolio of Maa Assicurazioni by Nuova Maa, incorporated in Milan in 2003	5,921	11,842
The goodwill recorded in 2003 following the merger by incorporation of Maa Vita	515	-
TOTAL	**11,386**	**11,842**

The losses on receivables concern:

- for Euro 61,590 thousand the payments on account in relation to the future purchase real estate operations signed with Im.Co. S.p.A. and Avvenimenti e Sviluppo Alberghiero s.r.l., a company held by Im.Co, previously commented upon in the section relating to the Balance Sheet.
  In this regard it is noted that on June 14, 2012, the Second Civil Section of the Milan Court issued the judgment declaring the bankruptcy of Im.CO. and Sinergia.
  Following the bankruptcy judgment, the estimated realisable value of the receivables carried out by an independent expert was calculated based on the assumption of two competitive auctions with a reduction of around 36% in the appraisal value. For Avvenimenti e Sviluppo Alberghiero, a subsidiary of Im.Co, in the case of liquidation, a discount of 20% on the expert’s valuation is assumed.
  For the purpose of distributing the amount recovered between the creditors, consideration was given to the grounds for seniority, in addition to the statutory privileges (employees and tax authorities) and procedural costs.
  The estimate of the recovery time, varying depending on the creditor profile, is expected to be in line with the procedural characteristics. The receivables were discounted using a tax free risk, equal to the yield on Italian 10-year bonds, as the parameters related to the risk are already explicitly considered in the discount applied to the recoverable value.
  Based on the parameters utilised, against an original amount of receivables of Euro 179,069 thousand (of which Euro 77,403 thousand from Im.Co and Euro 101,666 thousand from Avvenimenti e Sviluppo Alberghiero), the valuation established a recoverable value of Euro 78,410 thousand, while also establishing the need to write-down receivables for Euro 61,590 thousand as stated above, in addition to charges of Euro 39,069 thousand already recognised as impairments on real estate initiatives under development to the 2011 financial statements.
  The statement of affairs filed with the receiver concerned the entire amount of receivables from Im.Co of approx. Euro 77 million.

- for Euro 23,424 thousand write-downs and other losses on receivables, principally relating to the agency networks. These relate principally to receivables from agents for end of mandate indemnities paid and commissions on long-term contracts reversed following the advanced cancelation of these contracts.

Interest on loans received principally refer to the charges relating to the subordinated loans, already described in the present notes, in section 9 of the relative account in the balance sheet.

Other charges include costs related to satellite positioning systems (Euro 3,835 thousand) as well as the amortisation of the share capital increase expenses during the year, based on one fifth of the amount and equal to Euro 2,943 thousand.

Extraordinary income (account III. 10)

These comprise:

Profits to be realised on buildings	8,996
Trading profits on bond securities	20,020
Losses from valuation of treasury shares	572
Prior year income	3,131
Gains on sales of other assets	24
Other income	2,965
TOTAL	**35,708**

The profits to be realised on buildings include, principally, the gain on the sale on the building for office use in Milan, Piazza S. Maria Beltrade 1. The building was disposed at the end of June to Carlyle Real Estate SGR S.p.A. for a price of Euro 63 million, with a gain of Euro 6.7 million. On the signing of the sale Euro 25 million was received and at the end of 2012 a further Euro 12 million was received. From the remaining sales price Euro 12 million is due at the end of 2013 and Euro 14 million due at the end of 2014, plus interest. The purchaser provided surety guarantees against the amounts due.

Prior year income principally concerns the benefit from the deductibility for IRES purposes of IRAP paid in relation to labour costs and similar concerning the years between 2007 and 2009.

Extraordinary charges (account III. 11)

Losses from trading of shares and holdings	8,044
Losses on bond securities	3,406
Prior year charges	2,556
Other extraordinary charges	4,684
TOTAL	**18,690**

The *losses from trading of shares and holdings* includes the loss of Euro 7,846 thousand relating to the sale of 4,759,590 option rights from the share capital increase of Unicredit in January 2012, sold on the market at an average price of Euro 1.359.

Other extraordinary charges principally comprise the penalties relating to the claims settlement processes and costs incurred for the settlement of legal cases.

Income tax for the year (account III.14)

The breakdown is as follows:

Current income taxes:	
Ires income taxes	2,064
Irap regional tax	5,193
Deferred tax liabilities arising in the year and deferred tax assets cancelled in the year:	
Ires income taxes	54,410
Irap regional tax	1,044
Deferred tax assets arising in the year and deferred tax liabilities cancelled in the year:	
Ires income taxes	-68,061
Irap regional tax	-381
Acquisition of tax losses of subsidiaries	
Ires income taxes	17,775
Irap regional tax	-
ENDING BALANCE	**12,044**

As illustrated in the table above, the current taxes total Euro 7,259 thousand, while the net result of deferred tax income and charges is income of Euro 12,990 thousand. Deferred tax assets cancelled in the year of Euro 8,734 thousand relate to the utilisation of prior year tax losses of Milano Assicurazioni against the current year assessable taxes.

In addition, for the calculation of the tax charge, account is taken of the benefit from the 2012 tax losses of subsidiaries of Euro 11,185 thousand, which however also comprised part of the Risks Provision, with a neutral impact therefore in the income statement for the year. Based on the agreement concerning the rules for application of the tax consolidation, this benefit devolves to the parent company Milano Assicurazioni only for the part not separately utilisable by the subsidiary companies based on the assessable income produced by them. The utilisation of the risk provisions with the consequent recording of the benefit will take place once the above-stated condition has been fulfilled.

The charge of Euro 17,775 thousand concerning the acquisition of tax losses of subsidiaries represents the amount paid to Liguria Assicurazioni and Dialogo Assicurazioni against the cession of prior year tax losses for respectively, Euro 97,105 thousand and Euro 51,018 thousand. These subsidiaries in fact utilised the option established under the group tax consolidation to cede to the parent company tax losses against the immediate payment of 12%. Against this cession, Milano Assicurazioni utilised the risks provisions for Euro 38,744 thousand for the tax benefit recognised in relation to the tax losses and now fully acquired.

Section 22

Other information on the income statement

The following information is attached:

- schedules of transactions with group companies and in other companies (attachment 30);
- summary of premiums written for direct business (attachment 30);
- summary of costs for personnel, directors, and statutory auditors (attachment 32).

Part C

Other Information

Solvency margin

The solvency margins requested as per article 44 of Legislative Decree 209/2005 (Private Insurance Code) determined in accordance with ISVAP regulation No. 19 of March 14, 2008 is covered with a total excess of Euro 311,069 thousand, as shown in the schedule below:

	Non-Life	Life	Total
Margins to be covered	560,700	141,892	702,592
Constituting elements of the margins	562,475	451,186	1,013,661
Excess	**1,775**	**309,294**	**311,069**
Coverage percentage year 2012	*100.3%*	*318%*	*144.3%*
Coverage percentage year 2011	*117.6%*	*275.1%*	*151%*

Adjusted solvency

The verification of the adjusted solvency at December 31, 2012, pursuant to Article 217 of Legislative Decree 209/2005 and made based on the provisions of ISVAP Regulation No. 18 of March 12, 2008, reports the following situation:

	2012	2011
Amount of adjusted solvency margin requested	773,119	785,721
Total elements to be covered	894,468	1,051,593
Excess	**121,349**	**265,872**
Coverage percentage	*115.7%*	*133.8%*
Coverage percentage excluding ISVAP Regulation No. 37	*115.7%*	*108.3%*

In 2011 the Company utilised the faculty established by ISVAP Regulation No.37 of March 15, 2011 in relation to the verification of the adjusted solvency margin. Therefore, for the adjusted solvency, the securities issued or guaranteed by European Union states, allocated as non-current were valued based on the carrying amount in the separate financial statements, with a positive impact on the constituting items of Euro 200,927 thousand, corresponding to an improvement in the solvency ratio of approx. 25 percentage points. Excluding this positive impact, the 2011 coverage was 108.3%.

Coverage of Insurance contract liabilities

The tables relating to the coverage of insurance contract liabilities as per ISVAP Regulation No. 36 of January 31, 2011 are attached to the present notes. In relation to the Non-Life classes, the provisions amounted to Euro 4,987 million and are covered by investments for Euro 4,391.7 million and other assets for Euro 595.5 million. In the Life classes, the provisions amount Euro 3,159 million and were fully covered by investments.

Activities carried out abroad

The company does not have secondary offices overseas and therefore does not operate abroad. The premiums issued in foreign countries under the freedom to provide services total Euro 437 thousand, as stated in attachment 31 of the present notes.

Updated net equity based on the proposal to cover the loss for the year

Taking into account the proposal to cover the loss for the year, the net equity will be composed as follows:

		NON-LIFE	LIFE	TOTAL
I	- Share capital subscribed or equivalent fund	335,596	38,087	373,683
II	- Share premium reserve	88,517	216,618	305,135
III.	- Revaluation reserve	0	0	0
IV	- Legal reserve	37,456	14,223	51,679
V	- Statutory reserves	0	0	0
VI	- Reserve for treasury shares and of holding comp.	3,378	34	3,412
VII	- Other reserves	13,000	147,880	160,880
VIII	- Retained earnings/(accumulated losses)			
IX	- Profit/(loss) for the year			
		477,947	**416,842**	**894,789**

Audit fees and other services provided by audit firm

The following table shows the information required pursuant to Article 149 of the Consob Issuer's Regulation:

Type of service	Party providing the service	Company	Fees (in Euro thousands)
a) audit	Reconta Ernst & Young	Milano Assicurazioni	837
	Reconta Ernst & Young	Liguria Vita	61
b) certification work (*)	Reconta Ernst & Young	Milano Assicurazioni	385
	Reconta Ernst & Young	Liguria Vita	10
	Reconta Ernst & Young	Liguria Assicurazioni	9
	Reconta Ernst & Young	Dialogo Assicurazioni	2
	Reconta Ernst & Young	Systema Assicurazioni	2
c) fiscal consulting			-
	Reconta Ernst & Young	Milano Assicurazioni	5
d) other services	Ernst & Young Financial Business Advisors	Milano Assicurazioni	181
	Ernst & Young Financial Business Advisors	Liguria Assicurazioni	112
Total fees in the year			**1,604**

(*) of which:	
audit fee of the segregated funds	254
audit fee of the internal insurance funds	18
audit fees of the open pension funds	20
Other services	116

Management and control

On July 19, in execution of the investment agreement of January 29, 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 June 12, 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 November 14, 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.

In accordance with Article 2497-*bis* of the Civil Code, we present the key financial highlights of Unipol Gruppo Finanziario at 31/12/2011.

(in Euro millions)

BALANCE SHEET

ASSETS			**31.12.2011**	**31.12.2010**
A)	**RECEIVABLES DUE FOR UNPAID CAPITAL**			
B)	**FIXED ASSETS**			
	I	Intangible assets	22.5	25.9
	II	Property, plant & equipment	1.7	1.1
	III	Financial assets	4,685.9	4,620.2
	TOTAL FIXED ASSETS		**4.710.1**	**4,647.2**
C)	**CURRENT ASSETS**			
	I	Inventories	-	-
	II	Receivables	652.6	134,5
	III	Current financial assets	213.6	865,5
	IV	Cash and cash equivalents	106.8	326.5
	TOTAL CURRENT ASSETS		**973.1**	**1,326.4**
D)	**ACCRUED INCOME AND PREPAID EXPENSES**		10.8	15.4
		TOTAL ASSETS	**5,693.9**	**5,989.0**
LIABILITIES				
A)	**SHAREHOLDERS' EQUITY**			
	I	Share capital	2,699.1	2,698.9
	II	Share premium reserve	1,144.8	1,144.8
	III	Revaluation reserve	20.7	20.7
	IV	Legal reserve	478.3	478.3
	V	Statutory reserves	-	-
	VI	Reserve for own shares in portfolio	-	-
	VII	Other reserves	353.4	417.0
	VIII	Retained earnings/Acc. Losses	-	-
	IX	Loss for the year	(358.3)	(63.7)
	TOTAL SHAREHOLDERS' EQUITY		**4,337.9**	**4,696.1**
B)	**PROVISION FOR RISKS AND CHARGES**		83.8	16.8
C)	**STAFF TERMINATION PAY**		1.6	2.3
D)	**PAYABLES**		1,228.0	1,228.3
E)	**ACCRUED EXPENSES AND DEFERRED INCOME**		42.6	45.5
		TOTAL LIABILIITES	**5,693.9**	**5,989.0**

INCOME STATEMENT

		2011	**2010**
A)	**VALUE OF PRODUCTION**	32.0	33.2
B)	**COST OF PRODUCTION**	158.0	80.7
	DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A-B)	(126.1)	(47.5)
C)	**FINANCIAL INCOME AND CHARGES**	(70.5)	4.3
D)	**ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS**	(285.1)	(36.8)
E)	**EXTRAORDINARY INCOME AND CHARGES**	59.1	(6.5)
	LOSS BEFORE TAXES	(422.5)	(86.5)
	NET LOSS FOR THE YEAR	(358.3)	(63.7)

The key data of the parent company Unipol Gruppo Finanziario S.p.A. shown in the summary statement has been sourced from the Financial Statements at 31/12/2011 (and compared with 31/12/2010), which, accompanied by the Auditors' Report, is available in the form and manner prescribed by law.

Therefore, this key data of Unipol Gruppo Finanziario S.p.A. is not included in the audit activity undertaken by the Independent Audit Firm appointed by us.

For an adequate and complete understanding of the balance sheet and financial position of the Parent Company, as well as the result of the company for the year, reference should be made to the financial statements, together with the reports of the Independent Audit Firm and the Board of Statutory Auditors, available at the registered office of the Company Via Stalingrado 45, Bologna and on the Company's website www.unipol.it.

Cash flow statement

The cash flow statement for the year 2012 illustrating the cash flow generated from the operations as well as the uses of liquidity is shown as an attachment.

Bologna, March 20, 2013

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

2012 Condensed Financial Statements

Condensed 2012 financial statements

BALANCE SHEET				(Euro thousands)
		2012		2011
Intangible assets				
Acquisition commissions to be amortised	6,368		627	
Formation, start up and similar costs	10,219		11,771	
Goodwill	11,842		23,228	
Other deferred costs	778	**29,207**	919	**36,545**
Investments				
Land and buildings	402,212		650,312	
Shares and holdings in group companies	540,214		588,044	
Bonds issued by group companies	118,641		99,204	
Loans to group companies				
Equity investments and minority holdings	119,599		332,572	
Investment fund units	405,396		567,111	
Bonds and other fixed-income securities	6,161,959		5,819,242	
Loans to third parties	21,676		23,935	
Deposits at credit institutions	8,000			
Other financial investments	28		2,545	
Deposits with reinsuring companies	1,869	**7,779,594**	2,078	**8,085,043**
Investments in life classes where the policyholder bears the risks and management of pension funds				
Investments related to the performance of investment funds and market indices	126,515		171,692	
Investments derived from pension fund management	23,153	**149,668**	18,110	**189,802**
Receivables				
from policyholders for premiums	224,804		262,839	
from insurance brokers	235,085		301,346	
other receivables from direct insurance operations	58,648		60,023	
receivables from reinsurance operations	36,628		45,868	
other receivables	415,169	**970,334**	311,182	**981,258**
Other asset accounts				
fixed assets and inventories	1,554		1,911	
cash and cash equivalents	225,597		411,228	
other assets	456,462	**683,613**	475,733	**888,872**
Prepayments and accrued income		**81,416**		**74,829**
Total assets (a)		**9,693,832**		**10,256,349**
Sub-ordinated liabilities		**150,000**		**150,000**
Technical provisions, net of reinsurance				
unearned premium provision	923,505		1,011,523	
claims provision	3,885,519		3,910,814	
other technical provisions - non-life	17,881		16,751	
technical provisions - life	3,256,107	**8,083,012**	3,530,264	**8,469,352**
Provisions for risks and charges				
provisions for pension and similar	7,264		0	
tax provisions	18,815		12,643	
other provisions	102,905	**128,984**	164,910	**177,553**
Deposits received from reinsurers		**71,031**		**83,595**
Payables and other liabilities				
from direct insurance operations	14,428		17,573	
from reinsurance operations	28,208		25,871	
loans and other financial payables	917		1,589	
post-employment benefit provision	16,837		20,941	
policyholders' tax due	13,342		15,513	
other taxes due	32,502		45,302	
other payables	141,603		123,993	
other liabilities	113,292	**361,129**	143,037	**393,819**
Accruals and deferred income		**4,887**		**4,318**
Total liabilities (b)		**8,799,043**		**9,278,637**
Shareholders' equity (a-b)		**894,789**		**977,712**
represented by:				
Share capital		373,683		373,683
Capital reserves		604,028		1,387,338
Net loss		-82,922		-783,309

Condensed 2012 financial statements

INCOME STATEMENT (Euro thousands)

	Life Sector	Non-Life Sector	Total 2012	Total 2011
Technical accounts				
Premiums written	358,180	2,399,836	2,758,016	**2,981,240**
Change in premium provisions and technical provisions in life division	272,226	91,528	363,754	**271,656**
Net investment income in life division, net of amount transferred to the non technical account				
Investment income	144,697		144,697	**158,138**
Adjust. to values	-18,794		-18,794	**-160,842**
Unrealised gains on investment	27,113		27,113	**33,545**
Income related to invest. with risk borne by policyholders	15,875		15,875	**-1,088**
Income transferred to the non technical account	-18,389		-18,389	**0**
Other income and technical charges	-7,918	-68,862	-76,780	**-83,934**
Charges relating to claims	-697,608	-1,980,421	-2,678,029	**-3,059,539**
Profit sharing and reversals & var. other technical provisions		333	333	**235**
Management expenses:				
Commissions and other acquisition expenses	-14,098	-426,308	-440,406	**-479,689**
Administration expenses	-8,955	-76,317	-85,272	**-89,056**
Technical balance	52,329	-60,211	-7,882	**-429,334**
Change in equalisation provisions		-1,530	-1,530	**-1,507**
Quota of profit on investment income in non-life transferred from non technical account			0	**0**
Result of the technical accounts	**52,329**	**-61,741**	**-9,412**	**-430,841**
Non technical account				
Net investment income in non-life division, net of amount transferred to the technical account:				
Investment income			101,873	**87,213**
Adjust. to values			-175,975	**-453,701**
Unrealised gains on investment			40,110	**7,908**
Income transferred to the technical account			0	**0**
Quota of profit on invest. in life transferred from technical account			18,389	**0**
Other income and charges:				
Quota of goodwill amortised			-11,386	**-16,322**
Other income and charges			-51,495	**-59,140**
Extraordinary income and charges:				
Unrealised gains on non-current investment			17,567	**-65,379**
Other extraordinary income and charges			-549	**-9,428**
Loss before taxes			**-70,878**	**-939,690**
Income taxes			-12,044	**156,381**
Net loss			**-82,922**	**-783,309**

All the technical accounts are net of reinsurance

2012 Cash Flow Statement

Cash flow statement 2012

SOURCES OF FUNDS *(in Euro thousands)*

		2012		2011
Loss for the year		**-82,922**		**-783,309**
Adjustments for items affecting profit, but not affecting liquidity:				
- Net Increase/decrease of provisions				
premium provisions and other technical provisions - non-life	-86,890		-37,419	
non-life claims provision	-25,295		378,940	
insurance contract liabilities - Life	-274,156	**-386,341**	-230,964	**110,557**
- Amortisation/Depreciation in the year		**16,903**		**20,285**
- Increase / decrease in provisions for risks and charges				
provisions for pension and similar	7,264		-	
tax provisions	6,172		-28,527	
other provisions	-62,006	**-48,570**	23,982	**-4,545**
- Adjustments in value and exchange gains /losses of securities & investments		**180,927**		**630,600**
Changes in deposits received from reinsurers		**-12,563**		**-20,004**
Changes of receivables/payables and various assets/liabilities				
receivables from policyholders for premiums	38,034		35,917	
receivables from insurance brokers	61,544		7,093	
receivables from reinsurance companies	11,575		10,680	
other receivables	29,494		9,170	
other assets	-15,915	**124,732**	-128,235	**-65,375**
Change in financial debt		**-674**		**83**
Change in subordinated liabilities		**-**		**-**
Change in Shareholders' Equity		**-**		**349,758**
TOTAL		**-208,508**		**238,050**

USES OF LIQUIDITY

(Euro thousands)

		2012		2011
Investments				
Land and buildings	-57,455		16,799	
Shares and holdings in group companies	66,253		-84,751	
Bonds issued by group companies	18,625		10,518	
Loans to group companies	-		-	
Equity investments and minority holdings	-206,857		-29,031	
Investment fund units	-112,991		-80,474	
Bonds and other fixed-income securities	309,813		230,755	
Loans to third parties	-2,258		-3,601	
Deposits at credit institutions	8,000		-	
Other financial investments	-1,603		1,634	
Deposits with reinsuring companies	-209	**21,318**	-409	**61,440**
Investments where risk is borne by life policyholders and pension fund management		**-45,939**		**-40,510**
Tangible assets, inventories and long-term costs		**1,744**		**15,406**
Dividends distributed		**-**		**-**
Change in cash and cash equivalents		**-185,631**		**201,714**
TOTAL		**-208,508**		**238,050**

Bank accounts at close of year	225,597	411,228
Bank accounts at close of previous year	411,228	209,514
Change in cash and cash equivalents	-185,631	201,714

MILANO ASSICURAZIONI SPA
LIST OF BUILDINGS

DESCRIPTION OF PROPERTY	COST OF ACQUISITION	REVALUATIONS MONETARY	REVALUATIONS ECONOMIC	REVALUATIONS LAW 413/91	REVALUATIONS TOTAL	ACCUM. DEPREC. (at 31.12.2011)	BALANCE (at 31.12.2011) (NET)	BOOK VALUE (at 31.12.2011) (GROSS)
ALESSANDRIA VIA TROTTI, 46	168,572						168,572	168,572
ARZACHENA - LISCIA DI VACCA	47,465						47,465	47,465
ALESSANDRIA - VIA FAA DI BRUNO 49	91,842						91,842	91,842
ANCONA - VIA MARSALA 21	28,927		8,362	6,366	14,728	(2,797)	40,858	43,655
AREZZO - VIA XXV APRILE 18-34/E	229,720						229,720	229,720
ASSAGO MILANO FIORI	34,100,000						34,100,000	34,100,000
BARI - VIA ABATE GIMMA 171	10,623	12,958		64,895	77,852	(192)	88,284	88,476
BELLUNO - VIA FELTRE, 244	57,420						57,420	57,420
BRESCIA - VIA XX SETTEMBRE, 32	948,215						948,215	948,215
BERGAMO - VIA MAJ 14D	302,902					(22,718)	280,184	302,902
BIELLA - VIA NAZARIO SAURO 8	4,679	1,872	1,083	44,551	47,505	(419)	51,765	52,184
BOARIO TERME (BS) V.le DELLA REPUBBLICA 27	19,254	13,477	25,162	20,167	58,806	(4,342)	73,718	78,060
BOLOGNA VIA BASSI	44,000,000						44,000,000	44,000,000
BOLZANO - VIA PERATHONER 5	17,308	17,767		78,478	96,245	(294)	113,259	113,553
BRESCIA - VIA MARIO 40	10,117	7,082	26,035	27,472	60,589	(3,243)	67,463	70,706
BRESCIA - VIA FOPPA 6 (1'CORPO)	301,790	23,048		38,047	61,096	(271)	362,615	362,886
BRESCIA VIA SOLFERINO, 11 1^ P	382,556					(80,912)	301,644	382,556
BUSTO A. - P.ZA GARIBALDI, 1	168,572						168,572	168,572
CAGLIARI - P.ZZA SALENTO 9/10	336,784					(13,492)	323,292	336,784
CAGLIARI - VLE BONARIA 90	100,065			9,386	9,386		109,451	109,451
CAGLIARI - VIA BACAREDDA, 184	192,277						192,277	192,277
CARRARA (MS) - VIA DON MINZONI 10	11,205	9,180		13,133	22,313	(136)	33,382	33,518
CASCINA (PI) - VIA TOSCO ROMAGNOLA 248/E	99,160						99,160	99,160
CATANZARO - VIA DE GASPERI 62	82,870						82,870	82,870
CESENA (FO) - VICOLO CESUOLA 14	117,150						117,150	117,150
CIVITANOVA MARCHE (MC)- Via S.di SANTAROSA 15	5,363	3,724	8,178	21,339	33,241	(1,334)	37,270	38,604
COLLEGNO (TO) - VLE GRAMSCI 24	48,717			7,494	7,494		56,211	56,211
COMO - VLE INNOCENZO XI 13	39,751	40,483		91,744	132,226		171,978	171,978
CONEGLIANO (TV) - VIA CALVI 106	43,090			13,227	13,227		56,318	56,318
CREMA - VIA MATTEOTTI 43	165,408						165,408	165,408
CREMONA - PIAZZA S. ANTONIO ZACCARIA 5	723,385	16,387	5,547	96,321	118,255	(2,065)	839,575	841,640
CREMONA - VIA INGEGNERI 5	29,894	24,142		29,877	54,018	(157)	83,755	83,912
CUNEO - P.ZA BOVES, 2	384,000						384,000	384,000
DESIO - VIA MONSIGNOR CATTANEO 8	7,494	2,295	1,310	39,807	43,413	(246)	50,660	50,907
EMPOLI - VIA VILLANI 4	102,107			6,877	6,877		108,985	108,985
ESTE (PD) - VIA PRINCIPE UMBERTO 68	109,147						109,147	109,147
FERMO (AP) - VIALE XX GIUGNO 20-22	22,158	15,510	12,445	62,117	90,071	(3,758)	108,471	112,229
FERRARA - VIA PREVIATI 11 ter	8,169	5,803	18,960	26,807	51,570	(8,217)	51,522	59,739
FERRARA - VIA CAVOUR 150	106,276	61,988			61,988		168,263	168,263
FLORENCE - PZA BECCARIA 3	382,451	66,715		262,484	329,198		711,649	711,649
FLORENCE - VIA BELFIORE 42	74,840			2,575	2,575		77,415	77,415
FLORENCE - VIA VOLTA 102/104	620,828					(119,294)	501,534	620,828
FLORENCE VIA CAVOUR, 112 1p	496,714					(1,855)	494,859	496,714
GENOA - VIA B.BOSCO 15/31	2,038,875						2,038,875	2,038,875
GENOA - VIA ROCCATAGLIATA CECCARDI 1/2	549,373	15,034		140,067	155,101	(67,870)	636,604	704,474
GENOA VIA CECCARDI 1/10 3^ p	747,840					(229,961)	517,879	747,840
GENOA VIA CECCARDI 1/19 6^ p imp.	842,990					(283,335)	559,655	842,990
GENOA VIA XX SETTEMBRE 19	384,554					(2,884)	381,670	384,554
GROSSETO - VIA MATTEOTTI 2	132,290						132,290	132,290
INTRA (NO) - PZZA DON MINZONI 36	104,085	7,780		11,263	19,043	(114)	123,014	123,128
LA SPEZIA - VLE ITALIA 162	233,845						233,845	233,845
LATINA - VIA DUCA DEL MARE 67	13,902	8,047		4,454	12,501	(1,646)	24,757	26,403
LECCE - PIAZZA ORONZO 4	29,173	35,497	24,692	32,684	92,873	(7,070)	114,976	122,046
LEGNANO - CSO ITALIA 54	57,148	33,542		47,669	81,212		138,360	138,360
LEGNANO - CSO SEMPIONE 119	37,594			17,985	17,985		55,579	55,579
LIVORNO - VIA MAYER 1	46,713	1,284	1,175	48,825	51,284	(2,297)	95,701	97,997
LUCCA - PZA DEL GIGLIO 4	69,711	4,790		9,411	14,200		83,911	83,911
MANTOVA - VIA MARANGONI 1	10,996	12,528		55,698	68,226	(186)	79,036	79,222
MANTOVA VIA G. MAZZINI 16	273,122					(3,347)	269,775	273,122
MERANO - VIA MAINARDO 52	103,804			7,341	7,341		111,145	111,145
MESTRE - VIA MESTRINA 6	1,635	20,754		47,645	68,399		70,034	70,034
MILAN - PIAZZA CANEVA 4	107,857	5,527	61,734	40,933	108,194	(857)	215,194	216,051
MILAN - VIA BOCCACCIO 32	20,989	19,563		87,777	107,340	(284)	128,045	128,329
MILAN - VIA CASATI 39	1,204,627	71,435		531,481	602,917	(1,110)	1,806,434	1,807,543
MILAN - VIA CONSERVATORIO 15	16,805,350						16,805,350	16,805,350
MILAN - VIA CONSERVATORIO 17	12,268,306						12,268,306	12,268,306
MILAN - V.LE LANCETTI VIA DELL'APRICA	66,578,795					(2,878,794)	63,700,000	66,578,795
MILAN - VIA PANTANO 26 VIA DI P.ROMANA 19	46,041,341						46,041,341	46,041,341
MILAN - VIA PONTACCIO 15	8,709,896						8,709,896	8,709,896
MILAN - V.LE UMBRIA,76	11,800,001						11,800,001	11,800,001
MILAN - VIA FRUA/P.ZA DE ANGELI imp.	2,276,802					(1,108,988)	1,167,814	2,276,802
MILAN - VIA RASORI 2 imp.	4,425					(2,157)	2,268	4,425
MILAN - TONALE 22 3p	299,830					(636)	299,194	299,830
MILAN - VIA FRUA 26/TRIVULZIO 3	542,156					(4,030)	538,126	542,156
MILAN VIA LENTASIO, 1	526,786						526,786	526,786
MILAN VIA CASTELLANZA	249,000						249,000	249,000
MILAN - VIA CORRIDONI 1	345,931						345,931	345,931
MILAN VIA CALDERA	48,500,000						48,500,000	48,500,000
MILAN VIA CRESPI	51,000,000						51,000,000	51,000,000
MILAN S.M. BELTRADE 1	55,622,382						55,622,382	55,622,382
MODENA - VIALE MEDAGLIE D'ORO 1	18,099	12,669	19,602	45,803	78,074	(3,778)	92,396	96,173
MODENA - VIA GIARDINI 10/1	63,242	50,009		30,474	80,483	(622)	143,103	143,724
MODENA - VIA RAINUSSO 130	321,339					(16,575)	304,764	321,339
MONZA - VIA PASSERINI 6	39,625	24,424		94,629	119,053	(372)	158,306	158,678
MONZA - VIA CAMPERIO 8 imp.	372,000					(166,925)	175,486	342,411
MORTARA - CORSO GARIBALDI 28	9,436	3,678	775	25,665	30,118	(472)	39,083	39,554
NAPLES - VIA MONTE OLIVETO 79	5,255	2,890		86,275	89,165	(51)	94,369	94,420
NOVARA - VIA ROSSELLI 28	253,682						253,682	253,682
NOVARA - VIA BALL. LAMARMORA, 19 imp.	120,871					(58,767)	62,104	120,871
NOVARA - VIA BALL. LAMARMORA, 19	184,664						184,664	184,664
OSTIGLIA - VIA XX SETTEMBRE 63-65	486,403						486,403	486,403
PADOVA - VIA MAR. DA PADOVA 2	143,443	111,599		66,324	177,922		321,365	321,365
PALERMO - PIAZZA CASTELNUOVO 26	16,548	11,584	20,637	24,128	56,348	(3,658)	69,239	72,896
PALERMO VIA RICASOLI, 59	273,929						273,929	273,929
PARMA - VIA GOLDONI 1	103,585	6,811	4,007	145,030	155,848	(2,205)	257,228	259,433
PAVIA - VIA MATTEOTTI 11	263,522						263,522	263,522
PERUGIA - VIA CORTONESE-VIA BRIGANTI 93	109,715	11,043		30,108	41,151		150,866	150,866
PESARO - VIA ARDIZZI 14	76,436						76,436	76,436
PIACENZA - P.ZZA CAVALLI 7	103,033						103,033	103,033
PIACENZA - VIA CAVOUR GALL. S.MARIA 6	208,749	18,743		23,875	42,617	(225)	251,142	251,367
PIOMBINO (LI) - CSO ITALIA 92	15,590	3,110		26,117	29,227	(57)	44,761	44,817
PISTOIA VIA S. ANDREA, 49 imp.	145,796					(74,565)	71,231	145,796
PISTOIA VIA S. ANDREA, 49	523,222						523,222	523,222
POGGIBONSI (SI) - VIA TRENTO 9	66,636			7,309	7,309		73,946	73,946
PONTASSIEVE - VIA MONTANELLI 43	45,533						45,533	45,533
PONTASSIEVE (FI) - VIA ROMA 10	65,562			8,203	8,203		73,764	73,764
PONTE S.PIETRO (BG) - VIA V.EMANUELE II, 2	83,425						83,425	83,425
PONTEDERA (PI) - VIA SAFFI 4	14,934	14,206		43,005	57,210	(210)	71,935	72,145
RAVENNA - VIA CESAREA 11	129,063						129,063	129,063
RAVENNA - VIA MAMELI, 5	206,583						206,583	206,583
ROME - VIA GREGORIO VII 44	74,044			37,961	37,961	(2,221)	109,784	112,005
ROME - VIA CASTELLINI ,13	1,461,868					(66,543)	1,395,325	1,461,868
ROME - VIA PIO FOA' 12	53,405						53,405	53,405
ROME - VIA SISTINA, 91	185,266	36,539		261,679	298,218	(164)	483,320	483,484
ROME- VIA TRE MADONNE,16/18	64,918,112						64,918,112	64,918,112
ROME VIA CRISPI 10	1,221,090					(9,158)	1,211,932	1,221,090
ROME VIA IN ARCIONE	17,600,000						17,600,000	17,600,000
ROVERETO VIA PAOLI, 25	162,250						162,250	162,250
S.LAZZARO DI SAVENA (BO) - VIA JUSSI 8	88,008	10,270		3,906	14,176		102,184	102,184
SARONNO (VA) - PZA DE GASPERI 15	29,187	19,242		6,219	25,461		54,648	54,648
SEREGNO - P.LE MED. D'ORO MARIANI, 4	94,822						94,822	94,822
SCHIO (VI) - VIA ROMPATO 19	36,474	15,324		25,995	41,319		77,794	77,794
SIENA - VIA DELLE TERME 37	338,142						338,142	338,142
SIRACUSA - VIA S. SEBASTIANO 34	134,330						134,330	134,330
SONDRIO - CSO XXV APRILE 5	42,351	7,112		34,023	41,135	(108)	83,378	83,486

YEAR 2012							OF WHICH REVALUATIONS				
PURCHASES/ INCREASES	DISPOSALS/ DECREASES	DEPRECIATION	WRITE-DOWNS	ACCUM. DEPREC. (at 31.12.2012)	BALANCE (at 31.12.2012) (NET)	BOOK VALUE (at 31.12.2012) (GROSS)	MONETARY	ECONOMIC	LAW 413/91	WRITE-DOWNS	BOOK VALUE
		(5,057.15)		(5,057.15)	163,514	168,572					176,000.00
				0	47,465	47,465					47,464.86
		(2,755.25)		(2,755.25)	89,086	91,842					160,000.00
		(1,309.64)		(4,106.29)	39,548	43,655		8,362	6,366		163,000.00
		(6,891.61)		(6,891.61)	222,829	229,720				40,341	419,000.00
		(745,767.00)	(3,854,233)	(745,767.00)	29,500,000	30,245,767				4,123,659	29,500,000.00
		(2,654.27)		(2,846.02)	85,630	88,476	12,958		64,895		238,000.00
		(1,722.59)		(1,722.59)	55,697	57,420					123,000.00
		(28,446.45)	(3,768)	(28,446.45)	916,000	944,446				3,768	916,000.00
		(9,087.06)		(31,804.71)	271,097	302,902					438,000.00
		(1,565.53)		(1,984.80)	50,200	52,184	1,872	1,083	44,551		150,000.00
		(2,341.80)		(6,683.76)	71,376	78,060	13,477	25,162	20,167		184,000.00
		(512,129.64)	(4,087,870)	(512,129.64)	39,400,000	39,912,130				9,971,344	39,400,000.00
		(3,406.59)		(3,700.19)	109,853	113,553	17,767		78,478	22,408	326,000.00
31,702	(99,165)										
		(10,886.57)		(11,157.69)	351,728	362,886	23,048		38,047		648,000.00
		(11,476.66)		(92,388.29)	290,167	382,556					488,000.00
		(5,057.15)		(5,057.15)	163,514	168,572					180,000.00
		(10,103.55)		(23,595.75)	313,189	336,784				106,119	450,000
		(3,283.53)		(3,283.53)	106,167	109,451			9,386		187,000.00
		(5,768.31)		(5,768.31)	186,509	192,277					264,000.00
		(1,005.54)		(1,141.10)	32,377	33,518	9,180		13,133		90,000.00
		(2,974.79)		(2,974.79)	96,185	99,160				24,818	159,000.00
		(2,486.09)		(2,486.09)	80,384	82,870					193,000.00
		(3,514.51)		(3,514.51)	113,636	117,150					219,000.00
		(1,158.12)		(2,492.44)	36,112	38,604	3,724	8,178	21,339		107,000.00
		(1,686.33)		(1,686.33)	54,525	56,211			7,494		110,000.00
		(5,159.34)		(5,159.34)	166,819	171,978	40,483		91,744		398,000.00
		(1,689.53)		(1,689.53)	54,628	56,318			13,227		116,000
6,800	(172,208)					0					
		(16,992.70)		(19,057.74)	822,582	841,640	16,387	5,547	96,321		2,400,000.00
		(2,517.36)		(2,673.99)	81,238	83,912	24,142		29,877		264,000.00
		(11,520.00)		(11,520.00)	372,480	384,000				158,228	384,000.00
		(1,527.20)		(1,773.36)	49,133	50,907	2,295	1,310	39,807		163,000.00
		(3,269.54)		(3,269.54)	105,715	108,985			6,877		272,000.00
3,000	(112,147)					0					
		(3,366.88)		(7,125.34)	105,104	112,229	15,510	12,445	62,117		244,000.00
		(1,792.16)		(10,008.96)	49,730	59,739	5,803	18,960	26,807	6,083	181,000.00
		(5,047.90)		(5,047.90)	163,215	168,263	61,988				380,000.00
		(21,349.47)		(21,349.47)	690,300	711,649	66,715		262,484		2,216,000.00
		(2,322.46)		(2,322.46)	75,093	77,415			2,575		237,000.00
22,100	(523,634)	0		0.00	0						
		(14,901.42)		(16,756.69)	479,957	496,714					883,000.00
		(61,166.25)		(61,166.25)	1,977,709	2,038,875					2,747,000.00
		(21,134.23)		(89,004.49)	615,470	704,474	15,034		140,067		2,021,000.00
		(22,435.21)		(252,396.09)	495,444	747,840					861,173.88
		(25,289.70)		(308,624.54)	534,365	842,990					928,826.12
		(11,536.61)		(14,420.76)	370,133	384,554					442,000.00
		(3,968.69)		(3,968.69)	128,321	132,290					227,000.00
3,500	(126,514)										
		(7,015.35)		(7,015.35)	226,830	233,845					274,000.00
		(792.10)		(2,438.31)	23,965	26,403	8,047		4,454		138,000.00
17,800	(132,776)										
		(4,150.80)		(4,150.80)	134,209	138,360	33,542		47,669		353,000.00
		(1,667.36)		(1,667.36)	53,911	55,579			17,985		166,000.00
		(2,939.92)		(5,236.67)	92,761	97,997	1,284	1,175	48,825		324,000.00
		(2,517.33)		(2,517.33)	81,394	83,911	4,790		9,411		283,000.00
11,616	(90,652)			0.00	0						
		(8,193.66)		(11,540.77)	261,581	273,122					362,000.00
		(3,334.36)		(3,334.36)	107,811	111,145			7,341		167,000.00
		(2,101.03)		(2,101.03)	67,933	70,034	20,754		47,645		189,000.00
				(857.33)	215,194	216,051	5,527	61,734	40,933		535,000.00
		(3,849.88)		(4,133.99)	124,195	128,329	19,563		87,777		735,000.00
		(26,103.88)		(27,213.64)	1,780,330	1,807,543	71,435		531,481		4,500,000.00
		(237,837.59)		(237,837.59)	16,567,513	16,805,350					24,500,000.00
		(167,602.74)		(167,602.74)	12,100,703	12,268,306					18,400,000.00
5,704.80		(1,496,153.69)	(12,109,551)	(4,374,947.89)	50,100,000	54,474,948				25,377,277	50,100,000.00
70,890.06		(703,735.03)		(703,735.03)	45,408,496	46,112,231					47,000,000.00
(119.25)		(34,737.53)		(34,737.53)	8,675,039	8,709,777				229,682	15,000,000.00
		(38,346.50)	(861,654)	(38,346.50)	10,900,001	10,938,347				1,278,658	10,900,000.00
		(68,304.04)		(1,177,291.90)	1,099,510	2,276,802					1,628,882.04
		(132.75)		(2,289.94)	2,135	4,425					13,000.00
		(8,994.89)		(9,630.98)	290,199	299,830					455,000.00
		(16,264.68)		(20,294.78)	521,861	542,156					773,117.96
				0.00	526,786	526,786					711,000.00
		(1,069.02)		(1,069.02)	247,931	249,000				211,572	260,000.00
		(10,377.92)		(10,377.92)	335,553	345,931					397,000.00
		(1,030,140.00)	(20,469,860)	(1,030,140.00)	27,000,000	28,030,140				39,194,794	27,000,000.00
		(1,103,130.00)	(6,896,870)	(1,103,130.00)	43,000,000	44,103,130				13,389,268	43,000,000.00
630,000	(56,252,382)	0		0.00	0	0					
		(2,885.20)		(6,662.99)	89,510	96,173	12,669	19,602	45,803		309,000.00
		(4,311.73)		(4,933.34)	138,791	143,724	50,009		30,474		383,000.00
		(9,640.19)		(26,215.36)	295,124	321,339					378,000.00
		(4,760.33)		(5,132.24)	153,546	158,678	24,424		94,629		448,000.00
		(10,272.33)		(177,197.68)	165,213	342,411					372,000.00
3,630	(42,713)										
		(2,832.59)		(2,883.16)	91,536	94,420	2,890		86,275		516,000.00
		(7,610.46)		(7,610.46)	246,072	253,682					340,000.00
		(3,626.15)		(62,392.80)	58,478	120,871					69,159.58
		(5,539.93)		(5,539.93)	179,124	184,664					211,840.42
		(10,803.98)		(10,803.98)	475,599	486,403					490,000.00
		(9,640.95)		(9,640.95)	311,724	321,365	111,599		66,324	52,746	534,000.00
		(2,186.89)		(5,844.53)	67,052	72,896	11,584	20,637	24,128		257,000.00
		(8,217.86)		(8,217.86)	265,711	273,929					444,000.00
		(7,783.00)		(9,988.32)	249,445	259,433	6,811	4,007	145,030		674,000.00
		(7,905.66)		(7,905.66)	255,616	263,522				10,808	325,000.00
		(4,525.99)		(4,525.99)	146,340	150,866	11,043		30,108		402,000.00
		(2,293.07)		(2,293.07)	74,143	76,436					222,000.00
		(3,090.99)		(3,090.99)	99,942	103,033				41,575	176,000.00
		(7,541.01)		(7,766.12)	243,601	251,367	18,743		23,875		503,000.00
		(1,344.52)		(1,401.06)	43,416	44,817	3,110		26,117		96,000.00
		(4,373.89)		(78,939.16)	66,857	145,796					142,238.72
		(15,696.66)		(15,696.66)	507,525	523,222					1,079,761.28
		(2,218.37)		(2,218.37)	71,727	73,946			7,309		189,000.00
		(1,365.99)		(1,365.99)	44,167	45,533					87,000.00
		(2,212.93)		(2,212.93)	71,551	73,764			8,203		129,000.00
3,833	(87,258)					0					
		(2,164.34)		(2,374.35)	69,770	72,145	14,206		43,005		178,000.00
		(3,871.88)		(3,871.88)	125,191	129,063				7,779	236,000.00
		(6,197.48)		(6,197.48)	200,385	206,583					209,000.00
		(3,360.15)		(5,581.48)	106,424	112,005			37,961		325,000.00
		(28,690.97)		(95,234.24)	1,366,634	1,461,868				554,319	2,461,000.00
		(1,602.16)		(1,602.16)	51,803	53,405					164,000.00
		(14,504.54)		(14,668.90)	468,815	483,484	36,539		261,679		2,349,400.00
1,931		(25,022.35)		(25,022.35)	64,895,021	64,920,044					71,100,000.00
		(36,632.70)		(45,790.88)	1,175,299	1,221,090					1,883,000.00
9,202.00		(273,118.72)	(2,136,083)	(273,118.72)	15,200,000	15,473,119				2,926,656	15,200,000.00
3,000	(165,250)					0					
		(3,065.52)		(3,065.52)	99,118	102,184	10,270		3,906		185,000.00
		(1,639.44)		(1,639.44)	53,009	54,648	19,242		6,219		300,000.00
		(2,844.64)		(2,844.64)	91,977	94,822					127,000.00
		(2,333.81)		(2,333.81)	75,460	77,794	15,324		25,995		140,000.00
		(10,144.26)		(10,144.26)	327,998	338,142				119,431	571,000.00
		(4,029.91)		(4,029.91)	130,301	134,330					182,000.00
		(2,504.59)		(2,612.76)	80,874	83,486	7,112		34,023		252,000.00

MILANO ASSICURAZIONI SPA
LIST OF BUILDINGS

DESCRIPTION OF PROPERTY	COST OF ACQUISITION	REVALUATIONS				ACCUM. DEPREC. (at 31.12.2011)	BALANCE (at 31.12.2011) (NET)	BOOK VALUE (at 31.12.2011) (GROSS)
		MONETARY	ECONOMIC	LAW 413/91	TOTAL			
LAND - CORSO TACITO 101	4,265	1,153	803	28,766	30,721	(306)	34,679	34,986
TURIN - VIA MAZZINI 12	20,638	21,558	54,418	103,387	179,363	(8,008)	191,993	200,001
TURIN - CORSO RE UMBERTO 131	1,983,914						1,983,914	1,983,914
TURIN - CORSO TRAPANI 7/D	2,600,000						2,600,000	2,600,000
TURIN - STRADA DEL DROSSO 29	6,580,000						6,580,000	6,580,000
TURIN VIA GUARINI, 4	197,000						197,000	197,000
TRECASTAGNI (CT) - C.SO ITALIA 2	76,384						76,384	76,384
TREVISO - VICOLO BIANCHETTI 1	86,675	8,528			8,528		95,203	95,203
TRIESTE VIA MARTIRI DELLA LIBERTA 13	325,595					(79,691)	245,904	325,595
TRIESTE - VIA MAZZINI 27	885,839						885,839	885,839
VALDAGNO (VI) - VIA C.COLOMBO 8	67,555			4,329	4,329		71,884	71,884
VARESE - VIA CARCANO 2	57,044	32,620	30,868	44,823	108,311	(9,970)	155,385	165,355
VARESE - VIA PIAVE 3	108,456						108,456	108,456
VENEZIA MESTRE - VIA CARDUCCI, 38	184,375						184,375	184,375
VERCELLI - C.SO GARIBALDI 44	8,274	5,792	13,417	24,410	43,618	(2,061)	49,831	51,892
VERCELLI - VIA DUCHESSA JOLANDA 6	3,205	1,272	540	31,638	33,450	(271)	36,384	36,655
VERCELLI - VIA XX SETTEMBRE 2	186,857						186,857	186,857
VERONA - VIA LOCATELLI 20	5,956	4,169	11,338	32,299	47,805	(1,610)	52,152	53,761
VERONA - CSO CAVOUR 9	111,434						111,434	111,434
VERONA - P.TA NUOVA, 60	486,750					(128,773)	357,977	486,750
VIGEVANO (PV) - CSO GARIBALDI 9	9,247	10,795		23,192	33,986	(108)	43,126	43,234
TOTAL PROPERTY	**518,680,119**	**1,003,350**	**351,087**	**3,365,966**	**4,720,403**	**(5,498,781)**	**517,872,152**	**523,370,933**
LAND								
CAROVIGNO - land	7,349						7,349	7,349
CORTINA D'AMPEZZO(BL) - land	2,324						2,324	2,324
ROME - TOR DI QUINTO - land	115,240		305,518		305,518		420,758	420,758
VIETRI SUL MARE - land	516						516	516
VIZZINI TENUTA MAGULI - agricultural holdings	6,157		1,585		1,585		7,742	7,742
TOTAL LAND	**131,587**	**0**	**307,103**	**0**	**307,103**	**0**	**438,689**	**438,689**
FIXED ASSETS IN PROG. AND ADVANCES								
ROME-Via F.Fiorentini (future purchases)	103,505,667						73,622,667	73,622,667
MILAN-Via de Castillia (future purchases)	70,971,293						58,378,295	58,378,295
TOTAL FIXED ASSETS IN PROGRESS AND ADVANCES	**174,476,959**	**0**	**0**	**0**	**0**	**0**	**132,000,961**	**132,000,961**
TOTAL	**693,288,665**	**1,003,350**	**658,189**	**3,365,966**	**5,027,505**	**(5,498,781)**	**650,311,803**	**655,810,583**

YEAR 2012							OF WHICH REVALUATIONS				
PURCHASES/ INCREASES	**DISPOSALS/ DECREASES**	**DEPRECIATION**	**WRITE-DOWNS**	**ACCUM. DEPREC. (at 31.12.2012)**	**BALANCE (at 31.12.2012) (NET)**	**BOOK VALUE (at 31.12.2012) (GROSS)**	**MONETARY**	**ECONOMIC**	**LAW 413/91**	**WRITE-DOWNS**	**BOOK VALUE**
		(1,049.57)		(1,355.79)	33,630	34,986	1,153	803	28,766		143,000.00
		(6,000.02)		(14,008.02)	185,993	200,001	21,558	54,418	103,387		674,000.00
		(4,941.89)		(4,941.89)	1,978,972	1,983,914				1,407,345	3,700,000.00
		(58,344.00)	(341,656)	(58,344.00)	2,200,000	2,258,344				485,777	2,200,000.00
		(160,091.40)	(419,909)	(160,091.40)	6,000,000	6,160,091				3,147,072	6,000,000.00
		(5,910.00)		(5,910.00)	191,090	197,000				13,741	193,000.00
		(2,291.52)		(2,291.52)	74,092	76,384					94,000.00
		(2,856.10)		(2,856.10)	92,347	95,203	8,528				296,000.00
	(86,955)	(3,244.25)		(70,246.02)	155,704.62	225,950.64					416,000.00
	(378,632)	(11,038.57)		(11,038.57)	496,168	507,206					742,000.00
		(2,156.53)		(2,156.53)	69,728	71,884			4,329		151,000.00
		(4,960.64)		(14,930.16)	150,425	165,355	29,208	27,639	40,135		373,000.00
		(3,253.68)		(3,253.68)	105,202	108,456					165,000.00
		(5,531.25)		(5,531.25)	178,844	184,375					266,000.00
		(1,556.77)		(3,617.98)	48,274	51,892	5,792	13,417	24,410		151,000.00
		(1,099.66)		(1,370.71)	35,285	36,655	1,272	540	31,638		142,000.00
		(5,605.72)		(5,605.72)	181,252	186,857					328,000.00
		(1,612.84)		(3,222.54)	50,539	53,761	4,169	11,338	32,299		146,000.00
		(3,343.02)		(3,343.02)	108,091	111,434					215,000.00
		(14,602.51)		(143,375.57)	343,375	486,750					714,000.00
		(1,297.01)		(1,404.83)	41,829	43,234	10,795		23,192		121,000.00
824,589	**(58,270,286)**	**(7,464,210)**	**(51,181,454)**	**(12,819,923)**	**401,780,792**	**414,600,715**	**933,374**	**296,355**	**3,208,495**	**102,905,269**	**460,733,865**
3,630	(10,979)				0	0					
					2,324	2,324					93,000
					420,758	420,758		305,518			1,135,000
					516	516					1,000
					7,742	7,742		1,585			16,000
3,630	**(10,979)**	**0**	**0**	**0**	**431,340**	**431,340**	**0**	**307,103**	**0**	**0**	**1,245,000**
	(73,622,667)									29,883,000	
7,998,493	(66,376,788)									12,592,998	
7,998,493	**(139,999,454)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**42,475,998**	**0**
8,826,712.44	**(198,280,718.75)**	**(7,464,210)**	**(51,181,454)**	**(12,819,923)**	**402,212,132**	**415,032,055**	**933,374**	**603,458**	**3,208,495**	**145,381,267**	**461,978,865**

MILANO ASSICURAZIONI S.p.A.

List of direct and indirect holdings in non-listed companies of above 10% of the share capital at 31/12/2012
(pursuant to article 126-126 of CONSOB Resolution 11971 of May 14, 1999)

Name and registered office		Voting shares held	Quota held Direct %	Indirect %	Through subsidiary companies	Total %
ATAHOTELS S.p.A.	MILAN	7,350,000	49.00			49.00
A7 S.r.l (in liquid.)	MILAN	40,000		20.00	IMMOBILIARE MILANO ASS	20.00
BORSETTO S.r.l.	TURIN	1,335,149		44.93	IMMOBILIARE MILANO ASS	44.93
CAMPO CARLO MAGNO S.p.A.	TRENTO	18,622,400	100.00			100.00
COMP. TIRRENA DI ASS.NI (in liquid.)	MILAN	3,900,000	11.14			11.14
DIALOGO ASSICURAZIONI S.p.A.	MILAN	8,818,363	99.85			99.85
GARIBALDI S.C.A	LUXEMBOURG	9,920	32.00			32.00
GRUPPO FONDIARIA-SAI SERVIZI S.c.r.l.	MILAN	3,421,000	34.21	0,42 indiretta		34.63
		2,000		0.02	LIGURIA ASSICURAZIONI	
		18,000		0.18	SYSTEMA COMPAGNIA ASS	
		20,000		0.20	DIALOGO ASSICURAZIONI	
		2,000		0.02	LIGURIA VITA	
ISOLA S.C.A	LUXEMBOURG	9,164	29.56			29.56
IMMOBILIARE LOMBARDA S.p.A.	MILAN	51,620,836	35.83			35.83
IMMOBILIARE MILANO ASSICURAZIONI S.r.l	MILAN	20,000	100.00			100.00
LIGURIA ASSICURAZIONI S.p.A.	SEGRATE	36,788,443	99.97			99.97
LIGURIA VITA S.p.A.	MILANO	1,200,000		100.00	LIGURIA ASSICURAZIONI	100.00
METROPOLIS S.p.A	FLORENCE	332,976		29.73	IMMOBILIARE MILANO ASS	29.73
PENTA DOMUS S.r.l	TURIN	3,444,000		20.00	IMMOBILIARE MILANO ASS	20.00
PRONTO ASSISTANCE SERVIZI	TURIN	144,480	28.00			54.55
		1,806		0.35	SYSTEMA COMPAGNIA	
		123,840		24.00	DIALOGO ASSICURAZIONI	
		11,352		2.20	LIGURIA ASSICURAZIONI	
SAI INVESTIMENTI S.G.R. S.p.A.	TURIN	1,134,940	29.00			29.00
SERVICE GRUPPO FONDIARIA-SAI S.r.l.	FLORENCE	60,000	30.00			50.00
SERVIZI IMMOBILIARI MARTINELLI S.p.A.	CINISELLO BALSAMO	200		20.00	IMMOBILIARE MILANO ASS	20.00
SINTESI SECONDA S.r.l	MILAN	1		100.00	IMMOBILIARE MILANO ASS	100.00
SOGEINT S.r.l	MILAN	1	100.00			100.00
SVILUPPO CENTRO EST S.r.l	ROME	4,000		40.00	IMMOBILIARE MILANO ASS	40.00
SYSTEMA COMPAGNIA DI ASS.NI S.p.A.	MILAN	10,000	100.00			100.00
UFFICIO CENTRALE ITALIANO S.r.l	MILAN	109,752	10.98			11.29
		3,100		0.31	LIGURIA ASSICURAZIONI	
VALORE IMMOBILIARE S.r.l.	MILAN	5,000	50.00			50.00

Reconciliation of the theoretical tax charge and the actual tax charge

IRES		
Result before taxes	-70,878	
Theoretical tax charge (27.50%)		**-19,491**
Temporary differences deductible in future years (a)	234,070	
Temporary differences assessable in future years (b)	0	
Reversal of temporary differences from previous years (c)	-152,664	
Non-reversing differences in future years (d)	28,738	
Assessable income	39,266	
IRES current year (*)		**10,798**
IRAP		
Result of the technical accounts non-life and life	-9,412	
Theoretical tax charge (6.82%)		**-642**
Temporary differences deductible in future years (a)	0	
Temporary differences assessable in future years (b)	0	
Reversal of temporary differences from previous years (c)	-9,711	
Non-reversing differences in future years (d)	95,267	
Assessable IRAP	76,144	
Current IRAP		**5,193**

(*) of which Euro 8,734 reduction of deferred tax assets as utilisation of losses carried forward

Recognition of deferred tax assets and liabilities and consequent effects:

(In Euro thousands)

	31/12/2012		31/12/2011	
	Amount of temporary differences	Deferred tax asset/liability	Amount of temporary differences	Deferred tax asset/liability
Deferred tax assets:				
Provisions for risks and charges	73,826	20,302	97,476	26,806
Doubtful debt provision	122,987	33,821	38,548	10,601
Other provisions	15,318	4,212		
Write down of equity investments	64,965	17,943	111,832	30,831
Write down of receivables	257,414	71,332	301,013	84,192
Change in claims provision	307,517	85,334	327,783	91,675
Commission on long-term contracts	1,289	354	854	235
Write-down of buildings	102,940	28,309	94,235	25,915
Goodwill amortisation	2,700	927	2,685	921
Other	1,663	(2,626)	(4,326)	(1,182)
Tax loss Milano Assicurazioni 2010	101,004	27,776	132,764	36,510
Tax loss Milano Assicurazioni 2011	156,268	42,971	198,756	54,658
Tax losses transferred from tax consolidation	130,625	35,922	133,803	36,796
Total	**1,338,516**	**366,577**	**1,435,423**	**397,958**
Deferred tax liability:				
Gains on non-current securities	(570)	(157)	(1,411)	(388)
Gains on buildings used in activities	(10,090)	(3,359)	(10,092)	(3,360)
Write back of equity investments	(3,000)	(825)	(10,812)	(2,973)
Depreciation buildings	(13,803)	(4,177)	(18,572)	(5,870)
Other	(158)	(54)	(158)	(54)
Total	**(27,621)**	**(8,572)**	**(41,045)**	**(12,645)**

Temporary differences deductible excluded from determination of deferred tax asset	**31/12/12**	**31/12/11**
Provisions for uncertain deductibility	82,438	96,435
Total	**82,438**	**96,435**

Temporary differences taxable excluded from determination of deferred tax liability	**31/12/12**	**31/12/11**
Provision for suspension of taxes	4,788	4,788
Total	**4,788**	**4,788**

Net equity in accordance with Article 2427, No. 7 bis of the Civil Code

Euro thousands

Nature/description	Amount	Possibility of utilisation	Quota available
Share Capital	373,683		
Reserves			
Share premium reserve	416,298	A,B,C	393,241
Reserve for transfer of assets from class C to class D	14	-	-
Merger reserve	25,913	A,B,C	25,913
Legal reserve	51,680	B	-
Other reserves	4,260	B	-
Extraordinary reserve	89,451	A,B,C	89,451
Treasury shares reserve	2,118	-	-
Treasury shares or quotas in holding companies	1,294	-	-
Reserve for purchase of treasury shares	10,000	A,B,C	10,000
Reserve for purchase of holding company's shares	3,000	A,B,C	3,000
Total	977,711		521,605
Non-distributable quota			10,997
Quota distributable			510,608

Key:
A: for share capital increase
B: to cover losses
C: for distribution to shareholders

Declaration of the financial statements

in accordance with Article 81 ter of the Consob Resolution No. 11971 of May 14, 1999 and successive modifications and integrations

1. The undersigned Fabio Cerchiai (as Chairman of Milano Assicurazioni) and Massimo Dalfelli (as Executive responsible for the preparation of the corporate accounting documents of Milano Assicurazioni) affirm, and also in consideration of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:
   - the conformity in relation to the characteristics of the company and
   - the effective application of the administrative and accounting procedures for the compilation of the financial statements for the period January 01, 2012 – December 31, 2012.

2. The valuation of the adequacy of the accounting and administrative procedures for the preparation of the financial statements at December 31, 2012 is based on a Model defined by Milano Assicurazioni in accordance with the "Internal Control – Integrated Framework" and "Cobit" which represent benchmarks for internal control systems generally accepted at international level.

3. We also declare that:

3.1. the Financial Statements at 31/12/2012:

a) correspond to the underlying accounting documents and records;

b) were prepared in conformity with law, making reference to the principles issued by the Italian Accounting Board for interpretative purposes and provide a true and correct representation of the economic, balance sheet and financial situation of the issuer.

3.2. The Directors' Report includes a reliable analysis on the performance and operating result as well as the situation of the issuer together with a description of the principal risks and uncertainties to which they are exposed.

Bologna, March 20, 2013

Fabio Cerchiai
(Chairman)

Massimo Dalfelli
(Executive responsible for the preparation of the corporate accounting documents)

Board of Statutory Auditors’ Report

Dear Shareholders,
During the year ended December 31, 2012, we performed the supervisory activities required by law, in accordance with the Conduct principles for the Board of Statutory Auditors and endorsed by the Italian Accounting Profession (Consigli Nazionale dei Dottori Commercialisti e degli Esperti Contabili).
In particular, also in accordance with CONSOB communication No. 1025564 of April 6, 2001, we report, pursuant to Article 153, paragraph 1 of Legislative Decree No. 58 of February 24, 1998 (hereafter also the "CFA"), on our activities as illustrated below.

Main events during the year 2012

The Board calls the attention of shareholders to the following events in 2012:

- On April 4, 2012, the Shareholders' Meeting appointed the Board of Directors and the Board of Statutory Auditors for the financial years 2012, 2013 and 2014, i.e. until the Shareholders' Meeting called to approve the 2014 Annual Accounts;

- On June 14, 2012, the Second Civil Section of the Milan Court issued a bankruptcy judgment against Imco S.p.A. and Sinergia Holding di Partecipazioni S.p.A., both in liquidation. The receivables of the Fondiaria-SAI Group at December 31, 2012 were recorded as bankruptcy liabilities as unsecured;

- On July 7, 2012, the Ordinary Shareholders' Meeting, following the resignation of the previous Board of Directors, appointed a new Board of Directors and the Board of Statutory Auditors for the financial years 2012, 2013 and 2014, i.e. until the Shareholders' Meeting called to approve the 2014 Annual Accounts;

- On July 19, 2012, Unipol Gruppo Finanziario, following the subscription of the reserved Premafin share capital increase, acquired control of this latter and therefore also of the Fondiaria SAI Group;

- On October 30, 2012, following the resignations of the previous Board of Directors, the Shareholders' Meeting appointed the new Board of Directors with mandate until the approval of the 2012 Annual Accounts;

- On December 20, 2012, the Board of Directors of Unipol Gruppo Finanziario S.p.A., Unipol Assicurazioni, Fondiaria-SAI, Premafin and Milano Assicurazioni approved, within the original integration project between the Unipol Group and the Fondiaria-SAI Group announced on January 29, 2012, the merger by incorporation of Unipol Assicurazioni, Premafin and Milano Assicurazioni into Fondiaria-SAI. The merging entity will take the name UnipolSai Assicurazioni S.p.A..
In relation to the Merger, the share swap ratio of the companies involved in the merger, the holdings in the share capital of UnipolSai and the Joint 2013-2015 Industrial Plan of the merging entity were approved.

The Company financial statements at 31/12/2012 report a loss of Euro 83 million. This result was based on the individual accounts and events described in detail in the Directors' Report and in the Notes. In particular, the loss for the year, significantly lower than that recorded in the previous year, was principally due to the strengthening of the prior year claims provisions of the Civil Liability class and the write-downs of property directly held based on updated independent experts' valuations.

Provisions of law in relation to the preparation of the Milano Assicurazioni Financial Statements for the year-ended December 31, 2012

The financial statements submitted for your approval present the activities carried out by the company and the balance sheet, financial situation and result for the year of the Company as at December 31, 2012.
The 2012 financial statements of Milano Assicurazioni comply with the general provisions for insurance companies as per Legs. Decree No, 173 of 26/5/97 and the obligatory format as per ISVAP Regulation No. 22 of 4/4/2008, adopting the general preparation regulation and applying the valuation criteria established by Attachment 2 of the above-stated Regulation. They are presented together with the Directors' Report which includes all the information required by Article 94 of Legislative Decree 209/05. The Board of Statutory Auditors highlights that the accounting principles, utilised in the preparation of the financial statements for the year ended December 31, 2012, have not substantially changed from those applied in the previous year with the exception of depreciation on property and the amortisation of long-term commissions, which had a negligible impact on the income statement for the year.

Control and oversight undertaken by the Board of Statutory Auditors

The activities of the Board of Statutory Auditors involved 21 meetings of the Board (of which 7 meetings held by the Board appointed by the Shareholders' Meeting of July 10, 2012), the participation at 24 meetings of the Board of Directors, at the 2 meetings of the Remuneration Committee, 10 meetings of the Risk and Control Committee (previously the Internal Control Committee) and 19 meetings of the Committee for Transactions with Related Parties.

In accordance with the provisions of Law and Regulations outlined above, the Board of Statutory Auditors outlines the results of its control and oversight and undertook the following activities:

1. Verified compliance with law and the By-laws of the company.

2. Received from the Directors information relating to the activities carried out and on the most significant economic, financial and equity operations of the Company and can reasonably assert that the actions taken are in compliance with Law and the By-laws and were not imprudent, excessively risky or contrary to the resolutions taken in Shareholders Meetings or would compromise the integrity of the company's assets. In addition, the operations of potential conflict of interest were approved in accordance with Law and the Self-Governance Code adopted.

3. Obtained information and monitored, within the scope of our duties, on the adequacy of the organisational structure of the Company, compliance with the principles of correct administration and the adequacy of the company's instructions to its subsidiaries in accordance with Article 114, paragraph 1 of Legislative Decree No. 58/98, through the obtaining of information from departmental mangers and meetings with the Audit Firm for the reciprocal exchange of important data and information and in relation to which we do not have any matters to report.

4. Verified through the obtaining of information from the persons responsible for the various departments, the examination of company documents and the analysis of the results of the work performed by the Audit Firm and the bodies in charge of internal control, the adequacy of the internal control and administration/accounting systems and the reliability of this latter to correctly represent the business operations. Through direct oversight of the activities of the Internal Audit, Compliance and Risk Management departments, in addition to those undertaken by the Executive Officer responsible for the preparation of the company's financial statements, and participating at the meetings of the Internal Control Committee (now: Risk and Control Committee) reviewed the activities undertaken by the above-mentioned departments in order to verify the adequacy and assess the effective functioning of the overall Internal Control system. Based on the verifications undertaken in accordance with supervisory obligations, the Board of Statutory Auditors, also in consideration of the ongoing corporate reorganisation and of the improvements following the IVASS observations and the suggestions of the Control Departments, expresses an overall favourable assessment on the Internal Control system. The Board also considers that the Internal Audit, Compliance and Risk Management Departments, and the Executive Officer responsible for the preparation of the company's financial statements, are capable of ensuring an adequate compliance of the Internal Control system.

5. Obtained, relating to the Management and Organisational Model prepared pursuant to Legislative Decree No. 231/2001, information on the activities undertaken by the Supervisory Board. This Board is in the start-up phase, taking into account the ongoing corporate reorganisation and considering that the new members of the Supervisory Board were appointed on December 20, 2012. In relation to this, the Board of Statutory Auditors during the year noted that certain members of the previous Supervisory Board could not be considered independent and such was reported promptly to the Board of Directors and to IVASS.

6. Verified the transactions with related parties, including inter-company transactions, which comply with the criteria of material and procedural correctness and report that they did not conflict with the interests of the Company. Transactions of an economic and financial nature and with the Group companies and other related parties are reported in the Notes.
These transactions were supported, where necessary, by fairness opinions and legal opinions, were regulated at market prices and did not give rise to conflicts of interest.

7. Held periodic meetings with the Audit Firm in accordance with Article 150, paragraph 3 of Legislative Decree No. 58/98, and, in relation to the financial statements for the year ended December 31, 2012, there are no matters to report. The Auditors' Report of Reconta Ernst & Young S.p.A. on the Financial Statements for the year-ended December 31, 2012, issued on April 4, 2012, did not report any exceptions or highlight any issues.

8. Reviewed, in accordance with Article 19, paragraph 1, of Legislative Decree No. 39 of January 27, 2010, the independence of the Audit Firm, in particular, in relation to non-audit services.

9. Noted that in 2012 the Company conferred to Reconta Ernst & Young S.p.A. assignments totaling Euro 385 thousand plus VAT relating to:

- the verification of the documentation of the segregated funds and of the annual management reports of the open pension funds and the internal insurance funds for 2012,
- verification procedures requested by the Company on the claims management and provision process (General TPL class) and on the Supervisory Form 29 (Class 13) at June 30, 2012,
- accounting assistance to the audit actuary for the purposes of the preparation by this latter of the Report as per Article 25, letter k) of ISVAP Regulation No. 14.

In addition, Ernst & Young Financial Business Advisors S.p.A., a company belonging to the same network as the Audit Firm, were conferred in the same period assignments for fees totaling Euro 180 thousand plus VAT, concerning:

- the assistance services for the Executive Responsible as per law 262/2005,
- the gathering of data and information and the carrying out of the due diligence procedure.

We also report that on December 7, 2012 the Turin Court appointed Reconta Ernst & Young S.p.A. as general expert for the preparation of the opinion of the share swap pursuant to Article 2501-*sexies* of the Civil Code, for the purposes of the merger by incorporation of Milano Assicurazioni S.p.A., Premafin HP S.p.A. and Unipol Assicurazioni S.p.A. into Fondiaria-SAI S.p.A..

In relation to that indicated and taking account of the nature of the appointments, no facts or situations such as to compromise the independence of the Audit Firm emerged.

10. Provided opinions in accordance with law, in accordance with Article 2389, paragraph 3 of the Civil Code.

11. Verified, through periodic disclosure acquired, compliance with the anti-money laundering provisions pursuant to law No. 197/91.

12. Verified, through periodic information received and attending the meetings of the Board of Directors, compliance with regulatory provisions in relation to the utilisation of derivative financial instruments.

13. Verified compliance with the provisions in relation to the classification and valuation of the security portfolio and the conformity of the assignment of the financial instruments to the non-current segment and to the guidelines established by the specific Board of Directors' resolution undertaken on 14/5/2011 following the enactment of ISVAP Regulation No. 36.

14. Verified the adoption of regulations, processes and structures established for the monitoring of risks related to insurance activity.

15. Verified the compliance with regulations which govern the coverage of the insurance contract liabilities with particular reference, in relation to financial instruments, to their full and free ownership and availability, to the inexistence of restrictions, to the compliance with the requisite of admissibility and of the other limits of various nature contained in the investment criteria, as well as their appropriateness. In this context a periodic examination was made of the appropriateness of the accounting and administrative procedures adopted by the Company for the management of the recording of the assets to cover the insurance contract liabilities, of their recording in the correct accounting register, in the statements attached to the financial statements and in the quarterly communications to IVASS.

16. Undertook, within the Group, reciprocal exchange of information and data with the other Boards of Statutory Auditors.

17. Verified, through periodic reporting acquired, the correct recording and updating of the claims register in accordance with the provisions issued by IVASS.

18. Verified the procedure for the determination of the solvency margin both individually and at Group level. Although a loss was recorded in the year, the solvency margin exceeded the regulatory requirement. The profitability outlook expressed by the Directors is positive and there is no stress on the company's liquidity or on the normal and prompt compliance with its obligations.

19. Took notice that the Board of Directors assessed the independence of the Non-Executive Directors, as well as the members of the Board of Statutory Auditors, in accordance with Article 3 of the Self-Governance Code of Listed Companies and Legislative Decree No. 58 of February 24, 1998. The Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted to evaluate independence.

20. Verified the continual independence of the members of the Board of Statutory Auditors pursuant to the provisions of the Self-Governance Code.

21. Noted that the Company is subject to management and coordination pursuant to Article 2497 and subsequent of the Civil Code by the indirect parent company U.G.F..

During the year, there were no petitions or complaints received as per Article 2408 of the Civil Code.

Given that outlined above, the Board of Statutory Auditors considers that the 2012 Financial Statements, as presented by the Board of Directors, may be approved by you and we express our favourable opinion on the proposal by the Board of Directors to cover the loss for the year of Euro 83 million.

Milan, April 4, 2013

The Board of Statutory Auditors

Mr. Giuseppe ANGIOLINI

Mr. Giorgio LOLI

Mr. Antonino D'AMBROSIO

Attachment to the Board of Statutory Auditors report of Milano Assicurazioni S.p.A. in accordance with Article 153 of Legislative Decree 58/98

List of offices held in Companies as per Book V, chapters V, VI, and VII of the civil code at the date of issue of the report (Art. 144.5 Consob Regulation no. 11971/99)

Company name	Office	Expiry
Mr. Giuseppe ANGIOLINI (Chairman of the Board of Statutory Auditors)		
1. Milano Assicurazioni S.p.A.	Chair. Board Stat. Aud.	31/12/2014
2. Aeroporti di Roma	Director	31/12/2012
3. Fisia Italimpianti S.p.A.	Chair. Board Stat. Aud.	31/12/2014
4. Fondiaria-SAI S.p.A	Chair. Board Stat. Aud.	31/12/2014
5. Gemina S.p.A.	Independent Director	31/12/2012
6. Pellegrini S.p.A.	Director	31/12/2012
7. Prelios S.p.A.	Independent Director	31/12/2012
Number of offices held in issuing company	**3**	
Total number of offices held	**7**	
Mr. Giorgio LOLI (Statutory Auditor)		
1. Milano Assicurazioni S.p.A.	Statutory Auditor	31/12/2014
2. Acer S.p.A.	Statutory Auditor	31/12/2013
3. A&C S.p.A.	Chair. Board Stat. Aud.	31/12/2014
4. Coesia S.p.A.	Chair. Board Stat. Aud.	31/12/2014
5. DECAL S.p.A.	Chair. Board Stat. Aud.	31/12/2014
6. Finprema	Chair. Board Stat. Aud.	31/12/2013
7. Fondiaria-SAI S.p.A	Statutory Auditor	31/12/2014
8. G.D. S.p.A.	Chair. Board Stat. Aud.	31/12/2013
9. Isoil Impianti S.p.A.	Chair. Board Stat. Aud.	31/12/2014
10. Isoil Industria S.p.A.	Statutory Auditor	31/12/2014
11. Maire Tecnimont S.p.A.	Chair. Board Stat. Aud.	31/12/2012
12. Residenziale Immobiliare 2001 S.p.A.	Chair. Board Stat. Aud.	31/12/2012
13. Sasib S.p.A.	Chair. Board Stat. Aud.	31/12/2013
14. Polaroid S.r.l.	Chair. Board Stat. Aud.	31/12/2013
15. Verde Moscova Soc. Coop	Statutory Auditor	31/12/2012
Number of offices held in issuing company	**3**	
Total number of offices held	**15**	

Company name	Office	Expiry
Mr. Antonino D'AMBROSIO (Statutory Auditor)		
1. Milano Assicurazioni S.p.A.	Statutory Auditor	31/12/2014
2. Finadin S.p.A.	Chair. Board Stat. Aud.	31/12/2014
3. Fiumicino Tributi S.p.A.	Chair. Board Stat. Aud.	31/12/2013
4. Fondiaria-Sai S.p.A.	Statutory Auditor	31/12/2014
5. Grassetto Costruzioni S.p.A.	Chair. Board Stat. Aud.	31/12/2013
6. Grassetto S.p.A. in liquidazione	Statutory Auditor	31/12/2012
7. Immobiliare Fondiaria-SAI S.r.l.	Statutory Auditor	31/12/2014
8. Immobiliare Milano S.p.A.	Statutory Auditor	31/12/2014
9. Ingenera S.r.l.	Sole Director	Until revocation
10. NIT S.r.l.	Chair. Board Stat. Aud.	31/12/2013
11. Premafin HdP S.p.A.	Statutory Auditor	31/12/2013
12. SAI Mercati Mobiliari – SIM S.p.A.	Statutory Auditor	31/12/2013
Number of offices held in issuing company	**3**	
Total number of offices held	**12**	

Independent Auditors' Report on the Parent Company financial statements for the year ended December 31, 2012

ERNST & YOUNG

MILANO ASSICURAZIONI S.p.A.

Bilancio d'esercizio al 31 dicembre 2012

Relazione della società di revisione
ai sensi degli artt. 14 e 16 del D.Lgs. 27.1.2010, n. 39
e dell'art. 102 del D.Lgs. 7.9.2005, n. 209

ERNST & YOUNG

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Relazione della società di revisione
ai sensi degli artt. 14 e 16 del D.Lgs. 27.1.2010, n. 39
e dell'art. 102 del D.Lgs. 7.9.2005, n. 209

Agli Azionisti di
MILANO ASSICURAZIONI S.p.A.

1. Abbiamo svolto la revisione contabile del bilancio d'esercizio di MILANO ASSICURAZIONI S.p.A. chiuso al 31 dicembre 2012. La responsabilità della redazione del bilancio in conformità alle norme che ne disciplinano i criteri di redazione compete agli amministratori di MILANO ASSICURAZIONI S.p.A.. È nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.

2. Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla Consob. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio d'esercizio sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.

   Secondo quanto previsto dall'art. 102 del D.Lgs. n. 209/2005 e dall'art. 24 del Regolamento ISVAP n. 22/2008, nell'espletamento del nostro incarico ci siamo avvalsi dell'attuario revisore che si è espresso sulla sufficienza delle riserve tecniche iscritte nel passivo dello Stato Patrimoniale di MILANO ASSICURAZIONI S.p.A. tramite le relazioni qui allegate.

   Per il giudizio relativo al bilancio dell'esercizio precedente, i cui dati sono presentati ai fini comparativi secondo quanto richiesto dalla legge, si fa riferimento alla relazione emessa da altro revisore in data 30 marzo 2012.

3. A nostro giudizio, il bilancio d'esercizio di MILANO ASSICURAZIONI S.p.A. al 31 dicembre 2012 è conforme alle norme che ne disciplinano i criteri di redazione; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria e il risultato economico di MILANO ASSICURAZIONI S.p.A..

4. La responsabilità della redazione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari, pubblicata nella sezione "Corporate Governance" del sito internet di MILANO ASSICURAZIONI S.p.A., in conformità a quanto previsto dalle norme di legge e dai regolamenti compete agli amministratori di MILANO ASSICURAZIONI S.p.A.. E' di nostra competenza l'espressione del giudizio sulla coerenza della relazione sulla gestione e delle informazioni di cui al comma 1, lettere c), d), f), l), m) e al comma 2, lettera b) dell'art. 123-bis del D.Lgs. 58/98, presentate nella relazione sul governo societario e gli assetti proprietari, con il bilancio, come richiesto dalla legge. A tal fine, abbiamo svolto le procedure indicate dal principio di revisione 001 emanato dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili e raccomandato dalla Consob. A nostro giudizio la relazione sulla gestione e le informazioni di cui al comma 1, lettere c), d), f), l), m) e al comma 2, lettera b) dell'art. 123-bis del D.Lgs. 58/98 presentate nella relazione sul governo societario e gli assetti proprietari sono coerenti con il bilancio d'esercizio di MILANO ASSICURAZIONI S.p.A. al 31 dicembre 2012.

Milano, 4 aprile 2013

Reconta Ernst & Young S.p.A.

Enrico Marchi
(Socio)

Prof. RICCARDO OTTAVIANI
ATTUARIO

00198 ROMA- VIA TEVERE, 46
TEL 06.85.35.4000 FAX 06.89.68.70.11

RELAZIONE DELL'ATTUARIO
AI SENSI DEGLI ARTICOLI 102 E 103
DEL DECRETO LEGISLATIVO 7 SETTEMBRE 2005 N. 209

Spett.le Società di Revisione
Reconta Ernst & Young S.p.A.
Via della Chiusa, 2
20123 - Milano

OGGETTO: Milano Assicurazioni S.p.A. - BILANCIO DELL'ESERCIZIO 2012

Giudizio ai sensi dell'articolo 24, del Regolamento ISVAP N. 22 del 4 aprile 2008.

1. In esecuzione dell'incarico conferitomi ho sottoposto a revisione attuariale le voci relative alle riserve tecniche dei rami danni, iscritte nel passivo dello stato patrimoniale del bilancio di esercizio della Società Milano Assicurazioni S.p.A. chiuso al 31 dicembre 2012.

2. A mio giudizio nel loro complesso le suddette riserve tecniche, iscritte nel passivo dello stato patrimoniale, sono sufficienti in conformità alle vigenti disposizioni di legge e regolamentari e a corrette tecniche attuariali, nel rispetto dei principi di cui all'articolo 26, comma 1, del Regolamento ISVAP n. 22 del 4 aprile 2008.

Roma, 4 aprile 2013

Prof. RICCARDO OTTAVIANI * ATTUARIO * ORDINE NAZIONALE ATTUARI N° 259

L'attuario
Prof. Riccardo Ottaviani
ROtt

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RELAZIONE DELL'ATTUARIO
AI SENSI DEGLI ARTICOLI 102 E 103
DEL DECRETO LEGISLATIVO 7 SETTEMBRE 2005 N. 209

Spett.le Società di Revisione
Reconta Ernst & Young S.p.A.
Via della Chiusa, 2
20123 - Milano

OGGETTO*:* Milano Assicurazioni S.p.A. - BILANCIO DELL'ESERCIZIO 2012

Giudizio ai sensi dell'articolo 24, del Regolamento ISVAP N. 22 del 4 aprile 2008.

1. In esecuzione dell'incarico conferitomi ho sottoposto a revisione attuariale le voci relative alle riserve tecniche dei rami vita, iscritte nel passivo dello stato patrimoniale del bilancio di esercizio della Società Milano Assicurazioni S.p.A. chiuso al 31 dicembre 2012.

2. A mio giudizio nel loro complesso le suddette riserve tecniche, iscritte nel passivo dello stato patrimoniale, sono sufficienti in conformità alle vigenti disposizioni di legge e regolamentari e a corrette tecniche attuariali, nel rispetto dei principi di cui all'articolo 26, comma 1, del Regolamento ISVAP n. 22 del 4 aprile 2008.

Roma, 4 aprile 2013

Prof. RICCARDO OTTAVIANI ATTUARIO
ORDINE NAZIONALE ATTUARI N° 259

L'attuario
Prof. Riccardo Ottaviani
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