

## PRESS RELEASE

### Q1 2013 CONSOLIDATED RESULTS APPROVED

- **TURNAROUND PERFORMANCE WITH CONSOLIDATED NET PROFIT OF EURO 46.7 MILLION**
- **COMBINED RATIO AT 94.8% (99% AT MARCH 31, 2012)**
- **CORPORATE APPOINTMENTS CONFIRMED: FABIO CERCHIAI AS CHAIRMAN, PIERLUIGI STEFANINI AS VICE-CHAIRMAN AND CARLO CIMBRI AS CEO**

Bologna, May 8, 2013. The Board of Directors of Milano Assicurazioni S.p.A. today approved the Q1 2013 Consolidated Financial Statements.

The Group reports a consolidated **Net Profit** of Euro 46.7 million, compared to a loss of Euro 17.9 million in Q1 2012<sup>1</sup>.

This result, not impacted by extraordinary items, reflects and confirms the strong operational and management performance, in particular in terms of the claims/premium ratio and frequency.

In Q1 2013, direct **premiums** written amounted to Euro 704.3 million (-13.6% on Q1 2012) - of which Euro 620.8 million relating to the Non-Life sector (-14.8%) and Euro 83.5 million to the Life sector (-2.5%). **Life premiums**, including the investment contracts, amounted to Euro 85.3 million (-2.7%).

The Motor class was impacted even further by the portfolio restructuring, the continued drop in new car registrations (-12% in Q1 2013) and the ongoing recession.

In the Non-Life Insurance Sector, the direct business reports a **combined ratio** of 94.8% (of which loss ratio of 72.2%<sup>2</sup> and expense ratio of 22.6%), significantly improving on December 31, 2012 (107.1%) and also in comparison to March 31, 2012 (99%). The current underwriting result was strong, with a significant reduction in overall claims in the quarter (-14.6%).

<sup>1</sup> As re-approved on July 9, 2012 after further risk provisions of Euro 48.2 million following the bankruptcy of Im.Co. and Sinergia

<sup>2</sup> The ratio includes the balance of other technical items

Overall, the **Non-Life sector** reports a pre-tax profit of Euro 62.8 million, compared to a loss of Euro 22.6 million in Q1 2012, while the **Life sector** reports a pre-tax profit of Euro 22.3 million compared to Euro 18.7 million in Q1 2012.

The **Real Estate** sector reported a loss of Euro 1.4 million, in line with Q1 2012. The result principally reflects depreciation and management charges of the property held by Immobiliare Milano Assicurazioni.

Asset and financial management recorded **net income** of Euro 69.3 million, a decrease on Euro 79.4 million in Q1 2012, due to lower gains recognised following a reduced disposal of securities.

**Group net equity** amounts to Euro 1,050.4 million (of which Euro 71.7 million concerning the AFS reserve), an increase compared to Euro 1,037.9 million at the end of 2012.

The **consolidated solvency margin** was substantially stable compared to the end of the December at 1.2 times the regulatory requirement.

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The Board of Directors of Milano Assicurazioni thereafter appointed the corporate officers and the internal committees of the board as reported below.

The Board appointed, for the duration of its mandate, and therefore until the approval of the 2015 Annual Accounts:

- Fabio Cerchiai as Chairman;
- Pierluigi Stefanini as Vice Chairman;
- Carlo Cimbri as Chief Executive Officer.

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

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

The Board of Directors also appointed:

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

The Board of Directors of the Company finally considered the independence of the new Directors appointed by the Shareholders' Meeting of April 29, 2013.

Following the evaluations carried out today, in which each of the Directors positions were duly considered, applying criteria in line with best international practice - particularly concerning the "substantial" independence requirement - the Board of Directors declared:

- the independence as per the Self-Governance Code for listed companies and Article 147 ter of the Consolidated Finance Act of the Non-Executive Directors Carla Angela, Gianluca Brancadoro, Cristina De Benetti, Germana Ravaioli and Antonio Rizzi;
- the independence of Daniele Ferré only in accordance with Article 147-ter of the Consolidated Finance Act.

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

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### **Presentation of results to the financial community**

The Q1 2013 results of Milano Assicurazioni will be presented together with the Unipol Group to the financial community on Thursday May 9 at 6.30 PM through webcasting (from the site [www.milass.it](http://www.milass.it)) and in conference call. The telephone numbers to be used for the event are: 02.805.88.11 (from Italy), +1.718.7058794 (from USA), +44.121.2818003 (from other countries). Financial analysts and institutional investors may send their questions at the end of presentation according to the indications provided by the operator. The other technical details to access the event are available on the home page of the website [www.milass.it](http://www.milass.it).

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The Income Statement and the Balance Sheet concerning investments, insurance contract liabilities and financial liabilities are attached.

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### **Definitions and Glossary**

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

Available for Sale (AFS): available-for-sale financial instruments

AFS Reserve: reserves on assets classified in the Available for Sale category.

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**Equity and Financial Position**
*(in Euro thousands)*

	March 31, 13	Dec. 31, 12	Cge. %	March 31, 12
<b>INVESTMENTS</b>				
Investment property	607,708	613,188	-0.89%	860,161
Investments in subsidiaries, associates and joint ventures	112,407	111,964	0.40%	99,819
Investments held to maturity	187,867	185,360	1.35%	130,725
Loans and receivables	875,512	891,522	-1.80%	878,950
AFS financial assets	6,614,966	6,508,286	1.64%	6,558,258
Financial assets at fair value through profit or loss	146,197	165,092	-11.45%	210,827
<b>Total investments</b>	<b>8,544,657</b>	<b>8,475,412</b>	<b>0.82%</b>	<b>8,738,740</b>
Tangible fixed assets: Property and other fixed assets	38,726	39,009	-0.73%	52,398
<b>Total non-current assets</b>	<b>8,583,383</b>	<b>8,514,421</b>	<b>0.81%</b>	<b>8,791,138</b>
Cash and cash equivalents	298,645	320,299	-6.76%	385,894
<b>Total non-current assets and cash equivalents</b>	<b>8,882,028</b>	<b>8,834,720</b>	<b>0.54%</b>	<b>9,177,032</b>
<b>NET INSURANCE CONTRACT LIABILITIES</b>				
<b>Non-life sector insurance contract liabilities</b>				
Unearned premium provision	937,411	1,005,356	-6.76%	1,051,825
Claims provision	4,136,948	4,218,588	-1.94%	4,137,911
Other provisions	2,050	2,488	-17.60%	2,614
<b>Total Non-Life provisions</b>	<b>5,076,409</b>	<b>5,226,432</b>	<b>-2.87%</b>	<b>5,192,350</b>
<b>Life insurance contract liabilities</b>				
Actuarial provisions	3,112,437	3,145,891	-1.06%	3,253,635
Provisions for sums to pay	52,100	39,251	32.74%	47,997
Insurance contract liab. with risk borne by policyholders	76,985	98,597	-21.92%	124,779
Other provisions	13,490	24,188	-44.23%	-57,328
<b>Total Life provisions</b>	<b>3,255,012</b>	<b>3,307,927</b>	<b>-1.60%</b>	<b>3,369,083</b>
<b>Total Net Insurance contract liabilities</b>	<b>8,331,421</b>	<b>8,534,359</b>	<b>-2.38%</b>	<b>8,561,433</b>
<b>FINANCIAL LIABILITIES</b>				
Subordinated liabilities	150,305	151,895	-1.05%	150,562
Financial liabilities at fair value through profit or loss	72,025	72,510	-0.67%	64,367
Other financial liabilities	116,483	103,000	13.09%	133,772
<b>Total financial liabilities</b>	<b>338,813</b>	<b>327,405</b>	<b>3.48%</b>	<b>348,701</b>

**Consolidated Income Statement**
*(in Euro thousands)*

	Q1 13	Q1 12	2012
Net premiums	735,964	823,774	3,074,067
Commission income	126	188	783
Income and charges from financial instruments at fair value through profit or loss	788	8,783	11,200
Income from investments in subsidiaries, associates and joint ventures	139	271	594
Income from other financial instruments and property investments	90,655	115,396	384,244
<i>Interest income</i>	<i>63,040</i>	<i>61,110</i>	<i>237,440</i>
<i>Other income</i>	<i>9,296</i>	<i>13,881</i>	<i>46,626</i>
<i>Profits realised</i>	<i>18,319</i>	<i>40,405</i>	<i>96,656</i>
<i>Valuation gains</i>	<i>0</i>	<i>0</i>	<i>3,522</i>
Other income	43,136	52,955	168,589
<b>TOTAL REVENUES</b>	<b>870,808</b>	<b>1,001,367</b>	<b>3,639,477</b>
Net claims charges	-536,397	-643,737	-2,669,764
Commission expenses	-18	-23	-121
Charges from investments in subsidiaries, associates and joint ventures	-4,450	-11,185	-23,446
Charges from other financial instruments and property investments	-17,820	-33,823	-267,109
<i>Interest expense</i>	<i>-2,270</i>	<i>-2,838</i>	<i>-10,905</i>
<i>Other charges</i>	<i>-4,072</i>	<i>-5,105</i>	<i>-20,455</i>
<i>Losses realised</i>	<i>-2,613</i>	<i>-7,172</i>	<i>-61,082</i>
<i>Valuation losses</i>	<i>-8,865</i>	<i>-18,708</i>	<i>-174,667</i>
Management expenses	-134,619	-152,989	-588,484
<i>Commissions and other acquisition expenses on insurance contracts</i>	<i>-107,628</i>	<i>-124,431</i>	<i>-473,384</i>
<i>Investment management expenses</i>	<i>-803</i>	<i>-1,520</i>	<i>-5,526</i>
<i>Other administration expenses</i>	<i>-26,188</i>	<i>-27,038</i>	<i>-109,574</i>
Other expenses	-94,799	-165,458	-371,187
<b>TOTAL COSTS</b>	<b>-788,103</b>	<b>-1,007,215</b>	<b>-3,920,111</b>
<b>PROFIT (LOSS) BEFORE TAXES</b>	<b>82,705</b>	<b>-5,848</b>	<b>-280,634</b>
Income taxes	-35,977	-13,273	63,310
<b>NET PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>46,728</b>	<b>-19,121</b>	<b>-217,324</b>
<b>PROFIT FROM DISCONTINUED OPERATIONS</b>	<b>0</b>	<b>1,156</b>	<b>1,156</b>
<b>CONSOLIDATED PROFIT (LOSS)</b>	<b>46,728</b>	<b>-17,965</b>	<b>-216,168</b>
<b>GROUP NET PROFIT (LOSS)</b>	<b>46,731</b>	<b>-17,936</b>	<b>-216,047</b>
<b>MINORITY INTEREST SHARE</b>	<b>-3</b>	<b>-29</b>	<b>-121</b>

**Consolidated Income Statement by segment - Q1 2013**

(in thousands of Euro)

		Non-Life	Life	Real Estate	Other	Inter-Sector	Total
1.1	Net premiums	654,824	81,140				735,964
1.2	Commission income		126				126
1.3	Income and charges from financial instruments recorded at fair value through profit or loss	-921	1,709				788
1.4	Income from investments in subsidiaries, associates and joint ventures	121		18			139
1.5	Income from other financial instruments and property investments	46,247	41,053	3,354	1		90,655
1.6	Other income	39,128	2,871	601	832	-296	43,136
<b>1</b>	<b>TOTAL REVENUES AND INCOME</b>	<b>739,399</b>	<b>126,899</b>	<b>3,973</b>	<b>833</b>	<b>-296</b>	<b>870,808</b>
2.1	Net claims charges	-450,506	-85,891				-536,397
2.2	Commission expenses		-18				-18
2.3	Charges from investments in subsidiaries, associates and joint ventures	-4,255	-93	-102			-4,450
2.4	Charges from other financial instruments and property investments	-8,894	-4,806	-4,120			-17,820
2.5	Management expenses	-129,120	-5,499				-134,619
2.6	Other expenses	-83,811	-8,324	-1,128	-1,832	296	-94,799
<b>2</b>	<b>TOTAL COSTS AND CHARGES</b>	<b>-676,586</b>	<b>-104,631</b>	<b>-5,350</b>	<b>-1,832</b>	<b>296</b>	<b>-788,103</b>
	<b>PROFIT (LOSS) BEFORE TAXES</b>	<b>62,813</b>	<b>22,268</b>	<b>-1,377</b>	<b>-999</b>	<b>0</b>	<b>82,705</b>
	Income taxes						-35,977
	<b>NET PROFIT</b>						<b>46,728</b>
	<b>PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS</b>						<b>0</b>
	<b>CONSOLIDATED PROFIT</b>						<b>46,728</b>
	<b>Group profit</b>						<b>46,731</b>
	<b>minority share</b>						<b>-3</b>
	<b>Pre-tax profit (loss) – Q1 2013</b>	<b>-22,573</b>	<b>18,707</b>	<b>-1,405</b>	<b>-577</b>	<b>0</b>	<b>-5,848</b>