2011 FIRST QUARTER GROUP REPORT

FONDIARIA-SAI S.p.A.

FONDIARIA-SAI S.P.A. - REGISTERED OFFICE AND TURIN HEADQUARTERS - CORSO G. GALILEI, 12 - FLORENCE HEADQUARTERS - VIA LORENZO IL MAGNIFICO, 1 - SHARE CAPITAL EURO **167,043,712** FULLY PAID-IN – TAX, VAT AND TURIN COMPANY REGISTRATION NO. 00818570012 - COMPANY AUTHORISED TO UNDERTAKE INSURANCE ACTIVITIES PURSUANT TO ARTICLE 65 R.D.L. NO. 966 OF APRIL 29, 1923, ENACTED INTO LAW NO. 473 OF APRIL 17, 1925

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CORPORATE BOARDS FONDIARIA-SAI S.p.A.

BOARD OF DIRECTORS

Salvatore Ligresti	*Honorary Chairman*
Jonella Ligresti*	*Chairman*
Giulia Maria Ligresti *	*Vice Chairman*
Massimo Pini *	*Vice Chairman*
Antonio Talarico *	*Vice Chairman*
Emanuele Erbetta*	*Chief Executive Officer - General Manager*
Andrea Broggini	
Maurizio Comoli	
Francesco Corsi	
Carlo d'Urso	
Vincenzo La Russa*	
Gioacchino Paolo Ligresti *	
Fausto Marchionni	
Valentina Marocco	
Enzo Mei	
Giuseppe Morbidelli	
Cosimo Rucellai	
Salvatore Spiniello	
Sergio Viglianisi	
Graziano Visentin	
Fausto Rapisarda	*Secretary of the Board and the Executive Committee*

BOARD OF STATUTORY AUDITORS

Benito Giovanni Marino	*Chairman*
Marco Spadacini	*Statutory Auditor*
Antonino D'Ambrosio	*Statutory Auditor*
Maria Luisa Mosconi	*Alternate Auditor*
Alessandro Malerba	*Alternate Auditor*
Rossella Porfido	*Alternate Auditor*

INDEPENDENT AUDITOR
RECONTA ERNST & YOUNG S.P.A.

GENERAL REPRESENTATIVE OF THE SAVINGS SHAREHOLDERS
Sandro Quagliotti

GENERAL MANAGER
Emanuele **Erbetta**
Stefano Carlino

EXEUCTIVE RESPONSIBLE
for the preparation of the corporate accounting documents
Pier Giorgio Bedogni

** Members of the Executive Committee*

The Shareholders' AGM of the Company held on April 28, 2011 appointed Mr. Emanuele Erbetta to the Board of Directors until the conclusion of the mandate for the entire Board and therefore until the approval of the 2011 annual accounts. Mr. Erbetta was appointed by the Board of Directors at the meeting of January 27, 2011 – in replacement of Ms. Lia Lo Vecchio – with the appointment concluding at the above-stated Shareholders' AGM.
The Board of Directors of FONDIARIA-SAI, meeting after the Shareholders' AGM, appointed Mr. Erbetta as Chief Executive Officer.
Mr. Erbetta continues as General Manager.
The Chairman, Ms. Jonella Ligresti, and the Chief Executive Officer, Mr. Emanuele Erbetta are the representatives of the company pursuant to article 21 of the Company By-Laws and have all ordinary and extraordinary administrative powers with all rights thereto, to be exercised in single signature and with possibility to confer mandates and proxies, with the exclusive exception of the following powers:
- sale and/or purchase of property above the value of Euro 15 million for each operation;
- sale and/or purchase of investments of a value above Euro 30 million for each operation and, in any case, of controlling interests;
- obtaining of loans above Euro 50 million for each operation;
- provision of non-insurance guarantees in favour of third parties.

The Chairman and the Chief Executive Officer report to the Executive Committee or to the Board of Directors in each meeting in relation to the exercise of the above powers, with particular regard to extraordinary operations or those with related parties (where not reserved to the Board) and, in general, on the most significant operations.
The Executive Committee has all the powers not already attributed to the Chairman and to the Chief Executive Officer, except for those which in accordance with law or the company by-laws are the exclusive competence of the Board of Directors, while establishing - in accordance with the procedures for significant transactions with related parties approved by the Board of Directors' meeting of November 30, 2010 - the exclusive ambit of the Board concerning all deliberations in relation to the so-called "significant" and "less significant" transactions with related parties, according to the definitions as per the regulation adopted through CONSOB Regulation No. 17221 of March 12, 2010 and incorporated into the above-mentioned procedure. The attribution of exclusive duties to the Executive Committee in relation to specific types of operations or operations with limited amount does not exist. The Committee reports to the Board of Directors at each meeting on the exercise of its powers.
The Board of Directors was appointed by the Shareholders' Meeting of April 24, 2009.
The Board will expire, together with the Board of Statutory Auditors, with the shareholders' meeting for the approval of the financial statements for 2011.

KEY GROUP DATA

(in Euro millions)	Q1 2011	Q1 2010
Net profit/(loss)(*)	(25)	(104)
Total Gross premiums written	2,989	3,496
of which:		
Gross Non-Life premiums written	1,741	1,767
Gross Life premiums written	1,248	1,729
Investment policies written	15	18
APE(**)	114	152
Combined ratio – Non-Life sector	100.9	106.9
Expense ratio of the Non-Life sector	21.0	20.7
Expense ratio of the Life sector	5.1	3.2

(in Euro millions)	31/03/2011	31/12/2010
Investments	36,705	36,014
Net technical reserves - Non-Life division	11,102	11,231
Net technical reserves - Life division	23,170	22,774
Net equity	2,702	2,550

(*) The result includes the minority interest share.
(**) Sum of the first premiums of the new annual premium contracts, plus one tenth of the new single premium contracts.

DEVELOPMENT STRATEGY OF THE FONDIARIA-SAI GROUP

2011 Guidelines

The Board of Directors' meeting held in December 2010 discussed and approved the 2011 Guidelines, identifying the following five principles:

- recovery of the solvency margin;
- focus on core business;
- improve the value of real estate assets;
- enhance the value of diversified assets;
- cost rationalisation.

Recovery of the solvency margin

The recovery of the solvency margin will be achieved both through the capital increase approved by the Shareholders' Meeting of January 26, 2011 and through the sale of non-listed investments in the insurance, real estate and diversified sectors. The recovery will take place also through internal reorganisation of the Group, in order to allocate responsibility and lead towards the reaching of the objectives allocated by business sector and to decrease the number of operating companies, reducing the capital requirements and contributing to the containment of costs.

Focus on core business

The first and absolute priority remains achieving profitability, through focused development and the reorganisation of distribution in areas with low claims frequency, in particular in small-medium sized municipalities. Further development within the retail sector is scheduled through the launch of a new catalogue of products which will extend and improve further the range of insurance services.

Improve the value of real estate assets

In relation to the real estate sector increasingly prudent management is being introduced, which will optimise the portfolio, together with the sale of buildings which have already been approved, with the objective to strengthen the solvency margin, improving at the same time the overall mix of investments and re-balancing further the exposure to the sector.

Enhance the value of diversified assets

With particular reference to diversified companies, a single managerial structure was created, in order to develop the strategic and competitive positioning of the larger Group companies and, where necessary, restructure the remaining Companies. Diversified sector operations are focused on maximising profitability, including through the sale of non-strategic assets.

On this basis, the three action plans to be undertaken have been identified for each company in the near future:

- the development of the larger and more strategic companies for the Group, through actions focused on profitable growth;
- restructuring of the companies with unsatisfactory results;
- partnerships, alliances and selective divestments, identified based on forecast results.

Cost rationalisation

This latter will take place through the drawing up of a new coordination structure, which will allow the review of the organisational processes, thanks to a more focused allocation of human capital plan and a moratorium on new hirings, excluding highly specialised positions.

INTRODUCTION

The Interim Report of the Fondiaria SAI Group for the first quarter of 2011 was prepared in accordance with Article 154-*ter* of Legislative Decree No. 58/1998.
The Report comprises the Interim Directors' Report and the Condensed Interim Consolidated Financial Statements at 31/03/2011, prepared exclusively for limited audit in application of IAS 34 – Interim Financial Reporting and in accordance with IAS/IFRS.

This choice was taken based on the need to include the 2011 First Quarter data in the documentation to be prepared for the share capital increase subject to the resolution of the Extraordinary Shareholders' Meeting of January 26, 2011, whose exercise was delegated to the Board of Directors in accordance with Article 2443 of the Civil Code.

The level of disclosure is considered extraordinary and non-repeatable in relation to the interim reports for subsequent periods.

Operational Performance

The consolidated quarterly report at 31/03/2011 includes the recommendations of ISVAP Regulation No. 7/07 and was prepared in accordance with Article 154 of Legislative Decree 58/98 and subsequent modifications and based on the regulations for the preparation of financial statements applying the same accounting and consolidation principles utilised for the preparation of the consolidated financial statements at 31/12/2010. In particular, the balance sheet and income statement data and the explanatory notes were prepared as per accounting standard IAS 34 relating to interim accounts. In the preparation of the interim data, the application of the accounting principles and policies for the financial statements require, as also recalled in the notes, a greater recourse to estimates and projections.
The data therefore has the function of representing in a reasonably reliable manner the financial position of the Group at March 31.

Consolidated Income Statement

The table below reports the results in the first three months of 2011 compared to the same period of the previous year and for the full year 2010.

(in Euro thousands)	Q1 2011	Q1 2010	Changes	FY 2010
Net premiums	3,024,780	3,501,295	(476,515)	12,585,297
Net charges relating to claims	2,604,195	3,371,156	(766,961)	12,152,941
Net commissions	2,694	4,077	(1,383)	28,896
Net income from investments	166,883	198,673	(31,790)	466,602
Net Income from financial instruments recorded at fair value through profit or loss	(37,379)	191,388	(228,767)	395,283
Management expenses	470,906	460,273	10,633	1,920,182
Other income and charges	(105,559)	(175,598)	70,039	(410,680)
Loss before taxes	**(23,682)**	**(111,594)**	**87,912**	**(1,007,725)**
Income taxes	1,244	(10,300)	11,544	(77,102)
Net Loss	**(24,926)**	**(101,294)**	**76,368**	**(930,623)**
Profit/(loss) from discontinued operations	**-**	**(3,069)**	**3,069**	**1,762**
Consolidated loss	**(24,926)**	**(104,363)**	**79,437**	**(928,861)**
Minority interest loss	**(63)**	**(12,082)**	**12,019**	**(211,279)**
Group loss	**(24,863)**	**(92,281)**	**67,418**	**(717,582)**

The 2011 first quarter reports a loss of Euro 24.9 million compared to a loss of Euro 104.4 million in Q1 2010.

The principal data is reported below:

- The loss again included impairments on AFS financial instruments comprising equity securities in the period following the application of the Group impairment policy. These charges overall amount to Euro 24.3 million (of which Euro 19.6 million relating to the parent company Premafin), in addition to Euro 0.9 million concerning associated company write-downs;
- The Non-Life technical performance showed signs of improvement. Although the period analysed is limited, the decrease in the number of claims and the increase of the average premium - although with a reduced number of contracts in portfolio as a result of the reform actions taken - provide the basis for a certain degree of optimism in relation to the reaching of budget objectives;
- The Life Division performance was also positive although the timing between the return on assets and that contractually recognised to policyholders is not perfectly aligned.

In this context:

- The **consolidated result** in the quarter was a loss of Euro 24.9 million (loss of Euro 104.4 million in Q1 2010). The result almost exclusively relates to the Group share, with the minority share being insignificant.

- The **Non-Life sector** recorded a pre-tax loss of Euro 24.8 million, a significant improvement on the pre-tax loss of Euro 118.0 million in Q1 2010. The sector technical result again reports a loss (Euro 22.2 million), although significantly improving on the first quarter of 2010 when the technical loss amounted to Euro 136.4 million.
  From an operational viewpoint actions are being implemented to improve Motor TPL Class profitability - principally focused on increasing the average premium and reducing claims.
  The first effects of these actions have resulted in an improvement in the current management, in turn offset by both the necessity to revalue the claims reserve and the higher proportion of technical charges due to seasonal factors in the first three months of the year.
  The sector loss was impacted for Euro 19.2 million by impairments on AFS financial instruments.
  The loss is considered of a residual nature, concentrated on parent company shares in portfolio (whose write-down in the sector amounted to Euro 16.2 million), concerning positions which in the first quarter of 2011 report a book value greater than the stock market value for at least 24 months.
  Considering the impairments implemented at 31/12/2010, together with further related reductions in the first three months of the current year, it can be reasonably assumed that with the current stabilisation of stock market prices no further impacts will be seen in the current year.
- The **Life sector** reports a pre-tax profit of Euro 9.7 million (Euro 27.1 million in Q1 2010).
  The premiums written reduced by 27.8%, principally relating to the bancassurance channel (in particular Popolare Vita) whose results were based on the timing of the commercial initiatives agreed with the banking partners. The financial management contributed positively and in particular the ordinary income component.
  The sector result in the quarter was however temporarily influenced by the increase in deferred liabilities towards policyholders, which was in turn affected by the choices in the separated management return objectives. The positive effects from the related management policies should result in reduced technical interest throughout the year.
- The **real estate sector** recorded a pre-tax profit of Euro 4.5 million compared to a loss of Euro 10.5 million in Q1 2010. The sector performance benefited from the realisation through third parties of some inter-group gains previously reversed. Net of the above-mentioned effect, the sector pre-tax result would have returned a loss of Euro 5 million.
- The **Other Activities sector,** which includes the companies operating in the financial, asset management and hotel sectors, report a pre-tax loss of Euro 13.0 million (loss of Euro 10.3 million in Q1 2010).
  The loss was affected by Atahotels and the healthcare structures whose overhead costs exceeded revenues in the period.
- **Management expenses** amounted to Euro 471 million (Euro 460 million in the first quarter of 2010, an increase of 2.3%). The increase is due to the reclassification of the Atahotels Group personnel costs, previously recorded to other costs. On like-for-like terms with Q1 2010 the increase reduces to 0.6%.
- Excluding the contribution of the financial instruments recorded at fair value through profit or loss, the total **net income from investments** amounted to Euro 168 million (Euro 200 million in Q1 2010). This amount consists of Euro 192 million of interest income, Euro 20 million of other net income and net gains to be realised on real estate and securities of Euro 14 million.

Net valuation gains and losses report a loss of approx. Euro 42 million. **Interest expense** amounting to approx. Euro 16 million (Euro 20 million in the first quarter of 2010) refers almost entirely to financial debt.

As outlined above, the balance of valuation items includes Euro 24.3 million of impairments on AFS financial instruments comprising equity securities.

- **Financial instruments recorded at fair value through profit or loss** amounted to a loss of Euro 37.4 million (profit of Euro 191 million in Q1 2010). This account includes the net income from financial assets where the risk is borne by the policyholders (negative for Euro 33 million although offset by the correlated decrease in net charges relating to Life Division claims) as well as the adjustment to fair value of financial instruments belonging to the sector.
- **The net income (charge) from investments in subsidiaries, associates and joint ventures** resulted in charges of Euro 0.9 million, principally relating to the loss in value in the period of the associated company Finadin.
- **Other revenues and costs** amounted to a net charge of Euro 106 million (net charge of Euro 176 million in Q1 2010). This amount includes technical and non-technical income and charges not classified elsewhere, in addition to depreciation other than on investment properties, over and under accruals and provisions for risks and charges. Amortisation and depreciation of intangible and tangible fixed assets in this account totalled Euro 15 million. The net change of approx. Euro 70 million comprises the realisation with third parties of inter-group gains previously reversed and an increased amount of diversified sector revenues and technical income from the subsidiary Lawrence Re.
- The **income tax charge** is considered unrepresentative given the limited period considered.

The result for the period was not impacted by significant non-recurring or unusual operations compared to the normal operations of the company.

The Comprehensive Income Statement

The Comprehensive Income Statement results, set out in the relevant statements and reported and commented upon also in the directors' report, saw a significant impact from movements in the prices of financial instruments classified as Available-for-sale.

(in Euro thousands)	Q1 2011	Q1 2010	Changes	FY 2010
Consolidated loss	(24,926)	(104,363)	79,437	(928,861)
Other Comprehensive Income Statement items	116,339	(12,578)	128,917	(64,207)
Total Comprehensive Income Statement	**91,413**	**(116,941)**	**208,354**	**(993,068)**
of which:				
Group	75,582	(100,670)	176,252	(786,971)
Minority interest	15,831	(16,271)	32,102	(206,097)

The comparison between Q1 2011 and Q1 2010 shows a significant improvement in the "Other Comprehensive Income Statement items". The improvement is almost entirely related to the increase in the fair value of financial instruments, net of the amounts to policyholders and of the related tax charges.

Premiums Written

The first quarter of 2011 reported total premiums written of Euro 2,989 million (-14.49%), broken down as follows:

(in Euro thousands)	Q1 2011	Q1 2010	Change %
DIRECT PREMIUMS			
Non-Life Division	1,740,163	1,765,060	(1.41)
Life Division	1,247,329	1,728,299	(27.83)
Total direct premiums	2,987,492	3,493,359	(14.48)
INDIRECT PREMIUMS			
Non-Life Division	1,290	1,958	(34.12)
Life Division	213	327	(34.86)
Total indirect premiums	1,503	2,285	(34.22)
TOTAL	**2,988,995**	**3,495,644**	**(14.49)**
of which:			
Non-Life Division	1,741,453	1,767,018	(1.45)
Life Division	1,247,542	1,728,626	(27.83)

Segment Income Statement

(in Euro thousands)

		Non-Life Insurance Sector		Life Insurance Sector		Real Estate Sector		Other Activities Sector		Inter-segment Eliminations		Total	
		31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010	1Q 2011	1Q 2010
1.1	Net premiums	1,780,851	1,778,676	1,243,929	1,722,619	0	0	0	0	0	0	3,024,780	3,501,295
1.1.1	*Gross premiums written*	*1,861,817*	*1,861,149*	*1,247,542*	*1,728,626*							3,109,359	3,589,775
1.1.2	*Premiums ceded to re-insurers*	*-80,966*	*-82,473*	*-3,613*	*-6,007*							-84,579	-88,480
1.2	Commission income			2,744	3,375			5,922	12,049	-1,243	-541	7,423	14,883
1.3	Income and charges from financial instruments recorded at fair value through profit or loss	-3,588	-804	-33,847	191,245	-126	-643	190	1,590	-8		-37,379	191,388
1.4	Income from investments in subsidiaries, associates and joint ventures	*0*				*26*						26	0
1.5	Income from other financial instruments and property investments	75,791	94,786	204,215	185,986	10,208	7,954	15,444	17,580	-10,189	-4,624	295,469	301,682
1.6	Other revenue	147,097	77,667	16,215	9,548	29,427	24,632	156,000	140,876	-174,358	-155,621	174,381	97,102
1	**TOTAL REVENUES AND INCOME**	**2,000,151**	**1,950,325**	**1,433,256**	**2,112,773**	**39,535**	**31,943**	**177,556**	**172,095**	**-185,798**	**-160,786**	**3,464,700**	**4,106,350**
2.1	Net charges relating to claims	-1,316,311	-1,415,649	-1,287,884	-1,955,507	0	0	0	0	0	0	-2,604,195	-3,371,156
2.1.2	*Amounts paid and changes in technical reserves*	*-1,341,258*	*-1,457,115*	*-1,293,115*	*-1,961,491*							-2,634,373	-3,418,606
2.1.3	*Reinsurers' share*	*24,947*	*41,466*	*5,231*	*5,984*							30,178	47,450
2.2	Commission expenses			-2,530	-6,559			-2,199	-4,247			-4,729	-10,806
2.3	Charges from investments in subsidiaries, associates and joint ventures	-7					-1,230	-927	-57			-934	-1,287
2.4	Charges from other financial instruments and property investments	-67,995	-49,987	-42,501	-35,511	-15,177	-13,408	-6,629	-7,440	4,624	4,624	-127,678	-101,722
2.5	Management expenses	-381,007	-384,434	-66,399	-56,173	-49	-46	-81,689	-72,061	58,238	52,441	-470,906	-460,273
2.6	Other expenses	-259,676	-218,213	-24,274	-31,897	-19,826	-27,732	-99,100	-98,579	122,936	103,721	-279,940	-272,700
2	**TOTAL COSTS AND CHARGES**	**-2,024,996**	**-2,068,283**	**-1,423,588**	**-2,085,647**	**-35,052**	**-42,416**	**-190,544**	**-182,384**	**185,798**	**160,786**	**-3,488,382**	**-4,217,944**
	PROFIT/(LOSS) BEFORE TAXES	**-24,845**	**-117,958**	**9,668**	**27,126**	**4,483**	**-10,473**	**-12,988**	**-10,289**	**0**	**0**	**-23,682**	**-111,594**

Interim Report

ECONOMIC OVERVIEW AND THE INSURANCE MARKET

International economic overview

World economic growth has continued at a sustained pace, although with varying performances across the geographic areas, driven by growth in the emerging countries, by a modest recovery in the United States and by contained consolidation of the Eurozone recovery. Based on the International Monetary Fund projections, global GDP growth of approx. 5% at the end of 2010 should continue at approx. 4.5% for both the current year and for 2012.

In Japan, after an uptake in production activity in the first two months of this year, the effects of the earthquake which hit the country in March are currently difficult to evaluate considering the size of the earthquake and the involvement of the nuclear power plant at Fukushima.

In the first months of the year, raw material prices continued to rise, with oil prices continuing the upward trend established last Summer due to increased global demand and resulting also from the uprisings in North America and the Middle East in the first quarter of the year.
In the advanced countries, the effects on consumer price inflation were significant: net of energy and food prices the inflationary trend was contained. In the emerging countries, inflationary pressures intensified - fed by high levels of growth.

The European and Italian markets

In the fourth quarter of 2010, Gross Domestic Product continued to grow in the Eurozone, although at a contained level (0.3% on the previous quarter). German growth continued to outperform the Eurozone average (0.4% on the previous period), although impacted by a significant contraction in the construction sector.

Internal demand however remained weak. While a small increase in private consumption was recorded (0.4% on Q3 2010) capital accumulation continued to contract (-0.5% on Q3 2010) - entirely relating to the drop in construction investment.

In 2010 Eurozone GDP grew by 1.8% based on the quarterly returns (-4.1% in 2009). Growth was strongest in Germany (+3.6%), with GDP recovering approx. two thirds of the loss of the previous year, with more contained increases in France (1.6% based on the quarterly data) and in Italy (1.3%) (Source: Bank of Italy, Economic bulletin No. 64, April 2011). Spanish GDP remained substantially unchanged.

With a consolidation of the production recovery and a significant increase in raw material prices, in April the Board of the European Central Bank increased the minimum rate on principal refinancing operations by 25 basis points to 1.25%.

In Italy, in Q4 2010 GDP increased by 0.1% on the previous quarter: the yearly average reports growth of 1.3%. In the first quarter of 2011, a modest increase in production activity took place, with a small recovery in industrial production and an uptake in exports in January and in February.
Industrial business confidence and the demand outlook remained strong, although with household spending patterns remaining prudent, affected by disposable income which remains contained in real terms.

Consumption inflation, stable at approx. 1.7% in the second half of 2010, grew by 2.3% in the first quarter. The increase essentially reflects higher energy and food prices, principally affecting the purchasing power of the less well-off households, which represent over 40% of their consumption.

Finally, the labour market remains fragile: after a slight improvement in the fourth quarter of 2010 (+0.2% net of seasonal factors), the numbers in employment in the first quarter fell back to the minimum levels seen last Summer (-0.3% compared to Q4 2010). Flexible contracts and part-time hirings grew once again with the contraction in full-time positions continuing. The unemployment rate - which rose in the fourth quarter of 2010 to 8.5% (8.4% in Q3 2010) - remained in line with these levels in the first two months of 2011.

The insurance sector

In 2010, total premiums written by insurance companies amounted to approx. Euro 126 billion, nominal growth of 6.9% on 2009. The performance is a result of strong increases in Life sector premiums (+11.1%) and a decrease in Non-Life sector premiums (-2.4%) (Source: ISVAP – Circular as per Protocol No. 36-11-000012 of April 14, 2011 concerning "Gross premiums written in the fourth quarter of 2010 by National insurance companies and by the Italian representatives of foreign insurance companies).

Based on the classification of the National Association of Insurance Companies - ANIA (Source: 2010 Direct Italian premiums – Edition 2011 – April), which takes into consideration the ten largest companies by market share in Italy, which at December 31, 2010 places the Generali Group in first position, with the Fondiaria SAI Group rising to second position with a market share of 9.28%. Analysing the breakdown, the Fondiaria SAI Group emerges as second in the Non-Life Division (19.81% of market share, 19.21% in 2009, in line with 2008), while holding the leadership position in the Motor TPL sector with a market share of over 23%. In the Life sector, the Group in 2010 reports an increase in premium volumes on 2009 (with 5.09% market share) - continuing to occupy 8th place in terms of premiums.

In relation to Italian and foreign direct and indirect premiums consolidated according to IFRS accounting standards of listed insurance companies at December 31, 2010, the Fondiaria SAI Group occupies second place, with premiums of Euro 12,953 million, growth on 2009 (+5.25%).

The currently available statistics indicate total premiums written in the Non-Life and Life Classes by Italian companies and by representatives in Italy of non-EU companies in 2010 amounted to Euro 126 billion, an increase of 6.9% on 2009 (Source: ISVAP – Circular as per Protocol No. 36-11-00012 of April 14, 2011 concerning “Gross premiums written in the fourth quarter of 2010 by National insurance companies and by the Italian representatives of foreign insurance companies).

The Non-Life portfolio, which totals approx. Euro 35.9 billion, decreased by 2.4%, accounting for 28.5% of the total portfolio (26.6% in 2009). Life insurance premiums amounted to Euro 90.1 billion, an increase of 11.1%, with a percentage of the overall Non-Life and Life portfolio amounting to 71.5% (73.4% in 2009).

Non-Life premiums as a percentage of Gross Domestic Product was 2.3%, a small contraction on 2009, due to the non-inclusion of premiums in 2010 of two companies which no longer operate on the Italian direct market; at like-for-like terms of the companies analysed for the two years, the premiums to GDP ratio would remain stable.

Non-Life Insurance Sector

THE NON-LIFE INSURANCE MARKET

The portfolio of gross Non-Life premiums recorded in 2010 of National insurance companies and by the Italian representatives of insurance companies totalled approx. Euro 35.9 billion, a decrease of 2.4%, comprising 28.5% of the overall portfolio (26.6% in 2009) - (Source: ISVAP – Circular as per Protocol No. 36-11-000012 of April 14, 2011 concerning “Gross premiums written in the fourth quarter of 2010 by National insurance companies and by the Italian representatives of foreign insurance companies).

In particular, the premiums portfolio of the Motor TPL classes and the Maritime TPL classes totalled approx. Euro 17 billion (-0.3% on 2009), comprising 47.4% of total Non-Life premiums (49.8% in 2009) and 13.5% of total premiums (13.2% in 2009).

The largest amount of premiums written in the other Non-Life classes were Land Vehicles with 8.3% (8.5% in 2009), Accident with 8.5% (8.7% in 2009), General TPL with 8.6% (9.1% in 2009), Other Property Damage with 7.3% (7.4% in 2009), Health with 6.1% (6% in 2009), and Fire and Natural Elements with 6.6% (6.4% in 2009).

The analysis by distribution channel continues to highlight the large proportion of premiums written through brokerage agencies, amounting to approx. 82.4% of the Non-Life portfolio (83% in 2009) and 89.5% of the Motor TPL division (90.5% in 2009).

OPERATIONAL PERFORMANCE

As outlined in the introduction, the sector result reports a pre-tax loss of Euro 25 million compared to a loss of Euro 118 million in the first quarter of 2010.

The technical performance although negative, improved following the initiatives taken to reverse the unsatisfactory 2010 result.
This was particularly evident in the current generation performance, while only taking into account a limited period, reports a significant improvement with a strong reduction in claims reported and a reduction in the frequency.

Premiums

The Fondiaria-SAI Group in the first quarter recorded premiums of Euro 1,741,453 thousand (-1.45%).
The direct premiums written amounted to Euro 1,740,163 thousand (-1.41%).
The breakdown by Class is shown below:

(in Euro thousands)	**Q1 2011**	**Q1 2010**	**Cge. %**	**Percentage**	
				Q1 2011	**Q1 2010**
NON-LIFE DIVISION					
Accident & Health	157,209	159,695	(1.56)	9.0	9.0
Marine, aviation and transport insurance	38,656	52,116	(25.83)	2.2	3.0
Fire and other property damage	197,168	213,727	(7.75)	11.3	12.1
General TPL	118,809	118,893	(0.07)	6.8	6.7
Credit & Bonds	22,729	24,360	(6.70)	1.3	1.4
General pecuniary losses	15,032	7,811	92.45	0.9	0.4
Legal expenses	4,895	4,947	(1.05)	0.3	0.3
Assistance	13,530	13,825	(2.13)	0.8	0.8
TOTAL OTHER NON-LIFE DIVISION	**568,028**	**595,374**	**(4.59)**	**32.6**	**33.7**
Land vehicle TPL	1,001,010	991,500	0.96	57.5	56.1
Motor vehicles – other classes	171,125	178,186	(3.96)	9.8	10.1
TOTAL MOTOR	**1,172,135**	**1,169,686**	**0.21**	**67.3**	**66.2**
TOTAL DIRECT PREMIUMS	**1,740,163**	**1,765,060**	**(1.41)**	**99.9**	**99.9**
INDIRECT PREMIUMS	**1,290**	**1,958**	**(34.12)**	**0.1**	**0.1**
TOTAL NON-LIFE DIVISION	**1,741,453**	**1,767,018**	**(1.45)**	**100.0**	**100.0**

The premiums ceded amounted to Euro 78 million (Euro 80 million in the first quarter of 2010).

The increase in Land Vehicle TPL premiums written was approx. 1% and was affected by the initiatives taken to improve the class profitability. The growth objective of the average premium focuses both on tariff policies and a reduction in flexibility achieved through increased controls on the agreements and on the discounts provided to clients.
These initiatives, introduced in the previous year, continue to be rolled out in the current year and have been strengthened by the restructuring currently being implemented.
In particular, the new tariff introduced last October has the objective to strengthen both the portfolio and profit levels. This strategy has therefore reduced the tariff mutuality, taking into account regulatory changes ("Bersani" and Direct Indemnity) and competitive dynamics, focusing the analysis on the client risk.
The tariff is based on the vehicle, to take account of the repair costs of the clients' vehicle, increasing the selectivity and the extent of tariff factors related to age and geographic area, differentiating also according to information reported on the expected risk.

Premiums written in the **Land Vehicle** classes contracted once again (-3.96%) due to the ongoing demand crisis which continues to affect the uptake of Land Vehicle associated guarantees, while also due to the lower contribution of agreements with vehicle manufacturers.
In addition the greater prudency exercised in relation to a number of particular guarantees such as those related to socio-political and natural events is considered, with the discontinuation from 01/01/2011 of the coverage of vehicles of a predetermined age and with the non-insertion of similar guarantees in existing contracts, except in the case of the substitution of the insured vehicle.
For the Collision guarantee the tariff premium was calculated on the related full Motor TPL tariff, while the discount policy continues to be reviewed.

In relation to the **General Classes** the reduction in premiums is more significant at 4.6%.
The decrease follows the reform actions and discontinuation of policies within the less technically balanced sectors, such as Buildings, Health and the Professional Sector within the retail class.
The decrease in aeronautical risks of the SASA division in Milano Assicurazioni is also considered and in particular the non-renewal of the civil protection contract and the discontinuation of new business acquisition.

In the Corporate sector, the review and streamlining of the existing portfolio continued, while new business was acquired based on extremely prudent underwriting criteria.

Claims paid and reported

The gross claims paid (including indirect) amounted to Euro 1,414 million, a decrease of 2.58% on the first quarter of 2010 (Euro 1,451 million).

A breakdown of the claims reported and paid on direct Italian business, including the expenses directly attributable to the claim and all indirect expenses relating to the settlement structure are shown below:

	Claims paid (in Euro thousands)			Claims reported Number		
	Q1 2011	Q1 2010	Cge. %	Q1 2011	Q1 2010	Cge. %
Accident	54,951	58,918	(6.73)	22,224	23,318	(4.69)
Health	46,174	48,821	(5.42)	73,055	70,407	3.76
Railway	1	-	-	-	-	-
Aviation	146	1,623	(91.00)	6	3	100.00
Maritime	2,422	2,166	11.82	139	129	7.75
Merchandise transport	2,027	1,464	38.46	370	598	(38.13)
Fire and other natural elements	60,869	63,172	(3.65)	12,792	15,620	(18.10)
Other property damage	65,126	70,507	(7.63)	37,801	42,928	(11.94)
Aviation TPL	488	176	177.27	4	9	(55.56)
Maritime TPL	542	314	72.75	51	56	(8.93)
General TPL	97,549	91,004	7.19	27,210	27,607	(1.44)
Credit	122	100	22.00	-	-	-
Bonds	10,519	15,998	(34.25)	489	485	0.82
Pecuniary losses	1,696	2,873	(40.97)	891	1,031	(13.58)
Legal expenses	641	430	49.07	426	422	0.95
Assistance	4,193	5,039	(16.79)	26,447	27,430	(3.58)
TOTAL OTHER NON-LIFE DIVISION	**347,466**	**362,605**	**(4.17)**	**201,905**	**210,043**	**(3.87)**
Motor TPL	840,747	890,595	(5.60)	197,253	230,006	(14.24)
Land vehicles	106,495	119,981	(11.24)	77,452	86,558	(10.52)
TOTAL MOTOR	**947,242**	**1,010,576**	**(6.27)**	**274,705**	**316,564**	**(13.22)**
TOTAL NON-LIFE DIVISION	**1,294,708**	**1,373,181**	**(5.71)**	**476,610**	**526,607**	**(9.49)**

(*) The table excludes the data of DDOR Novi Sad

The Motor TPL Division includes the claims paid for the charges incurred for the management of the claims as "Operator" within the direct compensation system, net of those recovered as a flat-rate in the CONSAP compensation procedure.
The Motor TPL claims in the table refer to the events in which our policyholders were civilly responsible.
The number of Motor TPL claims managed by the Group amount to 191,291 (-16.12%).

Technical reserves, gross of reinsurance, amounted to Euro 11,748 million (Euro 11,888 million at 31/12/2010).
The percentage of gross management expenses to premiums was 23.2% (compared to 23.7% in Q1 2010).

The table below shows the principal technical indicators in the first quarters of 2011 and 2010:

Data shown in %	**Q1 2011**	**Q1 2010**
Loss ratio	73.9	79.6
Expense ratio	21.0	20.7
Combined operating ratio	**94.9**	**100.3**
OTI ratio (*)	6.0	6.6
Combined ratio	**100.9**	**106.9**

(*) Includes the balance of the other technical accounts. The coverage ratio of the reserves in relation to premiums was not provided in consideration of the non representative nature of the quarterly data.

The **Motor TPL** Class again recorded a negative performance due to the contracts issued in previous years, particularly in certain regions of Centre-South Italy, with a higher percentage of claims reporting physical injury and where the risk of fraud to the Group is greatest.
The current generation contracts, continuing the trend established at the end of the previous year, reported an increase in the average policy premium and a decrease in the frequency.
In relation to the cost of claims, the decrease in claims reported had a positive impact, both those caused and managed, in addition to the consequent decrease in frequency recorded in the first quarter of 2011.
The difficulties continue in relation to the prior year reserves as a result of the previously commented upon judicial approach in relation to physical injury: reversals improved on the first quarter of 2010 also as a result of the wider revaluation process carried out at the end of the previous year.
Prior generation average claims paid have therefore remained high as a result of these issues, requiring a more prudent reservation policy in the quarter although with the peripheral structures in the period not systematically involved in the review of the residual loads.
At the same time, the improvement activities continued which centred upon:

- discontinuation of multi-risk policies:
- closure of non-profitable sales points;
- cancelation of conventions and policies with negative technical performances.

The **Land Motor** class records a positive result, in line with Q1 2010. The overall profit margin benefitted from the new guarantee sales methods which offset the claims in relation to certain types of coverage and the adoption of specific compensation forms, particularly in relation to windshield guarantees.

In the **Other Non-Life Classes**, the technical performances report a substantially stable situation based on the negative performances of the Health and General TPL Classes offset by a satisfactory result in the other classes.
In order to achieve greater technical equilibrium in the loss making sectors, automatic monitoring actions of the tariff flexibility have been introduced which can establish targeted conditions within specific product categories.

With reference to the Parent Company **Fondiaria-SAI** the premiums written in the Motor TPL Class amounted to Euro 506 million (+0.3%), while the Land Vehicle Class recorded a decrease of 2.3%.

In relation to **Motor TPL Class** claims caused, the number of claims in the period amounted to 106,909, a decrease of 10.6%; the number of claims paid amounted to 104,751 (-6.2%).
For the current quarter the claims/premiums ratio, net of the costs for the Guarantee Fund for Road Victims, was 70.5 % and 81.2% at global level.
The speed of settlement of the claims managed (NO CARD Claims + Operator CARD Claims) was 46.6% for the claims in Q1 2011 and 34.2% for the claims in previous years.
On the claims caused, the speed of settlement was 43.8% for the current quarter and 36.2% for the previous years.
In the first quarter of 2011, the claims reported and accepted (including late claims) within the new compensation regime (so-called CARD Managed claims system) amounted to 74,107, of which 38,771 were fully paid.
The reported claims with follow up through the clearing houses with CONSAP, in relation to the claims in which our policyholders were in full or in part responsible (so-called CARD debtor), amounted to 70,787 - of which 33,639 gave rise to the full payment of the indemnity and 37,148 resulted in the recording of a reserve.
For accounting purposes, up to 31/03/2011 recharges were received for a value of Euro 143.8 million from the clearing house. The amount of the credits received was Euro 129.9 million.

A large reduction in claims was recorded in the **Land Vehicle** Class (-11.5%) and of claims paid (-9.1%), resulting in a decrease in the claim cost of 14.3%.
The class technical balance was moderately positive, although decreasing on March 2010.

With reference to the **Non-Motor Classes of the Parent Company** the direct Italian premiums written amounted to Euro 275 million, a decrease of 1.4% compared to the first quarter of 2010.
The number of claims reported reduced (-1.3%), while the number of claims paid increased (+2.6%).
In the Fire Class, both the number of claims paid (-3.3%) and the number of claims reported (-9.8%) decreased.

- DDOR NOVI SAD ADO

In Q1 2011 the subsidiary DDOR Novi Sad ADO recorded a profit of RSD 28 million. The principal events in the quarter were as follows:

- a decrease of 9.5% in gross premiums written on Q1 2010, due principally to the portfolio maintenance policy adopted by the company and the slow pace of the economic recovery: this decrease was seen across nearly all of the Non-Life Classes and in particular the Fire class (-34.8%), the Property class (-12.2%), the Land Vehicle class (-6%) and the Motor TPL class (-4.8%).
  The Property Class was particularly impacted by the reorganisation of the insurance coverage of some large clients while the decrease in the Motor Class was principally caused by a slow recovery in motor sales following the market crisis and as a result of strong competition.
  However growth is reported in the General TPL class (+35%), in the Accident Class (+4.3%) and of Life premiums (+7%);
- direct business claims settled of RSD 1,290 million increased by 4.3% on the same period of 2010, following a number of serious claims within the Accident Class;
- the claims reserve decreased by RSD 95 million following a small increase in the gross value of claims (+6.4%) which are offset by reinsurance;
- commissions and other sales costs relating to the Motor TPL Class grew in line with the market (amounting to RSD 1,070 million). Measures to reduce administrative expenses are being introduced.

- DIALOGO ASSICURAZIONI S.p.A.

Premiums written in Q1 2011 by Dialogo Assicurazioni S.p.A. (controlled by Milano Assicurazioni for 99.85%) amounted to Euro 11.2 million, an increase of 39.6% on Euro 8 million in Q1 2010.
As established by the industrial plan of the Company, in 2011 a new advertising campaign was launched which, in a change from previous years, was principally focused on the internet channel with consequent reduced costs.
The technical performance was again negative, although improving on Q1 2010, due both to the current year claims and the impact from the settlement of claims already recorded to the reserve.
The result for the quarter, calculated according to Italian accounting principles, was a loss of Euro 1.1 million (loss of Euro 2.5 million in Q1 2010).

- LIGURIA SOCIETÀ DI ASSICURAZIONE S.p.A.

Liguria Assicurazioni, principally relying on a multi-mandate agency network, reports premiums of Euro 68.7 million in the first quarter of 2011, a decrease of 5.3% on the first quarter of 2010, principally due to the closure of negatively performing agencies and the consequent liberalisation of the relative portfolios. The active agencies in fact recorded an increase in premiums written of 3.8%.

Claims reported decreased by approx. 26% in the Motor TPL Class, by approx. 15% in the Land Vehicle class and by 5% in the Other Non-Life classes. The reversal of prior year Motor TPL claims remains negative although with a strong improvement on the first quarter of 2010.
The result in the quarter, calculated according to Italian accounting principles, reports a loss of Euro 2.8 million - an improvement on Q1 2010 (loss of Euro 5.5 million), due to higher technical charges, which however will realign in subsequent quarters.

The benefits of the industrial restructuring actions undertaken should become more apparent during the year, which were principally focused on tariffs, in particular within the Motor TPL Class, the agencies, the negatively performing portfolios and risks, the underwriting criteria, efficiency and control of the settlement process.

- MILANO ASSICURAZIONI S.p.A.

The Group net loss for the first quarter of 2011 was Euro 16.5 million (loss of Euro 22.4 million in the first quarter of 2010).
The principal factors affecting the result may be summarised as follows:

- the non-life sector reports a pre-tax loss of Euro 19.5 million, an improvement on the loss of Euro 37.5 million in the first quarter of 2010, principally due to the insurance management actions undertaken to recover profitability, set out in the 2011 Budget and already announced to the market. The combined ratio, net of outward reinsurance, amounts to 101.3% compared to 105.8% in the first quarter of 2010 and 114.8% for the full year 2010;
- the real estate sector reports a loss of Euro 2.7 million (loss of Euro 3.7 million in the first quarter of 2010), principally relating to the result of Immobiliare Milano Assicurazioni s.r.l., again recording a loss due to the operating expenses of the real estate portfolio and financial charges in the period;
- the financial and asset management reports overall net income of Euro 53.9 million compared to Euro 72.7 million in Q1 2010. Interest income amounts to Euro 53.5 million, substantially stable on Q1 2010 (Euro 53.3 million), with unrealised net gains of Euro 18.5 million (Euro 25.7 million in Q1 2010) and net valuation losses of Euro 20.4 million (Euro 18.7 million in Q1 2010) and concerning impairments on AFS financial instruments for Euro 13.5 million and depreciation on buildings of Euro 6.9 million.

Income from financial instruments at fair value recorded to the profit and loss account decreased from Euro 9.2 million in Q1 2010 to Euro 2.1 million: the reduction essentially relates to life contract bond securities with investment risk borne by the policyholder which in the first quarter of 2010 benefited from a generalised rise in equity prices. Finally, charges from investments in subsidiaries, associates and joint ventures principally include the losses recorded in the quarter by Atahotels, which continues to be affected by the difficult economic environment and the weak hotel sector in general;

- The management expenses in the non-life insurance sector amounted to Euro 156.3 million, with a percentage on net premiums of 21.2% (20.1% in Q1 2010). In the Life Division the management expenses amounted to Euro 6.5 million - 5.3% of net premiums (4.8% in Q1 2010).

- SIAT – SOCIETÀ ITALIANA ASSICURAZIONI E RIASSICURAZIONI S.P.A.

The operating performance in the period in comparison with the previous period is summarised as follows:

- stability in the technical component;
- substantially unchanged administration expenses;
- relating to investment income and charges a deterioration is reported principally due to the impairment of some equity securities (Generali, Unicredit, BIM);
- for other revenues an increased net charge is recorded due to the provisions for charges in the period.

In relation to the “Land Vehicle” sector, the market remains substantially unchanged, reporting a stable performance, a containment to the minimum of improvements requested on renewals (relating only to the fleets with statistically positive performances) and the application of penalties (in terms of premium and thresholds) on risks with negative results.
The reduction in the value of the ships owned by shipping companies is more contained, while the fleets continue to report a lower average age.
In relation to claims, a contained number of significant claims is reported.

Also in the “Goods” sector, no significant change in the portfolio took place. The goods traffic, although reporting a modest overall recovery, saw changes which make future forecasting rather complex.

In the present environment the underwriting of risks has been affected by virtually no new businesses setting up in the country. However, competition remains strong which, due to the lack of new risks, finds an outlet through an uninhibited underwriting policy. In addition to the long-standing competitors, companies without any tradition in the sector have now emerged both in the form of new underwriting agencies and foreign competitors who are developing their portfolio - also in the Marine business.
In consideration of that outlined above (in summary, lack of economic recovery, reduced demand and increased competition), volumes are expected to reduce further.

In relation to claims, no particularly serious claims are reported in the period.
In relation to the outward reinsurance, there were no changes from the recent past, with the continued interest of the professional operators in the technical value of the policies underwritten.

The premiums written amounted overall to approx. Euro 43.6 million, a small contraction (-4.1%) on the same period of the previous year.
This reduction is in part due to the depreciation of the US Dollar (the currency in which a large part of the Transport business is undertaken, particularly in the "Hulls" class) against the Euro, with an exchange rate at March 31, 2011 of 1.4207 compared to 1.3479 at March 31, 2010.
These premiums relate entirely to the "Transport" sector, in that the business classified in the Motor and General Classes, based on the breakdown by division in the financial statements, are entirely based in the "Transport" sector.
The Transport Class claims report a small number of particularly serious claims.
In relation to the amount of claims paid, the total amount (Euro 40.0 million) reduced on Q1 2010 (Euro 46.8 million) and principally relates to the Hulls Class. The changes principally concerned payment timings and no other specific reasons.
At the same time, the claims reserve in the "Transport" sector has not changed significantly.

Against significant movements in the period in the exchange rate of the US Dollar (whose exchange rate at December 31, 2010 against the Euro was 1.3362), prudent management resulted in net exchange losses of Euro 75 thousand (both from realisation and conversion), although with extremely significant financial cash flows in this currency.

Life Insurance Sector

THE LIFE INSURANCE MARKET

In 2010, total premiums in the Life Division increased by 11.1% (Euro 90.1 billion), accounting for 71.5% of the entire Non-Life and Life portfolio (68.8% in 2009) (Source: ISVAP – Circular as per Protocol No. 36-11-00012 of April 14, 2011 concerning "Gross premiums written in the fourth quarter of 2010 by National insurance companies and by the Italian representatives of foreign insurance companies).

In particular, Class I (Insurance on human life) with Euro 67.7 billion recorded an increase of 4.8% on 2009; Class III (Insurance principally related to mutual funds or Internal Funds or indices or other benchmark values) with approx. Euro 15.4 billion grew by 58.3% on 2009, and Class V (Securitisation operations) increased 1.5% (Euro 5.1 billion). These Classes account respectively for 75.2%, 17.1% and 5.7% of Life premiums (respectively 79.7%, 12% and 6.3% in 2009). In relation to the remaining Classes, the premiums of Class VI (pension funds with approx. Euro 1.7 billion) accounts for 1.9% of Life premiums (same as 2009).

Premiums written through bank and postal branches accounted for 60.1% of the Life portfolio (58.8% in 2009). These were followed by the financial promoters (15.8% compared to 16.3% in 2009), mandated agents (15.2% compared to 15.7% in 2009), in-house agents (7.4% compared to 8% in 2009), brokers (1% compared to 0.8% in 2009) and other forms of direct sales (0.3% compared to 0.4% in 2009).

In the first quarter of 2011, the data of ANIA in relation to new Life business highlighted that the financial promoter channel sold a total of Euro 644 million of new policies (11.9% of the entire new business of the Italian and non-EU companies), a decrease of 44.5% on the same period of 2009 (Source: ANIA – AniaTrends – April 2011 – year VII No. 3).

In March, the Class I policies contracted by 39.9% on the same month of 2009, against premiums of Euro 3.5 billion: in Q1 2011, premiums amounted to Euro 11.2 billion (-29.6% on Q1 2010). The amount of new Class V premiums more than halved to Euro 125 million (-63.7% on Q1 2010): including also new business from the two previous months, they amounted to Euro 413 million, a decrease of 60.4% on the same period of the previous year. In Q1 2011, the linked sector, with Euro 1 billion of premiums, contracted by 32.4%, while in Q1 2011 new policies amounted to Euro 2.4 billion, a contraction of 35.6% on the same period of 2010.

In the first quarter the new premiums/contributions relating to individual pension products, the majority of which referring to IPP policies, amounted to Euro 115 million, substantially in line with the same period of 2010. New business almost entirely concerns single premium contracts (94%).

Agents recorded decreased premiums of 23.1% on Q1 2010, on volumes of Euro 761 million (approx. 16% of the entire business of the Italian and non-EU companies). The bank and postal channels recorded new policies of Euro 3.3 billion (70% of overall new business), decreasing 41.5% on Q1 2010.

Operational performance

The sector pre-tax profit was Euro 9.7 million (Euro 27.1 million in Q1 2010).
The decrease stems from the more contained contribution, in premiums terms and therefore of potential profit, from the bancassurance channel.
The contraction in volumes is related also to seasonal factors, particularly in relation to some significant corporate securitisation contracts which in the previous year were concentrated at the beginning of the year and which were not replicated in the first quarter of 2011.
The traditional channel margins - although remaining positive - were affected by a contraction stemming from the timing misalignment between commitments to policyholders and financial income in the period.
The sector recorded impairments on AFS equities and funds for Euro 5 million (Euro 14 million in Q1 2010).

Premiums

Direct premiums written in the first quarter of 2011 amounted to Euro 1,247.3 million, a decrease of 27.83%.

The details by class compared to the previous quarter are shown in the table below:

(in Euro thousands)	**Q1 2011**	**Q1 2010**	**Cge. %**	**Percentage**	
				Q1 2011	**Q1 2010**
LIFE DIVISION					
II – Insurance on human life expectancy	374,575	926,335	(59.56)	30.0	53.6
III – Insurance to which points I and II are connected to investment funds or benchmark indices	792,802	636,518	24.55	63.5	36.8
IV - Health insurance	124	24	416.67	-	-
V – Securitisation operations	79,828	165,422	(51.74)	6.4	9.6
TOTAL	**1,247,329**	**1,728,299**	**(27.83)**	**99.9**	**100.0**
INDIRECT PREMIUMS	**213**	**327**	**(34.86)**	**0.1**	**-**
TOTAL	**1,247,542**	**1,728,626**	**(27.83)**	**100.0**	**100.0**

Total premiums written by bank branches amounted to Euro 873.4 million and represents 70% of the total direct premiums written (approx. 73% in Q1 2010).

The total premiums in the sector also includes Euro 15 million (Euro 18 million in Q1 2010) on investment contracts which may not be considered under IFRS 4 and therefore not included under premiums written but rather under financial liabilities according to the deposit accounting technique.

The premiums ceded amounted to Euro 3.6 million (Euro 6 million in Q1 2010).
Charges relating to claims, net of reinsurance, amounted to Euro 1,287.9 million (Euro 1,955.5 million in Q1 2010).

A breakdown by Class and type of the sums paid in the direct Life segment is shown below:

(in Euro millions)	Claims	Redemp.	Maturity	Total Q1 2011	Total Q1 2010
II – Insurance on human life expectancy	25.4	276.8	204.3	506.5	321.4
III - Insurance as per points I and II linked to investment funds	9.0	166.9	118.7	294.6	100.1
IV - Health insurance	-	-	-	-	-
V – Securitisation operations	0.2	61.3	9.4	70.9	79.2
Total	**34.6**	**505.0**	**332.4**	**872.0**	**500.7**

Management expenses as a percentage of premiums increased (5.1% in the first quarter of 2011 compared to 3.2% in Q1 2010), due to the decrease in premiums from the bancassurance sector.

Gross technical reserves amount to Euro 23,333 million, an increase of Euro 393 million on the end of the previous year.

Annual Premium Equivalent and New business

New premiums written in terms of equivalent annual premiums (Annual Premium Equivalent, APE), is calculated based on the sum of the new business annual premiums and 10% of the single premiums. For the Fondiaria SAI Group, this is calculated both under the IAS/IFRS criteria, excluding therefore the contracts treated under the "deposit accounting" method, and under Local criteria taking into consideration all new premiums in the sector, including investment contracts not within the application of IFRS 4.

The results of the above-mentioned valuations are reported below.

(in Euro millions)	Q1 2011	Q1 2010	Cge %
IAS/IFRS standards	**114,073**	**152,261**	**(25.08)**
Traditional Insurance Companies	28,560	34,428	(17.04)
Bancassurance	85,513	117,833	(27.43)
Local GAAP	**114,825**	**152,868**	**(24.89)**
Traditional Insurance Companies	29,260	34,766	(15.84)
Bancassurance	85,565	118,102	(27.55)

In the first three months of 2011, the Individual Life premiums written by the distribution network were focused almost entirely on the Separated Management products, which were characterised by a guaranteed annual minimum yield in addition to the protection of the investment, although at the beginning of the year the single and recurring premium minimum yield was reduced to 1.5%, in line with market trends:

- in the single premium form, with attention to the capital maturity segment as stated previously: in this segment new business contracted significantly on the same period of the previous year;
- in the recurring premium form OPEN GOLD and OPEN RISPARMIO, with a significant increase in new business;
- in the constant annual premium forms with very strong results for OPEN PIÙ and OPEN BRAVO.

The DEDICATA policy (Term Life product) recorded a significant increase in new business.

In relation to the complementary pension segment, implemented through the Individual Pension Plans, in the first three months of the year there was a slight increase in the new business on the same period of the previous year.

The economic situation in the first quarter of 2011 remains difficult – with the significant impacts on the labour market situation continuing to affect premiums in the "corporate" sector.

Despite this, the sector has remained stable and some areas have seen fresh interest.

The securitisation products offered - updated with newly issued mixed special insurance products – continued to report new inflows and contracts confirming a definite renewal of interest in insurance instruments from a section of the clientele considered of more contained means than the institutional clients who in the past extensively utilised this investment instrument; therefore the distribution data reports a contraction on the previous year.

The "pre-existing" pension fund instrument, despite the difficulties in the labour market, has held its ground in a portfolio directly related both to the number of employees and their relative salaries.

A similar situation was experienced by the Open Pension Funds created by the Company, which have continued to attract new subscribers (although contained) and have seen a consolidation in contributions.

In relation to products connected to post-employment benefits (Employee Leaving Indemnity and Agents' Leaving Indemnity) the economic conditions and more restrictive regulations continue to negatively influence the portfolio which reports a small contraction on the same period of the previous year.

The coverage of risk sector continues to attract - thanks also to a policy focused on personalising the offer - a strong contribution from institutions, with collective contracts showing signs of recovery in distribution terms and an overall solidity reported for the portfolio; the results however have not yet fully fulfilled their potential.

New Life products launched on the market

From 14/03/2011 the Group made available the new mixed policy **Vita Protetta SASA** which replaces the Risparmio Assicurato Product.

The new mixed policy insures:

- in case of death of the policyholder during the contractual term: the payment of the insured capital to designated beneficiaries;
- on the maturity of the contract: the payment of the insured capital to designated beneficiaries.

The product targets a wide audience - between 25 and 40 years, with also a medium or low income and offers extensive guarantees.

In the Italian market, the offer of Life products based on the management of client investments and savings has segmented over time into two major areas.

The first, characterised by traditional insurance products, with returns related to Separated Management, the second, characterised by financial-insurance products related to Internal and External Funds.

In recent years, security and minimum guarantee returns has been a priority of a large section of potential Clients.

Products related to Separated Management have therefore been met with great success, both at overall market level and by our Clients in particular.

However our market is evolving, with innovative products emerging which incorporate a security component - now considered increasingly important - through mechanisms which link results to the performance of the stock indices.

In this environment, the Group has launched on the market the new **Open Dinamico** product in two versions: Single Premium, distributable until April, in addition to the Periodic Premium, distributable from May.

Open Dinamico is a multi-class product, with a component linked to separated management and a component linked to an internal unit-linked fund, with very innovative characteristics compared to the current Portfolio and the principal competitors.

- MILANO ASSICURAZIONI S.p.A.

The Life Division reports a pre-tax profit of Euro 12.3 million (profit of Euro 21.7 million in Q1 2010). The result in the quarter was temporarily affected by a negative impact from deferred liabilities to policyholders (so-called shadow accounting reserve), in turn stemming from the choices made in terms of target returns from separated management within the life division and the consequent management policies. The effects of these policies should emerge throughout the year - such as a reduction in technical interest.

In the first quarter of 2011, direct premiums, calculated according to IAS accounting standards, amounted overall to Euro 94.3 million, a decrease of 39.7% on Q1 2010.

The new policy portfolio continued to offer adequate technical margins and features a large portion of traditional type products with higher remuneration and an ability to satisfy the entire client base through the quality level and extensive range of products offered. In relation to premiums written, although a reduction in volumes was recorded in the period, the quality of the portfolio improved with a higher percentage of periodic premium products (annual and recurring).

In the first three months of 2011, the Individual Life premiums written by the distribution network were focused almost entirely on the Separated Management products, which were characterised by a guaranteed annual minimum yield in addition to the protection of the investment, although at the beginning of the year the single and recurring premium minimum yield was reduced to 1.5%, in line with market trends.

Premiums ceded amounted to Euro 2.9 million and represent 3.1% of gross premiums (Euro 2.7 million in Q1 2010, comprising 1.7% of direct business). The reinsurance structure is unchanged compared to the previous year, with a proportional coverage in excess and a catastrophic coverage in claims excess provided by the group company The Lawrence Re.

- POPOLARE VITA S.p.A.

In the first quarter of 2011 a profit (calculated according to Italian accounting principles) of Euro 22,332 thousand was recorded (Euro 6,309 thousand in Q1 2010).
Gross premiums in the first quarter of 2011 (calculated according to Italian accounting principles) amounted to Euro 76,622 thousand (Euro 618,757 thousand in Q1 2010). The premiums in the first quarter were principally concentrated in new single premium re-valuable saving products of Class I and V in separated management (Euro 73 million) and in Unit Linked single premium products (Euro 2.7 million); the premiums in the period also included periodic premiums deriving from the portfolio in force, relating to pure risk policies and individual and collective saving policies.

The management expenses in the first quarter of 2011 amounted to Euro 9,278 thousand (Euro 18,724 thousand in the first quarter of 2010) and principally relate for approx. 75% to acquisition expenses.

At March 31, 2011, overall investment volumes totalled Euro 8,471 million (a slight decrease on 31/12/2010 - Euro 8,583 million) and comprised for 48% by Financial assets at fair value recorded to the Income Statement.
The gross technical reserves amounted to Euro 8,381 million (Euro 8,723 million at 31/12/2010).

- THE LAWRENCE LIFE ASSURANCE COMPANY LTD

In the first quarter of 2011 the premiums written by the Company amounted to Euro 736 million (Euro 621 million in Q1 2010). In the first quarter the Company recorded a profit, according to local accounting principles, of Euro 3.8 million (Euro 1.7 million in Q1 2010).

Real Estate Sector

Fresh interest in the real estate market, price stability and developing confidence among operators in the sector since the beginning of the period intimate the end of the recession within the Italian real estate market: this consideration however does not take account of the approach by banks toward the granting of credit which, in order to reduce the level of risk on loans, have adopted more stringent criteria, thus reducing the provision of mortgages. In Italy, the situation is complicated by the particularly lengthy process and costs related to the homeowner insolvency process.
Without a sudden lowering of prices and a loosening of credit granting criteria it is difficult to perceive that the current and future real estate market offer will be fully absorbed by demand.

Operational Performance

The results of the real estate sector include the subsidiaries **Immobiliare Fondiaria-SAI**, **Immobiliare Milano**, **Nit s.r.l.** and other minor companies, as well as the **Tikal R.E.** and **Athens** Closed Real Estate Funds.

The key data of the real estate sector is summarised below:

(in Euro thousands)	**Q1 2011**	**Q1 2010**
Profits realised	48	16
Total revenues	39,535	31,943
Interest expense	2,148	1,810
Total costs	35,052	42,416
Profit/(loss) before taxes	4,483	(10,473)

(in Euro thousands)	**31/03/2011**	**31/12/2010**
Investment property	1,270,222	1,276,207
Financial liabilities	279,585	293,354

The pre-tax result of the sector was a profit of Euro 4.5 million (loss of Euro 10.5 million in the first quarter of 2010).
The positive result benefitted from inter-group gains, reversed in previous years, whose realisation with third parties took place in the first quarter of the current year.
Excluding the above-stated effect, ordinary operations in the sector would have recorded a pre-tax loss of approx. Euro 5 million.
The result in the period was also affected by amortisation and depreciation of approx. Euro 7.1 million (Euro 5.9 million in Q1 2010).

The investment in CityLife, following the exercise of the sales option by Immobiliare Milano approved on March 23, 2011, was recognised to discontinued assets in accordance with IFRS 5. Considering the valuation structure of the put option, it is reasonable to assume that the fair value of CityLife is greater than its book value recognised in the 2010 financial statements.

Consequently, the reclassification to discontinued assets does not have an impact on the income statement nor an impact on the valuation at equity in the first quarter of 2011, which would have recorded a negative effect of approx. Euro 1.8 million.

Castello Area

A criminal case is before the Florence Court initiated by the Florence Public Prosecutor's Office in relation to the urbanisation of a building area in the Florence Municipality – in the Piana di Castello area - owned by NIT S.r.l., a Company of the Fondiaria-SAI Group. The alleged offence is corruption, in breach of Articles 319 and 321 of the Criminal Code.
The first hearing is fixed for June 6, 2011.

CityLife

The Company was awarded the international tender by the Fiera Milano Foundation for the redevelopment of the historic area of ex-Fiera for a project drawn up by esteemed architects. The investment is for approx. Euro 2.2 billion with a total value of production equal to Euro 3 billion. The completion of the construction is scheduled for 2015 and the completion of the commercialisation phase is expected by 2016.

Immobiliare Fondiaria-SAI S.r.l.

The activities carried out by the company in the first quarter of 2011 focused principally on the management of the real estate assets and investments. During the period, there were no purchase or sales operations on buildings while the maintenance activities on some buildings in order to improve profitability continued.
At consolidated level, a loss of approx. Euro 1.9 million was recorded. In the income statement, against revenues related to the rental of buildings for approx. Euro 0.6 million and the value of improvement works on the real estate assets and the development of the tourist port of Loano for a total of Euro 3.8 million, overall charges of approx. Euro 5.6 million were recorded, of which Euro 2.8 million relating to costs capitalised on real estate projects, Euro 0.5 million of depreciation on parent company buildings, approx. Euro 0.8 million of financial charges and Euro 1.7 million of service, personnel and other operating costs.

Immobiliare Milano Assicurazioni S.r.l.

The activities carried out by the company in the first quarter of 2011 focused principally on the management of the real estate assets and investments. During the period, there were no purchase or sales operations on buildings while the maintenance activities on some buildings in order to improve profitability continued.
At consolidated level, a loss was recorded in the period of approx. Euro 1.9 million due to the depreciation of parent company buildings for approx. Euro 1.9 million, financial charges of approx. Euro 0.5 million and service and other operating costs for approx. Euro 1.9 million against revenues from the rental of buildings for approx. Euro 2.1 million and financial income and deferred tax income of approx. Euro 0.3 million.

Other Activities Sector

Operational performance

The sector includes the Group companies operating in the banking, hotel and diversified sectors, as opposed to the insurance and real estate sectors.
The pre-tax result of the sector was a loss of Euro 13.0 million (loss of Euro 10.3 million in the first quarter of 2010).
The Atahotels Group contributed a loss in Q1 2011 of Euro 9.0 million.
The result also includes the loss of Euro 3.2 million by the Fiorentino Villanova Oncology Centre, in addition to the loss of BancaSai which amounts, together with the other investments of the Banking Group, to Euro 1.2 million.
The result includes amortisation and depreciation in the period of Euro 8.6 million.

- BANCASAI S.p.A.

At March 31, 2011, assets managed by the bank amounted to Euro 1,719 million compared to Euro 1,476 million at December 31, 2010.
During the period the number of current accounts decreased from 16,648 at December 31, 2010 to 16,577 at March 31.
The total amount in current accounts totalled Euro 806 million compared to Euro 719 million at December 31, 2010.

Indirect funds managed
Total indirect funds managed increased to Euro 14,822 million at March 31, 2011 from Euro 14,128 million at December 31, 2010.
Total managed savings increased from Euro 451 million to Euro 601 million, with administered savings growing from Euro 13,677 million to Euro 14,222 million.

Loans
At March 31, 2011, the overall value of loans to clients increased to approx. Euro 868,352 thousand (Euro 837,395 thousand at December 31, 2010).
Also in the first quarter of 2011 the increase in loans was sustained principally through household mortgage demand for the purchase of homes and short-term loan operations with the subsidiary Finitalia.
The Bank continues to focus on the fractioning of the risk which is still one of the fundamental requisites of the loan portfolio, both in relation to the distribution by economic activity and concentration by individual client: the need to adopt a particularly selective criterion was identified, and adapted to the Bank capacity in defining the size of the credit limits made available to clients.

In consideration of its operating activities, the credit risk is the principal risk component to which the Bank is exposed.
Particular attention is given to the granting of commercial credit lines to businesses for the inherent characteristics of this technical form, related to their capacity to ensure greater client loyalty, to the margins generated, and to their ability to be an indicator of the state of our counterparties, through the verification of the returns on the portfolio.
An increase in bad debts in the period reflects both a continuation from that recorded in the previous year and ongoing economic uncertainty, which hit small to medium size enterprises and households hardest.
Prompt instigation of necessary recovery actions were made against these loans and where necessary impairments were implemented.
The overall cost of credit (including therefore the recovery of values and the adjustment of values, in addition to the portion of net provision for risks and charges concerning the provision of credit) at March 31, 2011 amounted to Euro 1,151 thousand (Euro 3,107 thousand at the end of the same period of 2010).

- FINITALIA S.p.A.

The Q1 2011 net profit amounted to Euro 306 thousand (Euro 488 thousand in Q1 2010).
The number of operations increased by 9.59%, also thanks to business relating to insurance premium financing of physical persons.

Administrative expenses in the first quarter of 2011 amounted to Euro 2,918 thousand, a small increase on the same period of 2010 (Euro 2,630 thousand). The difference is principally due to the increase in personnel costs of approx. Euro 132 thousand, in addition to other administration expenses.
At 31/03/2011, financing was provided of Euro 64,659 thousand compared to Euro 56,548 thousand in the same period of 2010, an increase of 14.34%.

The commercial initiatives undertaken in the first three months of 2011, creating synergy among the Group insurance companies, were principally:

- the transfer to Finitalia of direct insurance agreements of the Group insurance companies;
- support of the Monetary initiative by Finitalia which has begun to contribute strong results in terms of direct personal loans from the Agencies;
- head office and national meetings of the Company with the agency networks for the training of personnel working within the agencies for better knowledge of the product and to promote transparency and correctness and improve the use of applications.

- Atahotels S.p.A.

In the first quarter of 2011 the measures introduced in 2010 continued to be rolled out in order to re-establish profitability through the development of revenues, the reduction of costs and the rationalisation of processes, the reduction in the number of investments and also the focusing of the activities of the Company within the hotel business and on additional profits.

The interventions made on the revenue front principally included:

- the development of the commercial network;
- the centralisation of some departments previously decentralised;
- the development of the revenue management activity;
- the introduction of web and direct marketing strategies through the creation of a centralised client database;
- the promotion of online sales which increased by over 18% on the previous year;
- the commencement of the redevelopment project of some buildings, beginning with the Tanka Village and the Atahotel Villa Pamphili;
- the centralisation of the credit recovery activities.

The principal interventions made on the cost front included:

- the reduction in the cost of labour and flexibility of the structure, with greater recourse to outsourcing;
- the efficiency of processes;
- the restructuring of the investments, with gradual closure of the marginal activities, in order to focus company activities on the core hotel business.

Atahotels today has a more efficient, modern and solid structure, with clear and uniform procedures and with more stable IT systems and more detailed management control processes. In addition, the department centralisation activities have improved the contribution and the professionalism of personnel operating in the chain structures.
The current year began under a cloud of uncertainty and with the recovery of the economy still appearing weak and tentative. However the data for the first three months of the year breeds a degree of cautious optimism. Revenues grew by 3.9% on Q1 2010 and operating margins have partially recovered.
Some company structures continue to be affected by weak demand in the business segment, while reporting a recovery in the trade fair and congress segments.

In addition to these measures, the recovery of the Company in the medium-term cannot exclude the introduction of extraordinary measures. Certain actions are being considered, such as - for example - a reconsideration of rentals through a review of rental contracts based on the potential of the buildings and the reduced apartment offer in Milan.

Asset and financial management

INVESTMENTS AND LIQUIDITY

At 31/03/2011, the volume of investments amounted to Euro 36,705 million, an increase of 1.9% on 31/12/2010.

The investments, tangible fixed assets and liquidity at 31/03/2011 compared to the previous year are shown below.

(in Euro thousands)	**31/03/2011**	**Percent. %**	**31/12/2010**	**Percent. %**	**Cge. %**
INVESTMENTS					
Investment property	2,882,152	7.63	2,894,209	7.77	(0.42)
Investments in subsidiaries, associates and joint ventures	194,054	0.51	325,369	0.87	(40.36)
Investments held to maturity	601,219	1.59	592,138	1.59	1.53
Loans and receivables	3,629,424	9.60	3,159,211	8.48	14.88
AFS financial assets	20,259,147	53.62	20,302,882	54.54	(0.22)
Financial assets at fair value through the profit or loss account	9,138,655	24.18	8,740,064	23.47	4.56
Total investments	**36,704,651**	**97.13**	**36,013,873**	**96.72**	**1.92**
Tangible fixed assets: buildings and other fixed assets	597,866	1.58	594,334	1.60	0.59
Total non-current assets	**37,302,517**	**98.71**	**36,608,207**	**98.32**	**1.90**
Cash and cash equivalents	486,407	1.29	625,940	1.68	(22.29)
Total non-current assets and cash equivalents	**37,788,924**	**100.00**	**37,234,147**	**100.00**	**1.49**

The reduction in the account Investments in subsidiaries, associates and joint ventures follows the reclassification of the associated company CityLife as a discontinued asset, as well as the deconsolidation of the Rho Real Estate Fund, in consideration of its decreased importance within the overall governance structure.

The AFS financial assets and the financial assets valued at fair value through profit or loss are as follows:

(in Euro thousands)	**31/03/2011**	**31/12/2010**	**Cge. %**
AFS financial assets	**20,259,147**	**20,302,882**	(0.22)
Equity securities	1,546,754	1,528,791	1.17
Fund units	933,123	819,961	13.80
Debt securities	17,777,319	17,952,179	(0.97)
Other financial investments	1,951	1,951	-
Financial assets at fair value through the profit or loss account	**9,138,655**	**8,740,064**	4.56
Equity securities	41,390	32,502	27.35
Fund units	498,770	459,900	8.45
Debt securities	8,034,382	7,758,432	3.56
Other financial investments	564,113	489,230	15.31

The table below shows the results of the financial and real estate activities in the first quarter compared with the same period in the previous year:

(in Euro thousands)	Q1 2011	Q1 2010	Changes
Net income from financial instruments recorded at fair value through profit or loss	**(37,379)**	**191,388**	**(228,767)**
Net income from investments in subsidiaries, associates and joint ventures	**(908)**	**(1,287)**	**379**
Income from other financial instruments and property investments of which:			
Interest income	191,896	171,939	19,957
Other income	35,276	38,537	(3,261)
Profits realised	68,219	90,561	(22,342)
Valuation gains	78	645	(567)
Total income	**257,182**	**491,783**	**(234,601)**
Charges from other financial instruments and property investments of which:			
Interest expense	15,984	20,344	(4,360)
Other charges	15,644	15,892	(248)
Losses realised	53,862	21,410	32,452
Valuation losses	42,188	44,076	(1,888)
Total interest expense and charges	**127,678**	**101,722**	**25,956**
TOTAL NET INCOME/(CHARGES)	**129,504**	**390,061**	**(260,557)**

The net income from financial instruments recorded at fair value through the profit and loss includes net charges relating to contracts in the Life sector whose risk is borne by the policyholders for Euro 33 million (income of Euro 187 million in Q1 2010).
This amount is offset by the corresponding change in the technical reserves of the Life sector relating to this class of activity. These amounts are concentrated almost exclusively in the companies operating in the Bancassurance sector.

FINANCIAL MANAGEMENT

During the first quarter the handling of the sovereign debt crisis in the Eurozone necessitated a series of coordinated actions leading to the establishment of the European Stability Mechanism, an instrument created to ensure the financial stability of the entire Eurozone. This mechanism is now permanently in place for member states in difficulty. From 2013 the ESM will replace the European Financial Stability Facility (EFSF), the European mechanism for financial stability, which will remain in place until June 2013. These actions reduce the systemic risk within the Eurozone, reducing the risks affecting the weakest countries such as Greece, Ireland and Portugal. A fundamental volatility remains however as the effects of the recession appear that they will linger for some time.

On April 7 the European Central Bank raised the base rate by 25 basis points, no longer considering the discount rate of 1% in line with an emergency situation with growth returning to more normalised levels in some countries (such as Germany) and with much of the lost ground been made up since the beginning of the recession. The European Central Bank sought to quell inflationary pressures once inflation hit 2% - the acceptable medium-term level.

Tab. 1 – Base Rate

Name	Rate	Date of last Cge.
Area Eu P/T	1.25	07/04/2011
USA Fed Fund	0.25	16/12/2008
GB T Interv	0.5	05/03/2009
Giap Tus	0.3	19/12/2008
Giap T Overn	0.1	19/12/2008

The equities market reports a quarter of strong growth with the major European indices increasing by 4% due to the position in the economic cycle and corporate profit levels. In the first part of the year, the improvement in the perception of the sovereign risk of the peripheral countries facilitated a positive performance within the Italian market (considered the strongest European market), supported in particular by strong performances by the financials which by the middle of February had improved by approx. 20% since the beginning of the year. In the second part of the quarter, the new European stress tests, the indications of the Governor of the Bank of Italy and the consequent recapitalisation announcements of the major Italian banks realigned the Italian financial equities with the index overall.

Financial operations in the quarter

At a strictly operating level, the Non-Life bond activity in the first quarter of 2011 saw a high level of trading of government securities, maintaining the corporate component of the portfolio substantially unchanged.
The inevitable increase in official interest rates, in order to maintain a stable inflation outlook and to facilitate renewed European growth led to an increase in the proportion of variable rate government bonds, reducing the fixed rate component. During the quarter the geographic allocation of government risk was reviewed, partially reducing the exposure to Italy, which remains the principal country and is still considered fundamentally sound, and also increasing the government bonds issued by "core" countries, particularly Germany. The overall duration of the Non-Life portfolio was substantially unchanged on the end of 2010, also in light of the current economic environment.

The Life sector activity in Q1 2011 was principally carried out at a tactical level. Considering the continued tensions concerning the spreads on sovereign debt, the government portfolio was diversified, increasing the exposure to the stronger and less volatile countries.

In relation to the corporate sector, the exposure was reduced in favour of the so-called "core" area government securities.

The management activities consistently considered the ALM profiles of each portfolio.

The equity segment saw a significant amount of trading of securities classified at statutory level within the current portfolio, enabling the realisation of gains. Overall, in light of market developments the exposure to the "equity" sector was gradually reduced, both through the closure of individual positions and through increasing the hedging of strategic investments, carried out through derivative instruments.

Fondiaria-SAI
In Q1 2011, the Non-Life Division is composed of 49.3% of fixed income bonds, 44.5% at a variable rate and a residual 6.2% in Time Deposits and Cash.
The total duration of the portfolio is 2.16 years and the return on the Non-Life portfolio is equal to 2.77%.
The Life Division has a higher fixed rate asset allocation (83.2%), compared to the variable quota of the same class (16.8%), with a total duration of the portfolio of 5.59 years and a return of 4.60%.

Milano Assicurazioni
The Non-Life Division is composed of 58.4% of fixed income bonds, 39% at variable rate and a residual 2.6% in Time Deposits and Cash.
The total duration of the portfolio is 2.22 years and the return on the Non-Life portfolio is equal to 2.82%.
The Life Division has a higher fixed rate bond asset allocation (85.8%), compared to the variable quota (14.2%), with a total duration of the portfolio of 5.29 years and a return of 4.65%.

FONDIARIA-SAI GROUP DEBT

In order for a correct representation of the accounts under examination, information is provided below of the financial payables, which is the total amount of the financial liabilities for which it is not possible to establish a correlated specific asset account.

The situation is summarised in the table below:

(in Euro millions)	31/03/2010	31/12/2010	Changes
Subordinated loans	1,040.2	1,041.4	(1.2)
Banks and other lenders	432.6	530.9	(98.3)
Total debt	**1,472.8**	**1,572.3**	**(99.5)**

The reduction in the debt is principally due to the repayment of Euro 75 million in January of the senior loan issued by Mediobanca to the Parent Company.
The positions of Finitalia and of Immobiliare Milano have also been reduced.

The account Subordinated loans include the loans of the Parent Company and Milano Assicurazioni with Mediobanca, with ISVAP authorisation. For a summary of the amounts and the characteristics, reference is made to the 2010 Financial Statements with no significant changes taking place.
In relation to subordinated bonds, against a nominal Euro 1,050 million, Interest Rate Swaps were subscribed of Euro 800 million. The net mark to market of these positions at March 31, 2011 was negative for Euro 13.8 million.

With reference to Bank and other lenders, amounting to Euro 432.6 million, the most significant amounts are reported below:

- Euro 132.6 million relates to the two loans signed by the Tikal R.E. Closed Real Estate Fund, the first in 2005 with Intesa San Paolo as the Agent Bank while the second in 2007 with Mediobanca as Agent Bank. The cost of the loans is Euribor plus a variable credit spread between 70 and 110 basis points. The Fund, since 2008, has utilised interest derivative instruments in application of a hedging policy on the potential risk of an increase in interest rates on the loan granted;
- Euro 112.2 million refers to the bonds issued in 2009 and 2010 by BancaSai in part variable interest rate and in part fixed interest rate, with variable expiry from 2011 to 2014;
- Euro 82.0 million refers entirely to the debt of the subsidiary Immobiliare Fondiaria-SAI. This refers principally to the bank loan signed by Marina di Loano with Intesa San Paolo as the Agent Bank with maturity on 17/03/2014 and an interest rate of Euribor at 3 months increased by 300 basis points. The company utilised a derivative instrument, in application of a hedging policy on the potential risk of an increase in interest rates on the loan granted. The subsidiary Meridiano Secondo has undertaken a property loan with maturity on 25/09/2012 and an interest rate at Euribor at 3 months increased by 90 basis points;

- Euro 56.8 million refers entirely to the debt of the subsidiary Immobiliare Milano Assicurazioni. This principally refers for Euro 36 million to a bank loan with maturity on May 31, 2011 and an interest rate of 6 month Euribor increased by 90 basis points, and for Euro 13 million to a bank loan with Efibanca with maturity in 2012 and interest rate at 6 month Euribor increased by 83 basis points. The net debt of the company compared to 31/12/2010 decreased following the repayment in February 2011 of part of the bank loans received from Efibanca;
- Euro 28.9 million refers to short-term loans for fixed use (so-called "hot money") obtained by the subsidiary Finitalia from various credit entities;
- Euro 20 million relates to the short-term loans granted to the subsidiary Atahotels by three primary banks, granted for hotel restructuring and/or new hotel openings;
- The residual amounts relates to other insignificant payable positions.

TREASURY SHARES, SHARES OF THE HOLDING COMPANY AND ITS SUBSIDIARIES

At 31/03/2011 and at 31/12/2010, the Parent Company held treasury shares and shares in the parent company Premafin Finanziaria as shown in the table below:

(in Euro thousands)	31/03/2011		31/12/2010	
	Number	**Book value**	**Number**	**Book value**
Ordinary treasury shares held by:				
Fondiaria-SAI	3,200,000	64,366	3,200,000	64,366
Milano Assicurazioni	9,982,557	229,261	9,982,557	229,261
Sai Holding	1,200,000	28,306	1,200,000	28,306
Total	**14,382,557**	**321,933**	**14,382,557**	**321,933**
Shares of the holding company held by:				
Fondiaria-SAI	**18,340,027**	**10,313**	18,340,027	14,107
Milano Assicurazioni	**9,157,710**	**5,149**	9,157,710	7,044
Saifin - Saifinanziaria	**66,588**	**37**	66,588	51
Total	**27,564,325**	**15,499**	**27,564,325**	**21,202**

The total fair value of the ordinary treasury shares in portfolio at 31/03/2011 amounts to Euro 85 million (Euro 91 million at 31/12/2010).

SHARE PERFORMANCE

The share capital of the Parent Company Fondiaria-SAI S.p.A. at the period end amounted to Euro 167,043,712, divided into an equivalent number of shares of a nominal value of Euro 1 (124,482,490 ordinary shares and 42,561,222 saving shares).

At the period end, the stock market share prices were as follows:

(in Euro)	**31/03/2011**	**30/12/2010**	**Change %**
Fondiaria SAI ord.	5.8982	6.3267	(6.77)
Fondiaria SAI sav.	3.5068	3.9659	(11.58)

The corresponding stock market capitalisation at the period end was Euro 883 million (Euro 956 million at 31/12/2010).

The share prices of the other listed subsidiaries were as follows:

(in Euro)	**31/03/2011**	**30/12/2010**	**Change %**
Milano Assicurazioni ord.	0.9216	1.1947	(22.86)
Milano Assicurazioni sav.	1.1183	1.325	(15.60)

The corresponding stock market capitalisation at the period end was Euro 548 million (Euro 707 million at 31/12/2010).

Other information

GROUP EMPLOYEES

At 31/03/2011, the number of employees of the Group was 8,087 (8,045 at 31/12/2010), broken down as follows:

Number	31/03/2011	31/12/2010	Changes
Italian companies	6,313	6,221	92
Foreign entities	1,774	1,824	(50)
Fondiaria SAI S.p.A. Group	**8,087**	**8,045**	**42**

In relation to the Italian Companies the increase in the first quarter of the year is principally due to the hiring by Atahotels of seasonal employees.
For the insurance companies personnel numbers decreased by almost 50.

The employees of the foreign companies include 706 brokers (744 at 31/12/2010).

STRUCTURE OF THE SALES ORGANISATION

With reference to the first quarter of 2011, the national distribution of the Fondiaria-SAI Agents was as follows:

	Total as at 31/03/2011	Total as at 31/12/2010
North	628	637
Centre	288	309
South	347	336
TOTAL	1,263	1,282

With reference to the Group it is noted that in the first quarter of 2011 there were 3,365 agencies (3,454 at 31/12/2010), operating through 2,638 sales points (2,766 at 31/12/2010) representing the traditional distribution channel.

Resolution of the Extraordinary Shareholders' Meeting of Fondiaria-SAI of January 26, 2011

The Extraordinary Shareholders' Meeting of Fondiaria-SAI S.p.A. on January 26 conferred to the Board of Directors of the Company, in accordance with article 2443 of the Civil Code, the power to undertake a paid-in divisible share capital increase by December 31, 2011 for a total maximum amount, including any share premium, of Euro 460,000,000.00, through the issue of ordinary and saving shares to be offered as options to ordinary and saving shareholders in proportion to the number of shares held, while authorising the widest possible powers for the Board of Directors to establish, within the limits set out above, the terms and conditions of the share capital increase, including the number and issue price of the new shares.

The Board of Directors will have the power, subject to all legal necessary authorisations, to establish the terms and conditions for the share capital increase and its execution and therefore to establish, even in a relatively short time before the offer of options:

- the share issue price based on the theoretical ex-rights price (TERP) of the Fondiaria-SAI share and calculated according to current accepted methodologies, discounted by the Board of Directors according to the market conditions at the time of the launch of the operation, on the performance of the Fondiaria-SAI share in the period preceding the launch, as well as based on market practices for similar operations and the general performance of the Company;
- the exact number of shares to be issued and the relative number of options.

2011 Group budget and new organisational structure approved

On January 27, 2011, the Board of Fondiaria-Sai S.p.A. reviewed and approved the new 2011 Budget, updating the 2009-2011 Business Plan, already announced to the financial community following the recent altered market conditions.

2011 total premiums of the Group are forecast at approx. Euro 12.5 billion – as follows:

- Non-Life - Euro 7.2 billion (of which Motor Euro 4.6 billion and Non-Motor Euro 2.6 billion);
- Life Division - Euro 5.3 billion.

The new budget guidelines take account of the recent initiatives taken to improve profitability, despite continued volatility in the general economic situation.

The Non-Life segment expects pre-tax breakeven to be reported although with a Combined Ratio, including other technical charges, at approx. 101%, while the Life segment forecasts pre-tax profits of approx. Euro 140 million. The Real Estate and Other Activities sectors expect continued losses.

The net profit of the Group is forecast to exceed Euro 50 million. It should be noted however that these forecasts do not include extraordinary operations (with the exception of some real estate disposals already approved or those of an ordinary nature).

With full uptake of the share capital increase in the maximum amount approved by the Shareholders' Meeting of January 26, the Group solvency margin is expected to reach 120%, while the dividend policy at the year-end is still uncertain.

From a balance sheet viewpoint, the Group will continue to pursue the activities related to reducing the risk profile, balancing the asset allocation and whose cumulative effects should become evident from the current year.

The Board of Directors of Fondiaria-SAI S.p.A. also approved the new Group organisational structure which unites departments and responsibilities in order to establish greater efficiency.

On February 3, the Chief Executive Officer of Fondiaria-SAI S.p.A. commented through webcasting on the 2011 budget, the guidelines and on the new strategy for 2011.
In addition to expanding upon that communicated to the market previously, the principles and actions to be adopted which support improved forecasts were set out.

Standard & Poor’s rating

On March 9, 2011, the rating agency Standard & Poor’s revised the rating of Fondiaria-SAI S.p.A. and its principal subsidiary Milano Assicurazioni S.p.A. from BBB to BBB-.
Standard & Poor’s considers that communicated by CONSOB in relation to the query from Groupama and reported to the market may increase uncertainties concerning the successful completion of the share capital increase of PremafinHP S.p.A. and consequently of Fondiaria-SAI S.p.A..

Standard & Poor’s also considers that the further possible deterioration of the financial flexibility of Fondiaria-SAI S.p.A. caused by the 2010 operating performance and investment impairments will erode the capital base to a level no longer supportive of the rating enjoyed to this point.

Standard & Poor’s maintains a negative CreditWatch for Fondiaria-SAI and Milano Assicurazioni in light of the continued uncertainties surrounding the successful completion of the share capital increase announced.

Premafin – Unicredit agreement and capitalisation programme of the Fondiaria-SAI Group

On March 22, 2011 Premafin Finanziaria S.p.A. – Holding di Partecipazioni communicated to Fondiaria-SAI S.p.A. and Milano Assicurazioni S.p.A. the reaching of an agreement with Unicredit (the "BANK") and whose principal terms are summarised below ("THE AGREEMENT"):

Premafin
The Agreement, based on confirmation by May 13, 2011 by CONSOB of the non-existence of Public Purchase Offer obligations on Fondiaria-SAI to prevent its execution and the attainment, also by the same date, of the necessary waivers in accordance with the loan contract signed between Premafin, Unicredit and the other financing banks on December 22, 2004, establishes that:

1. where the Board of Directors of Fondiaria-SAI approves, under the power delegated by the Shareholders' Meeting of January 26, 2011, a share capital increase of Euro 450 million ("THE SHARE CAPITAL INCREASE OF Fondiaria-SAI"), the Bank will subscribe to an amount such as to hold - post-capital increase - 6.6% of the ordinary share capital (the "OBJECTIVE HOLDING" and, overall, the "SUBSCRIPTION COMMITMENT").
2. Premafin will sell to the Bank a number of pre-emption rights such as to enable fulfilment of the Subscription Commitment.
3. The total investment of the Bank will be Euro 170 million, broken down as follows:
    i. for the Subscription Commitment, an amount necessary to subscribe the Objective Holding at the issue price and;
    ii. for the acquisition of the Premafin rights, an amount equal to the difference between Euro 170 million and the Investment for the Subscription Commitment.
4. Premafin will allocate the consideration received from the sale of subscription rights to the Fondiaria-SAI Share Capital Increase in an amount such as to maintain a direct and indirect holding of at least 35% in the ordinary share capital post-capital increase (hereafter the "PREMAFIN HOLDING").

Premafin, at the Board of Directors' meeting of March 22, approved, among other issues, the subscription to – in accordance with the terms and conditions established under the agreement with the Bank – the considered Fondiaria-SAI Share Capital Increase, in an amount such as to maintain a direct and indirect holding of at least 35% of the ordinary share capital post-capital increase.

Fondiaria-SAI
Fondiaria-SAI in the Board of Directors meeting of March 22,

- noted the communication from Premafin in relation to the Agreement and the subscription commitment and the terms and conditions established in the agreement for the considered Fondiaria-SAI Share Capital Increase;
- considered the pertinent data of the draft 2010 financial statements of the subsidiary Milano Assicurazioni;

and approved among other issues:

- the supplementation to the Shareholders' Meeting agenda of Milano Assicurazioni of April 27, regarding the elimination of the nominal value expressed of the ordinary and savings shares in circulation and the power granted to the Board of Directors, exercisable until December 31, 2011, to increase the share capital, through the issue of new ordinary and savings shares, to be offered as options to shareholders, for a maximum amount of Euro 350 million;
- the commitment to exercise a number of pre-emption rights of the considered share capital increase of the subsidiary Milano Assicurazioni in an amount such as to maintain directly and indirectly, following the increase, a holding of at least 55% of the share capital, represented by ordinary shares, for a total investment today preliminarily estimated at Euro 150 million;
- the signing of new pre-underwriting agreements with Credit Suisse Securities (Europe) Limited and UniCredit Bank A.G., as the Joint Global Coordinator and Joint Bookrunner, concerning the full subscription of any unsubscribed shares from the Fondiaria-SAI Share Capital Increase and therefore a commitment by Premafin and by the Bank to subscribe – under the terms and conditions established in the Agreement – to this increase. The commitments of UniCredit Bank A.G. contained in the pre-underwriting agreement are dependent on the approval of the Management Board and the Supervisory Board of UniCredit Bank A.G. in accordance with Art. 136 of the Banking Act. Credit Suisse Securities (Europe) Limited assumed until the above stated approval the guarantee for the entire maximum market risk of Euro 300 million. In the absence of approval, the contract will continue therefore between Fondiaria-SAI and Credit Suisse Securities (Europe) Limited for the entire maximum market risk of Euro 300 million.

Milano Assicurazioni

Milano Assicurazioni in the Board of Directors meeting of March 22,

- noted the communication from Premafin in relation to the Agreement and the subscription commitment and the terms and conditions established in the agreement for the considered Fondiaria-SAI Share Capital Increase;
- noted the commitment of the parent company Fondiaria-SAI to subscribe to the considered share capital increase of Milano Assicurazioni in an amount such as to maintain directly and indirectly, following the increase, a holding of at least 55% of the share capital, represented by ordinary shares, for a total investment today preliminarily estimated approx. Euro 150 million;
- approved the draft 2010 financial statements;

and approved among other issues:

- the supplementation of the Shareholders' Meeting agenda of April 27, regarding the elimination of the nominal value of the ordinary and savings shares in circulation and the power granted to the Board of Directors, exercisable until December 31, 2011, to increase the share capital, through the issue of new ordinary and savings shares, to be offered as options to shareholders, for a maximum amount of Euro 350 million;
- the Board of Directors report on the matters on the agenda of the Extraordinary Shareholders' Meeting of April 27;

- the signing of pre-underwriting agreements with Credit Suisse Securities (Europe) Limited and UniCredit Bank A.G., as Joint Global Coordinator and Joint Bookrunner, concerning the full subscription of any unsubscribed shares from the share capital increase of Milano Assicurazioni and the commitment undertaken by Fondiaria-SAI to subscribe to these shares in a manner such as to maintain a holding directly and indirectly of at least 55% of the share capital post-capital increase for a total investment today preliminarily estimated at approx. Euro 150 million. The commitments of UniCredit Bank A.G. contained in the pre-underwriting agreement are dependent on the approval of the Management Board and the Supervisory Board of UniCredit Bank A.G. in accordance with Art. 136 of the Banking Act. Credit Suisse Securities (Europe) Limited assumed until the above stated approval the guarantee for the entire maximum market risk of Euro 200 million. In the absence of approval, the contract will continue therefore between Milano Assicurazioni and Credit Suisse Securities (Europe) for the entire maximum market risk of Euro 200 million.

Conclusions

These resolutions therefore provide the foundation for an important capitalisation programme for the companies of the Fondiaria-SAI Group which will result in an overall increase on the December 31, 2010 Adjusted Solvency Margin (Solvency I) of Fondiaria-SAI of approx. 30 percentage points.

The Agreement reached, and the consequent impact on the share capital of Fondiaria-SAI and Milano Assicurazioni, will strengthen the capital base of the third largest Italian insurance group (Euro 13 billion premiums, 9 million customers – over 10,000 collaborators between employees and agents) within a very difficult Motor TPL and financial market situation, caused by an extensive global crisis and compounded by domestic issues within the sector.

The Agreement guarantees therefore for the Group – and for the protection of all policyholders and shareholders – the maintenance of strong solvency ratios, also in view of the more stringent requirements which will be introduced in 2012 by the European regulation concerning the solvency of insurance companies (so-called Solvency II), maintaining also the current shareholder structure of the Premafin—Fondiaria-SAI – Milano Assicurazioni Group.

LITIGATION

Actions by shareholders

At the preparation date of the present interim report, no significant issues had arisen since the beginning of the year.

Therefore the provisions for risks and charges did not alter compared to that provisioned at 31/12/2010 and are sufficient against the litigation in course.

Tax Audits

In relation to the tax assessments notified to the Parent Company and the subsidiary Milano Assicurazioni for the 2005 tax period, as previously illustrated in the 2010 annual accounts, the Company presented, together with Milano Assicurazioni, a tax settlement request on 17/02/2011. Initial contacts were made with the Tax Agency to establish the possibility to reach an out of court agreement in relation to these disputes. The process concerns also the operations subject to tax audits in course for the years 2006-2008.
Agreements have not yet been reached in relation to the dispute which concerns the issue of effective tax avoidance.

The provisions established and which have not changed on 31/12/2010 however are sufficient to cover the charges related to these facts and in relation to those which, according to prudent estimates, would relate to the tax periods not yet included in the above-stated assessments.

SIGNIFICANT EVENT AFTER THE PERIOD END

Exercise of the sales option in favour of Generali Properties S.p.A. concerning the entire holding of Immobiliare Milano Assicurazioni S.r.l. in CityLife S.r.l.

On April 4, the subsidiary Immobiliare Milano Assicurazioni S.r.l. (100% held by Milano Assicurazioni) communicated to Generali Properties S.p.A. the exercise of the sales option of the entire holding in CityLife S.r.l. (27.20% of the share capital) under the terms and conditions established by the agreement of June 11, 2010.

The Parent Company previously approved on March 23, 2011 the initiation of the process relating to the exercise of the option.

Following the exercise of the option, the sales contract of the investment should be considered completed, under which Generali Properties must fulfil all obligations assumed under the above-stated agreement.
On April 14, 2011, Generali Properties responded to the letter concerning the exercise of the option from Immobiliare Milano Assicurazioni, confirming their commitment to fulfil it.
The price of the investment will be the higher between:

- all of the amounts paid into **CityLife** since its incorporation by **Immobiliare Milano Assicurazioni**, in addition to the amount proportionally paid in by this latter company to the **Fondazione Fiera** as consideration for the area identified in the deed, all amounts net of the income distributed and capitalised at the Euribor rate at 3 months plus 1.5 percentage points from the date of payment until the date of sale of the investment; and
- the percentage of the net equity of CityLife equivalent to the percentage of capital represented by the investment. For these purposes, the net equity value of CityLife will be established by an independent arbitrator commonly agreed between Generali Properties and Immobiliare Milano Assicurazioni; if no agreement is reached in relation to the appointment of the arbitrator within 10 working days from the exercise of the sales option, the individual parties will have the right to request the President of the Milan Court to appoint an arbitrator, to be chosen from among the international property valuation companies.

In establishing the price of the investment, the arbitrator will calculate the net equity value of CityLife, adjusting the unrealised gains and losses and the tax impact.
Through common agreement between Generali Properties and Immobiliare Milano Assicurazioni, Leonardo & Co. S.p.A. was chosen as the arbitrator.

Share capital increase of Fondiaria-SAI

In accordance with the power granted to the Board of Directors by the Extraordinary Shareholders' Meeting of Fondiaria-SAI of January 26, 2011, the Board in the meeting of May 14, 2011 exercised the power to increase the share capital up to a maximum of Euro 450 million.

Share capital increase of the subsidiary Milano Assicurazioni

On April 27, 2011 the Extraordinary Shareholders' Meeting of Milano Assicurazioni approved the conferment to the Board of Directors, in accordance with Article 2443 of the Civil Code, of the power to undertake a paid-in divisible share capital increase by December 31, 2011 for a total maximum amount, including any share premium, of Euro 350,000,000, through the issue of ordinary and saving shares with the same rights as those in circulation, to be offered as options respectively to ordinary and saving shareholders, while authorising the widest possible powers for the Board of Directors to establish, within the limits set out above and in compliance with applicable regulations and the terms and conditions of the share capital increase, including the number and issue price of the new shares.

The shareholders' meeting also approved the elimination of the nominal value of the ordinary and savings shares in circulation.
On May 5, 2011, ISVAP approved the by-law amendments established by the above-stated resolutions.
The Board of Directors of Milano Assicurazioni, on May 14, 2011 therefore approved the exercise for the entire above-stated maximum amount, of the power attributed by the shareholders' meeting as stated above, reserving the right to subsequently fix, shortly before the launch of the offer, the number of shares to be issued and the issue price, following the process initiated by CONSOB concerning the approval for publication of the Prospectus relating to the operation in accordance with applicable regulations.

The share capital increase of Milano should proceed along a similar timetable to that of Fondiaria-SAI. For complete information on the operation, reference is made to the directors' report to the extraordinary shareholders' meeting, already published in accordance with law and available on the internet site of the Company, as well as the press release of April 27, 2011 following the shareholders' meeting, also available on the internet site of the Company and in which the further disclosure elements on the operation which CONSOB has requested from the directors for the Shareholders' Meeting are reported, in addition to, also on the request of CONSOB, the considerations expressed at the Shareholders' Meeting by the Board of Statutory Auditors.

OUTLOOK

In the coming months, we will implement the new Fondiaria SAI Group strategy, recently communicated to the financial community by the new Chief Executive Officer.
In particular, with reference to the Non-Life sector:

- in the Motor classes we will strengthen the initiatives taken to increase the average policy premium and reduce the tariff flexibility. We will continue the actions with poorly performing agencies and the organisational structure will be strengthened to cope with the high incidence of fraud;
- in the Other Non-Life classes particular attention will be focused on market positioning, with development policies focused on the geographic areas which report satisfying technical performances.

The tariff policy will comply with correct technical parameters in order to guarantee tariff equilibrium. This will allow us to serve the needs of the client better, and at the same time be more in tune with the spending capacity of clients who have been significantly impacted by the recent economic crisis. The underwriting policy will focus on the retail client and on the Small-Medium size business sector, while the risk exposure to the Corporate and Public Body sectors will be reduced, which have historically returned negative technical performances.

In the Life Division, the portfolio will be improved through focusing on products which fulfil the pension objectives of clients and at the same time returning additional income for the Group.
The products which at least potentially fulfil these goals are those categorised in Class I.
Particular focus will be placed on the level of service and the assistance of clients in choosing products which best fit their insurance and pension needs.

Investment management will focus more on the containment of volatility with consequent benefits and greater stability in the separated management returns.

In the real estate sector, the focus will centre on improving ordinary income from real estate, while also remaining alert to opportunities that may arise.
In particular, benefits are expected during the year from the Put option on the CityLife investment.

Finally, particular attention will be placed on the containment of operating costs through a more stringent resource allocation plan, the elimination of non essential services and the containment of personnel costs through the further restructuring of activities.

In relation to the diversified sector, which is affected by pervasive inefficiencies, an extensive evaluation of possible actions to speedily restructure operating processes and results is in progress.

Cautious optimism is expressed with regard to reaching the 2011 budget objectives on the basis of the first quarter result, although we are cognisant of the limited time period involved and also must consider unforeseeable events such as increased volatility on the financial markets.

Milan, 14/05/2011

For the Board of Directors
The Chairman

Ms. Jonella Ligresti

Condensed consolidated quarterly financial statements

Declaration of compliance with international accounting standards and general preparation principles

The present Condensed interim consolidated financial statements at 31/3/2011 of the Fondiaria SAI Group were prepared in accordance with IAS 34 and Article 154-*ter* of Legislative Decree No. 58/1998 (the CFA). The valuation and measurement of the amounts recorded in the explanatory notes are in accordance with IAS/IFRS accounting standards currently approved by the European Commission and their current interpretation by the official accounting organisations.

The Condensed consolidated interim financial statements at 31/3/2011 were prepared in accordance with IAS 34 (Interim reporting) exclusively for the purpose of the limited audit. The level of disclosure is considered extraordinary and non-repeatable in relation to the interim reports for subsequent periods.

They do not include all of the information required for the annual accounts and must be read together with the 2010 annual accounts.
The tables (balance sheet, income statement, comprehensive income statement, statement of changes in net equity, cash flow statement, segment balance sheet and segment income statement) comply with that established by ISVAP Regulation No. 7 of July 13, 2007.

In the preparation of the interim financial statements Fondiaria-SAI prepares the consolidated financial statements according to IAS/IFRS applied on a consistent basis.

It should be noted that due to the requirements of having timely information and also to avoid repeating information already present in the annual accounts, the present condensed consolidated interim financial statements provide more limited information than the annual financial statements, although in accordance with the minimum disclosure as per IAS 34 and other regulatory provisions.

Financial Statements

BALANCE SHEET - ASSETS

(in Euro thousands)

		31/03/2011	31/12/2010
1	**INTANGIBLE ASSETS**	**1,584,947**	**1,587,734**
1.1	Goodwill	1,470,899	1,468,570
1.2	Other intangible assets	114,048	119,164
2	**PROPERTY, PLANT & EQUIPMENT**	**597,866**	**594,334**
2.1	Buildings	506,606	500,691
2.2	Other tangible assets	91,260	93,643
3	**TECHNICAL RESERVES – REINSURANCE AMOUNT**	**808,095**	**823,184**
4	**INVESTMENTS**	**36,704,651**	**36,013,873**
4.1	Investment property	2,882,152	2,894,209
4.2	Investments in subsidiaries, associates and joint ventures	194,054	325,369
4.3	Investments held to maturity	601,219	592,138
4.4	Loans and receivables	3,629,424	3,159,211
4.5	AFS financial assets	20,259,147	20,302,882
4.6	Financial assets at fair value through the profit or loss account	9,138,655	8,740,064
5	**OTHER RECEIVABLES**	**1,751,206**	**2,314,375**
5.1	Receivables from direct insurance operations	1,337,871	1,747,611
5.2	Receivables from reinsurance operations	97,537	101,773
5.3	Other receivables	315,798	464,991
6	**OTHER ASSETS**	**1,174,223**	**996,064**
6.1	Non-current assets or of a discontinued group held for sale	79,340	3,452
6.2	Deferred acquisition costs	78,200	87,603
6.3	Deferred tax assets	352,762	361,195
6.4	Current tax assets	387,278	387,573
6.5	Other assets	276,643	156,241
7	**CASH AND CASH EQUIVALENTS**	**486,407**	**625,940**
	TOTAL ASSETS	**43,107,395**	**42,955,504**

BALANCE SHEET – SHAREHOLDERS' EQUITY & LIABILITIES

(in Euro thousands)

		31/03/2011	31/12/2010
1	**SHAREHOLDERS' EQUITY**	**2,702,481**	**2,550,105**
1.1	**group**	**1,965,649**	**1,882,127**
1.1.1	Share Capital	167,044	167,044
1.1.2	Other equity instruments	0	0
1.1.3	Capital reserves	209,947	209,947
1.1.4	Retained earnings and other reserves	1,911,150	2,620,792
1.1.5	(Treasury shares)	-321,933	-321,933
1.1.6	Translation reserve	-52,028	-56,598
1.1.7	Profit or loss on AFS financial assets	45,612	-34,759
1.1.8	Other gains and losses recorded directly in equity	30,720	15,216
1.1.9	Group net loss	-24,863	-717,582
1.2	**minority interest**	**736,832**	**667,978**
1.2.1	Minority capital and reserves	743,870	902,126
1.2.2	Gains and losses recorded directly in equity	-6,975	-22,869
1.2.3	Minority interest loss	-63	-211,279
2	**PROVISIONS**	**353,720**	**340,637**
3	**TECHNICAL RESERVES**	**35,080,645**	**34,827,972**
4	**FINANCIAL LIABILITIES**	**3,670,926**	**3,850,106**
4.1	Financial liabilities at fair value through profit or loss account	1,594,452	1,646,935
4.2	Other financial liabilities	2,076,474	2,203,171
5	**PAYABLES**	**733,041**	**836,934**
5.1	Payables to direct insurance operations	114,310	91,887
5.2	Payables to reinsurance operations	85,325	106,862
5.3	Other payables	533,406	638,185
6	**OTHER LIABILITIES**	**566,582**	**549,750**
6.1	Liabilities of a discontinued group held for sale	0	0
6.2	Deferred tax liabilities	127,390	132,060
6.3	Current tax liabilities	59,322	54,306
6.4	Other liabilities	379,870	363,384
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**43,107,395**	**42,955,504**

INCOME STATEMENT

(in Euro thousands)

		31/03/2011	31/03/2010
1.1	Net premiums	3,024,780	3,501,295
1.1.1	*Gross premiums written*	*3,109,359*	*3,589,775*
1.1.2	*Premiums ceded to re-insurers*	*-84,579*	*-88,480*
1.2	Commission income	7,423	14,883
1.3	Income and charges from financial instruments recorded at fair value through profit or loss	-37,379	191,388
1.4	Income from investments in subsidiaries, associates and joint ventures	26	0
1.5	Income from other financial instruments and property investments	295,469	301,682
1.5.1	*Interest income*	*191,896*	*171,939*
1.5.2	*Other income*	*35,276*	*38,537*
1.5.3	*Profits realised*	*68,219*	*90,561*
1.5.4	*Valuation gains*	*78*	*645*
1.6	Other revenue	174,381	97,102
1	**TOTAL REVENUES AND INCOME**	**3,464,700**	**4,106,350**
2.1	Net charges relating to claims	-2,604,195	-3,371,156
2.1.2	*Amounts paid and changes in technical reserves*	*-2,634,373*	*-3,418,606*
2.1.3	*Reinsurers' share*	*30,178*	*47,450*
2.2	Commission expenses	-4,729	-10,806
2.3	Charges from investments in subsidiaries, associates and joint ventures	-934	-1,287
2.4	Charges from other financial instruments and property investments	-127,678	-101,722
2.4.1	*Interest expenses*	*-15,984*	*-20,344*
2.4.2	*Other charges*	*-15,644*	*-15,892*
2.4.3	*Losses realised*	*-53,862*	*-21,410*
2.4.4	*Valuation losses*	*-42,188*	*-44,076*
2.5	Management expenses	-470,906	-460,273
2.5.1	*Commissions and other acquisition expenses*	*-356,023*	*-351,945*
2.5.2	*Investment management charges*	*-3,504*	*-2,529*
2.5.3	*Other administration expenses*	*-111,379*	*-105,799*
2.6	Other expenses	-279,940	-272,700
2	**TOTAL COSTS AND CHARGES**	**-3,488,382**	**-4,217,944**
	LOSS BEFORE TAXES	**-23,682**	**-111,594**
3	Income tax	**-1,244**	**10,300**
	NET LOSS FROM CONTINUING OPERATIONS	**-24,926**	**-101,294**
4	**PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS**	**0**	**-3,069**
	CONSOLIDATED LOSS	**-24,926**	**-104,363**
	group share	-24,863	-92,281
	minority share	-63	-12,082

COMPREHENSIVE INCOME STATEMENT

(in Euro thousands)

	31/03/2011	31/03/2010
CONSOLIDATED LOSS	**-24,926**	**-104,363**
Change in reserve for net exchange differences	4,571	-48
Profit or loss on AFS financial assets	96,494	15,130
Profit or loss on cash flow hedges	13,980	-14,714
Profit or loss on a net foreign investment hedge	0	0
Change in net equity of holdings	-1,486	-14,100
Change in revaluation reserve of intangible assets	0	0
Change in revaluation reserve of tangible fixed assets	0	-314
Income/(charges) on non-current assets or of a discontinued group held for sale	0	214
Actuarial profits and losses and adjustments to employee defined plans	-2,662	116
Others items	5,442	1,138
TOTAL OTHER COMPREHENSIVE INCOME STATEMENT ITEMS	**116,339**	**-12,578**
TOTAL COMPREHENSIVE CONSOLIDATED INCOME	**91,413**	**-116,941**
group share	**75,582**	**-100,670**
minority share	**15,831**	**-16,271**

STATEMENT OF CHANGES IN THE CONSOLIDATED SHAREHOLDERS' EQUITY AS AT MARCH 31, 2011

Relating to the statement of change in shareholders' equity, the statement requested by Regulation No. 7/07, which satisfies the disclosures of IAS 1 and the amendments introduced by ISVAP measure No. 2784 of March 8, 2010 is shown below.

In particular:

- The column "Allocation" relates to, among others, the allocation of the profit for the period, the allocation of the profit for the previous year to the reserves, the increase in share capital and other reserves, and the changes in profits and losses recorded directly in equity.
  The column "Reclassification adjustments to the Income Statement" includes the gains and losses previously recorded directly to net equity which are reclassified to the Income Statement in accordance with international accounting standards;

- The account "Transfers" reports, among others, the ordinary distribution of dividends and the decrease of capital and other reserves, among which the purchase of treasury shares.

The table highlights all of the changes net of taxes and of profits and losses, deriving from the valuation of financial assets available-for-sale, attributable to policyholders and recordable under insurance liabilities.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in Euro thousands

		Balance at 31-12-2009	Change in opening balances	Allocation	Adjustments from reclassifications to Income Statement	Transfers	Balance at 31-03-2010
Group shareholders' equity	Share Capital	167,044					167,044
	Other equity instruments	0					0
	Capital reserves	209,947					209,947
	Retained earnings and other reserves	3,010,474		-387,031		-32,769	2,590,674
	(Treasury shares)	-321,933					-321,933
	Loss for the period	-342,593		285,294		-34,982	-92,281
	Other comprehensive income	-6,752		11,130	-19,519	0	-15,141
	Total Group	**2,716,187**	**0**	**-90,607**	**-19,519**	**-67,751**	**2,538,310**
Minority interest shareholders´ equity	Minority capital and reserves	1,071,435		-48,920		-19,246	1,003,269
	Loss for the period	-48,920		56,953		-20,115	-12,082
	Other comprehensive income	-28,051		2,870	-7,059		-32,240
	Minority share	**994,464**	**0**	**10,903**	**-7,059**	**-39,361**	**958,947**
Total		**3,710,651**	**0**	**-79,704**	**-26,578**	**-107,112**	**3,497,257**

(in Euro thousands

		Balance at 31-12-2010	Change in opening balances	Allocation	Adjustments from reclassifications to Income Statement	Transfers	Balance at 31-03-2011
Group shareholders' equity	Share Capital	167,044					167,044
	Other equity instruments	0					0
	Capital reserves	209,947					209,947
	Retained earnings and other reserves	2,620,792		-709,642		0	1,911,150
	(Treasury shares)	-321,933					-321,933
	Loss for the period	-717,582		692,719		0	-24,863
	Other comprehensive income	-76,141		74,867	25,578	0	24,304
	Total Group	**1,882,127**	**0**	**57,944**	**25,578**	**0**	**1,965,649**
Minority interest shareholders´ equity	Minority capital and reserves	902,126		-158,256		0	743,870
	Loss for the period	-211,279		211,321		-105	-63
	Other comprehensive income	-22,869		9,270	6,624		-6,975
	Minority share	**667,978**	**0**	**62,335**	**6,624**	**-105**	**736,832**
Total		**2,550,105**	**0**	**120,279**	**32,202**	**-105**	**2,702,481**

CONSOLIDATED CASH FLOW STATEMENT AT MARCH 31, 2011

In relation to the Cash Flow Statement, the attachment as per Regulation No. 7/2007 is provided which complies with IAS 7; this statement provides for a schedule prepared in a free format with a series of minimum requirements and, relating to the presentation of the cash flow deriving from operating activities requires the utilisation, alternatively, of the direct method, which indicates the principal categories of gross receipts and payments or the indirect method, in which the results for the period are adjusted for the effects of non-cash items, of any deferral or accrual of future operating receipts and payments, and from revenues or costs relating to financial cash flows deriving from investments and financial activities.
The indirect form of the cash flow statement, reported below, separately shows the net liquidity deriving from operating activity and that deriving from investment and financial activity.

CASH FLOW STATEMENT (indirect method)

(in Euro thousands)	31/03/2011	31/03/2010
Loss before taxes	**-23,682**	**-111,594**
Non-cash adjustments	**487,685**	**1,480,413**
Change in non-life unearned premium reserve	-121,457	-88,437
Change in claims reserve and other non-life technical reserves	-7,250	569
Change in actuarial reserves and other life technical reserves	367,647	1,504,661
Change in deferred acquisition costs	9,403	14,993
Change in provisions	13,083	20,038
Non-cash income/charges from financial instruments, property investments and holdings	27,537	-20,722
Other changes	198,722	49,311
Change in payables and receivables from operating activities	**219,416**	**344,197**
Change in payables and receivables from direct insurance operations and reinsurance	301,385	316,517
Change in other payables and receivables	-81,969	27,680
Income taxes paid		
Net liquidity generated/absorbed from cash items relating to investing and financing activities	**-489,848**	**-733,609**
Liabilities from financial contracts issued by insurance companies	-48,598	-90,133
Bank and interbank payables	-22,107	-129,717
Loans and receivables from banks and interbank	-21,067	123,487
Other financial instruments at fair value through profit or loss account	-398,076	-637,246
TOTAL NET CASH FLOW FROM OPERATING ACTIVITIES	**193,571**	**979,407**

Net cash generated/absorbed from property investments	-3,948	-14,088
Net cash generated/absorbed from investments in subsidiaries, associates and joint ventures	-8,791	-27,346
Net cash generated/absorbed from loans and receivables	-449,082	8,492
Net cash generated/absorbed from investments held to maturity	-9,081	-57,240
Net cash generated/absorbed from AFS financial assets	198,629	-734,634
Net cash generated/absorbed from intangible and tangible fixed assets	-12,696	-11,267
Net cash generated/absorbed from investing activities	2,186	0
TOTAL NET CASH FLOW FROM INVESTING ACTIVITIES	**-282,783**	**-836,083**

Net cash generated/absorbed from Group equity instruments	0	0
Net cash generated/absorbed from treasury shares	0	0
Distribution of dividends relating to the Group	0	0
Net cash generated/absorbed from minority interest capital and reserves	53,023	-9,379
Net cash generated/absorbed from sub-ordinated liabilities and financial instruments in holdings	0	0
Net cash generated/absorbed from other financial liabilities	-103,344	58,247
TOTAL NET CASH FLOW FROM FINANCING ACTIVITIES	**-50,321**	**48,868**

Exchange difference effect on cash and cash equivalents	**877**	**-225**

CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	625,940	576,033
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	-139,533	192,192
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	486,407	768,225

Explanatory Notes

PART A - Accounting principles

The accounting principles utilised, the measurement and recognition criteria, in addition to the consolidation principles applied for the preparation of the Condensed consolidated interim financial statements at 31/3/2011, are in line with those adopted for the Consolidated financial statements at December 31, 2010 - to which reference should be made - and therefore are in compliance with the IAS/IFRS international accounting standards issued by the IASB approved by the EU and interpreted by the official bodies.
Reference should therefore be made to the 2010 Consolidated financial statements for detailed illustration of the methods utilised.
The entry into force of the accounting standards with application from January 1, 2011 (including the amendments to IAS 32, the revised version of IAS 24 and of IAS 34 and IFRIC 19) did not have significant impacts on the present Condensed consolidated interim financial statements at 31/03/2011.
The balance sheet and income statement data and relative Explanatory Notes were prepared as per IAS 34 relating to interim reporting, highlighting the significant operations and events in the period. In the preparation of the interim data, the application of the accounting principles and policies for the financial statements require a greater recourse to valuations and estimates which affect the application of the accounting principles and consequently the amount of net assets and costs and revenues recorded to the financial statements.
The estimates and assumptions are revised regularly and any changes recorded in the period in which they are carried out.
In accordance with these rules, the data relating to the first quarter of 2010 was restated for comparative purposes only, highlighting greater detail although in terms of material correctness not deviating from that already announced to the market in relation to the consolidated data at 31/03/2010 by the Fondiaria SAI Group.

Some considerations in relation to the principal valuation criteria adopted for the quarter are reported below.
For that not commented upon, reference should be made to the accounting principles utilised for the preparation of the 2010 annual accounts.

Non-Life Claims Reserves

Motor TPL:
The claims reserve was measured separately for the various types of management under the new direct indemnity regime. In particular:

- for the claims within the CARD Debtor regime, the valuation was made based on the differing flat rates, from 2007 to 2011 for the various generations defined by the Technical Committee set up pursuant to Pres. Decree No. 254/2006;
- for the CARD Operator claims, the expected final cost was recorded net of the flat recoverable amounts;

- for the claims not covered by the new regime (essentially as they involve two vehicles and permanent personal injury greater than 9%), the valuation of the last cost of the claims in the current period was made revaluing the amounts indicated by the settlement offices, taking into account the average costs assumed for these type of claims, which are more costly. For the claims of previous years, already recorded in reserves, the trends relating to the claims settled in the quarter were noted, verifying the appropriateness of the reserves recorded at 31/12/2010.

Other Non-Life Classes:
For both the current generation and previous generations, the technical offices estimate was supplemented utilising the parameters already utilised for the 2010 annual accounts, where there were not significant statistical changes compared to the consolidated trends.

Reinsurance

The technical reserves relating to the reinsurers are calculated based on the portion ceded for the proportional reinsurance and in a revisional manner for the excess and stop-loss reinsurance, on the basis of the information available and utilising the same criteria for the direct premium reserves, taking into account the contractual clauses.
The accounts relating to the indirect premiums represent the portion of the results estimated for the full year; in the determination of the values account was taken of the data certified relating to obligatory contracts accepted by the companies outside of the Group, whose technical results refer to the year 2010.

Valuation and impairment of financial instruments

With reference to the valuation of financial instruments, reference should be made to the financial statements at 31/12/2010.
The "fair value policy" outlined therein did not incur changes and, therefore, with reference to the listed financial instruments in active markets, the stock exchange price at 31/03/2011 was utilised.

Similarly no changes in the Group impairment policy took place and in relation to which reference should be made to the 2010 Consolidated financial statements.

Currency

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

Consolidation principles

The same consolidation principles were utilised in the current interim report as for the last consolidated financial statements.
For detailed information on the accounting principles utilised, reference should be made to these latter. Any such references to 31/12 should be considered as similar for 31/03.

For the preparation of the present consolidated interim financial statements, the interim reports approved by the Boards of Directors of the respective Companies were utilised or, alternatively, the quarterly financial statements which were reviewed by the respective management boards.

GROUP STRUCTURE

Consolidation scope

At 31/03/2011, the Fondiaria-SAI Group, including the Parent Company, was made up of 114 Companies, of which 17 operated in the insurance sector, 1 in the banking sector, 45 in the real estate and agricultural sectors and 20 in the financial services sector; the remaining companies are various service companies. The company has 19 overseas offices.
The number of fully consolidated companies is 82, those consolidated under the Equity Method 19, while the remaining companies are consolidated under the proportional method or maintained at cost due to limited size or the nature of the activities and are not significant for the purposes of a true and fair representation of the present financial statements.
There are 88 subsidiary companies, of which 30 are controlled directly by the Parent Company.

In the first quarter of 2011, the consolidation scope of the Fondiaria SAI Group does not report any significant changes with the exception of the exit from the consolidation of the Rho Real Estate Fund in that, following the changes in the governance structure, it is no longer considered of significant influence. Consequently, the company is no longer considered an associated entity and was reclassified to the AFS investment sector.

	Sector	Percentage of control Direct		Indirect	Group holding
SUBSIDIARY COMPANIES					
Companies consolidated line-by-line					
ADMIRAL FINANCE S.r.l. (*) Rome Share Capital Euro 10,000	Financial		BANCASAI S.p.A.		
APB CAR SERVICE S.r.l. Turin Share Capital Euro 10,000	Services		AUTO PRESTO&BENE S.p.A.	100.00	100.00
ATAHOTELS COMPAGNIA ITALIANA AZIENDE TURISTICHE ALBERGHIERE S.p.A. Milan Share Capital Euro 17,340,000	Services	51.00	MILANO ASSICURAZIONI S.p.A.	49.00	81.80
ATAVALUE S.r.l. Turin Share Capital Euro 10,000	Services		SAI HOLDING ITALIA S.p.A.	100.00	100.00
ATHENS R.E. FUND – FONDO SPECULATIVO	Real Estate		MILANO ASSICURAZIONI S.p.A.	100.00	62.85
AUTO PRESTO&BENE S.p.A. Turin Share Capital Euro 5,000,000	Services	100.00			100.00
BANCASAI S.p.A. Turin Share Capital Euro 116,677,161	Banking	100.00			100.00
BIM VITA S.p.A. Turin Share Capital Euro 7,500,000	Life Insurance	50.00			50.00
BRAMANTE S.r.l. Milan Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
CAMPO CARLO MAGNO S.p.A. Pinzolo (TN) Share Capital Euro 9,311,200	Real Estate		MILANO ASSICURAZIONI S.p.A.	100.00	62.85
CARPACCIO S.r.l. Milan Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
CASA DI CURA VILLA DONATELLO S.p.A. Florence Share Capital Euro 361,200	Services	100.00			100.00
CASCINE TRENNO S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00

(*) consolidated for SIC 12

	Sector	Percentage of control Direct		Indirect	Group holding
CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA S.r.l. Sesto Fiorentino (FI) Share Capital Euro 182,000	Services	100.00			100.00
CITTÀ DELLA SALUTE S.c.r.l. Florence Share Capital Euro 100,000	Services		CASA DI CURA VILLA DONATELLO S.p.A. CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA S.r.l. DONATELLO DAY SURGERY S.r.l. FLORENCE CENTRO DI CHIRURGIA AMBULATORIALE S.r.l.	50.00 45.00 2.50 2.50	100.00
COLPETRONE S.r.l. Umbertide (PG) Share Capital Euro 10,000	Agriculture		SAIAGRICOLA S.p.A. – Società Agricola	100.00	97.48
CASTELLO CONSORTIUM Florence Share Capital Euro 51,000	Real Estate		NUOVE INIZIATIVE TOSCANE S.r.l.	99.66	98.50
DDOR NOVI SAD ADO Novi Sad (Serbia) Cap. Soc. Rsd 2.579.597.280	Mixed Insurance	99.99			99.99
DDOR RE JOINT STOCK REINSURANCE COMPANY Novi Sad (Serbia) Share Capital Euro 5,130,603.91	Insurance		THE LAWRENCE R.E. DDOR NOVI SAD ADO	99.998 0.002	100.00
DIALOGO ASSICURAZIONI S.p.A. Milan Share Capital Euro 8,831,774	Non-Life Insurance		MILANO ASSICURAZIONI S.p.A.	99.85	62.76
DOMINION INSURANCE HOLDING Ltd London (GB) Share Capital GBP 35,438,267.65	Financial		FINSAI INTERNATIONAL S.A.	100.00	99.99
DONATELLO DAY SURGERY S.r.l. Florence Share Capital Euro 20,000	Services		CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA S.r.l.	100.00	100.00
EUROPA TUTELA GIUDIZIARIA S.p.A. Milan Share Capital Euro 5,160,000	Non-Life Insurance	100.00			100.00
EUROSAI FINANZIARIA DI PARTECIPAZIONI S.r.l. Turin Share Capital Euro 100,000	Financial	100.00			100.00
FINITALIA S.p.A. Milan Share Capital Euro 15,376,285	Financial		BANCASAI S.p.A.	100.00	100.00
FINSAI INTERNATIONAL S.A. Luxembourg Share Capital Euro 44,131,900	Financial	19.92	SAINTERNATIONAL S.A. SAILUX S.A.	43.92 36.15	99.99

	Sector	Percentage of control Direct		Indirect	Group holding
FLORENCE CENTRO DI CHIRURGIA AMBULATORIALE S.r.l. Florence Share Capital Euro 10,400	Services		CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA S.r.l.	100.00	100.00
FONDIARIA-SAI NEDERLAND B.V. Amsterdam (NL) Share Capital Euro 19,070	Financial	100.00			100.00
GRUPPO FONDIARIA-SAI SERVIZI S.c.r.l. Milan Share capital Euro 5,200,000	Services	64.16	MILANO ASSICURAZIONI S.p.A.	34.21	87.10
			SYSTEMA COMPAGNIA DI ASS.NI S.p.A.	0.18	
			DIALOGO ASSICURAZIONI S.p.A.	0.20	
			EUROPA TUTELA GIUDIZ. S.p.A.	0.02	
			FINITALIA S.p.A.	0.02	
			INCONTRA ASSICURAZIONI S.p.A.	0.02	
			BANCASAI S.p.A.	0.02	
			PRONTO ASSISTANCE S.p.A.	0.90	
			SAI MERCATI MOBILIARI SIM S.p.A.	0.02	
			LIGURIA SOC. DI ASSICURAZIONI S.p.A.	0.02	
			LIGURIA VITA S.p.A.	0.02	
			PRONTO ASSISTANCE SERVIZI S.c.a.r.l.	0.02	
			SISTEMI SANITARI S.c.r.l.	0.02	
			BIM VITA S.p.A.	0.02	
			SIAT SOC. ITALIANA ASS. E RIASS. S.p.A.	0.11	
			AUTO PRESTO&BENE S.r.l.	0.02	
			IMMOBILIARE LOMBARDA S.p.A.	0.02	
IMMOBILIARE FONDIARIA-SAI S.r.l. Turin Share Capital Euro 20,000	Real Estate	100.00			100.00
IMMOBILIARE LITORELLA S.r.l. Milan Share Capital Euro 10,329	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
IMMOBILIARE LOMBARDA S.p.A. Milan Share Capital Euro 24,493,509.56	Real Estate	64.17	MILANO ASSICURAZIONI S.p.A.	35.83	86.69
IMMOBILIARE MILANO ASSICURAZIONI S.r.l. Turin Share Capital Euro 20,000	Real Estate		MILANO ASSICURAZIONI S.p.A.	100.00	62.85
INCONTRA ASSICURAZIONI S.p.A. Milan Share Capital Euro 5,200,000	Non-Life Insurance	51.00			51.00
INIZIATIVE VALORIZZAZIONI EDILI – IN.V.ED. S.r.l. Rome Share Capital Euro 10,329	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
INSEDIAMENTI AVANZATI NEL TERRITORIO I.A.T. S.p.A. Milan Share Capital Euro 2,580,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
ITALRESIDENCE S.r.l. Pieve Emanuele (MI) Share Capital Euro 100,000	Services		ATAHOTELS S.p.A.	100.00	81.80

	Sector	Percentage of control Direct		Indirect	Group holding
LIGURIA SOCIETÀ DI ASSICURAZIONI S.p.A. Segrate (Mi) Share Capital Euro 36,800,000	Non-Life Insurance		MILANO ASSICURAZIONI S.p.A.	99.97	62.83
LIGURIA VITA S.p.A. Segrate (Mi) Share Capital Euro 6,000,000	Life Insurance		LIGURIA SOC. DI ASSICURAZIONI S.p.A.	100.00	62.83
MARINA DI LOANO S.p.A. Milan Share Capital Euro 5,536,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
MASACCIO S.r.l. Milan Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
MERIDIANO AURORA S.r.l. Milan Share Capital Euro 10,000	Real Estate	100.00			100.00
MERIDIANO BELLARMINO S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
MERIDIANO BRUZZANO S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
MERIDIANO PRIMO S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
MERIDIANO SECONDO S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
MILANO ASSICURAZIONI S.p.A. Milan Share Capital Euro 305,851,341.12	Mixed Insurance	60.58	FONDIARIA-SAI NEDERLAND B.V. POPOLARE VITA S.p.A. PRONTO ASSISTANCE S.p.A. SAI HOLDING ITALIA S.p.A. SAINTERNATIONAL S.A.	1.50 0.02 0.05 0.51 0.20	62.85
MIZAR S.r.l. Rome Share Capital Euro 10,329	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
NUOVA IMPRESA EDIFICATRICE MODERNA S.r.l. Rome Share Capital Euro 10,329	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
NUOVE INIZIATIVE TOSCANE S.r.l. Florence Share Capital Euro 26,000,000	Real Estate	96.88	MILANO ASSICURAZIONI. S.p.A.	3.12	98.84
PONTORMO S.r.l. Milan Share Capital Euro 50,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
POPOLARE VITA S.p.A. Verona Share capital Euro 219,600,005	Life Insurance	24.39	SAI HOLDING ITALIA S.p.A.	25.61	50.00

	Sector	Percentage of control Direct		Indirect	Group holding
PROGETTO BICOCCA LA PIAZZA S.r.l. in liquidation Milan Share Capital Euro 3,151,800	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	74.00	74.00
PRONTO ASSISTANCE S.p.A. Turin Share Capital Euro 2,500,000	Non-Life Insurance	100.00			100.00
PRONTO ASSISTANCE SERVIZI S.c.a.r.l. Turin Share Capital Euro 516,000	Services	37.40	MILANO ASSICURAZIONI S.p.A. DIALOGO ASSICURAZIONI S.p.A. LIGURIA SOC. DI ASSICURAZIONI S.p.A. INCONTRA ASSICURAZIONI S.p.A. SYSTEMA COMPAGNIA DI ASS.NI S.p.A. BANCASAI S.p.A. SISTEMI SANITARI S.r.l. PRONTO ASSISTANCE S.p.A.	28.00 24.00 2.20 0.15 0.35 0.10 0.10 7.70	79.63
RISTRUTTURAZIONI EDILI MODERNE – R.EDIL.MO S.r.l. Rome Share Capital Euro 10,329	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
SAI HOLDING ITALIA S.p.A. Turin Share Capital Euro 50,000,000	Financial	100.00			100.00
SAI INVESTIMENTI S.G.R. S.p.A. Turin Share Capital Euro 3,913,588	Asset Management	51.00	MILANO ASSICURAZIONI S.p.A.	29.00	69.23
SAI MERCATI MOBILIARI SIM S.p.A. Milan Share Capital Euro 20,000,000	Real Estate Brokerage	100.00			100.00
SAI NETWORK S.p.A. Turin Share capital Euro 8,000,000	Financial	18.00	BANCASAI S.p.A. MILANO ASSICURAZIONI S.p.A.	64.00 18.00	93.31
SAIAGRICOLA S.p.A. SOCIETÀ AGRICOLA Turin Share Capital Euro 66,000,000	Agriculture	92.01	MILANO ASSICURAZIONI S.p.A. PRONTO ASSISTANCE S.p.A.	6.80 1.19	97.48
SAIFIN-SAIFINANZIARIA S.p.A. Turin Share Capital Euro 102,258,000	Financial	100.00			100.00
SAILUX S.A. Luxembourg Share Capital Euro 30,000,000	Financial		SAIFIN-SAIFINANZIARIA S.p.A. FINSAI INTERNATIONAL S.A.	99.99 0.01	100.00
SAINT GEORGE CAPITAL MANAGEMENT S.A. Lugano (CH) Cap. Soc. CHF 2.000.000	Financial		SAIFIN-SAIFINANZIARIA S.p.A.	100.00	100.00
SAINTERNATIONAL S.A. Luxembourg Share Capital Euro 154,000,000	Financial	99.99			99.99
SANTA MARIA DEL FICO S.r.l. Umbertide (PG) Share Capital Euro 78,000	Agriculture		SAIAGRICOLA S.p.A. – Società Agricola	100.00	97.48

	Sector	Percentage of control Direct		Indirect	Group holding
SERVICE GRUPPO FONDIARIA-SAI S.r.l. Florence Share Capital Euro 104,000	Services	70.00	MILANO ASSICURAZIONI S.p.A.	30.00	88.86
SIAT SOCIETÀ ITALIANA ASSICURAZIONI E RIASSICURAZIONI S.p.A. Genoa Share Capital Euro 38,000,000	Non-Life Insurance		SAI HOLDING ITALIA S.p.A.	94.69	94.69
SIM ETOILE S.A.S. Paris Share Capital Euro 3,049,011.34	Real Estate	99.99			99.99
SINTESI SECONDA S.r.l. Milan Share Capital Euro 10,400	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	100.00	62.85
SISTEMI SANITARI S.c.r.l. Milan Share Capital Euro 1,000,000	Services	78.31	MILANO ASSICURAZIONI S.p.A. BANCASAI S.p.A. BIM VITA S.p.A. DIALOGO ASSICURAZIONI S.p.A. FINITALIA S.p.A. LIGURIA SOC. DI ASSICURAZIONI S.p.A. LIGURIA VITA S.p.A. POPOLARE VITA S.p.A. PRONTO ASSISTANCE S.p.A. PRONTO ASSISTANCE SERVIZI S.c.a.r.l. SAI SIM S.p.A. SYSTEMA COMPAGNIA DI ASSIC.NI S.p.A. EUROPA TUTELA GIUDIZIARIA S.p.A. GRUPPO FONDIARIA-SAI SERVIZI S.c.r.l. SAI INVESTIMENTI SGR SERVICE GRUPPO FONDIARIA-SAI S.r.l. SAIAGRICOLA S.p.A. – Società Agricola IMMOBILIARE LOMBARDA S.p.A. SIAT SOC. ITALIANA ASS. E RIASS. S.p.A. AUTO PRESTO&BENE S.p.A.	19.630 0.040 0.010 0.020 0.022 0.220 0.020 0.510 0.030 0.410 0.010 0.010 0.001 0.090 0.010 0.010 0.050 0.200 0.200 0.200	92.21
SOCIETÀ EDILIZIA IMMOBILIARE SARDA S.E.I.S. S.p.A. Rome Share capital Euro 3,877,500	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	51.67	51.67
SOGEINT S.r.l. Milan Share Capital Euro 100,000	Other		MILANO ASSICURAZIONI S.p.A.	100.00	62.85
SRP Services S.A. Lugano (CH) Share Capital CHF 1,000,000	Services		SAINTERNATIONAL S.A.	100.00	99.99
STIMMA S.r.l. Florence Share Capital Euro 10,000	Real Estate	100.00			100.00
SYSTEMA COMPAGNIA DI ASS.NI S.p.A. Milan Share Capital Euro 5,164,600	Non-Life Insurance		MILANO ASSICURAZIONI S.p.A.	100.00	62.85

	Sector	Percentage of control Direct		Indirect	Group holding
THE LAWRENCE LIFE ASSURANCE CO. LTD Dublin (IRL) Share Capital Euro 802,886	Life Insurance		POPOLARE VITA S.p.A.	100.00	50.00
THE LAWRENCE R.E. IRELAND LTD Dublin (IRL) Share Capital Euro 635,000	Mixed Insurance		FONDIARIA-SAI NEDERLAND B.V.	100.00	100.00
TIKAL R.E. FUND	Real Estate	59.65	MILANO ASSICURAZIONI S.p.A.	35.36	81.87
TRENNO OVEST S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
VILLA RAGIONIERI S.r.l. Florence Share Capital Euro 78,000	Real Estate	100.00			100.00
Companies valued at cost:					
ATA BENESSERE S.r.l. in liquidation Milan Share Capital Euro 100,000	Services		ATAHOTELS S.p.A.	100.00	81.80
ATAHOTELS SUISSE S.A. in liquidazione Lugano Share Capital CHF 100,000	Services		ATAHOTELS S.p.A.	98.00	80.16
DDOR AUTO DOO Novi Sad (Serbia) Share Capital Euro 9,260.97	Non-Life Insurance		DDOR NOVI SAID ADO.	100.00	99.99
GLOBAL CARD SERVICE S.r.l. Segrate (Mi) Share Capital Euro 98,800	Services		LIGURIA VITA S.p.A. LIGURIA SOC. DI ASSICURAZIONI S.p.A.	51.00 44.00	59.69
HOTEL TERME DI SAINT VINCENT S.r.l. Saint Vincent (AO) Share Capital Euro 15,300	Services		ATAHOTELS S.p.A.	100.00	81.80
ITAL H & R S.r.l. Pieve Emanuele (MI) Share Capital Euro 50,000	Services		ITALRESIDENCE S.r.l.	100.00	81.80
TOUR EXECUTIVE S.p.A. Milan Share Capital Euro 500,000	Services		ATAHOTELS S.p.A.	100.00	81.80
ASSOCIATED COMPANIES					
Companies valued under the equity method:					
A 7 S.r.l. Milan Share Capital Euro 200,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	20.00	12.57

	Sector	Percentage of control Direct		Indirect	Group holding
BORSETTO S.r.l. Turin Share Capital Euro 2,971,782.3	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	44.93	28.24
BUTTERFLY AM S.a.r.l. Luxembourg Share Capital Euro 29,165	Financial		IMMOBILIARE FONDIARIA-SAI S.r.l.	28.57	28.57
CITYLIFE S.r.l. (*) Milan Share Capital Euro 313,059	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	27.20	17.09
CONSULENZA AZIENDALE PER L'INFORMATICA SCAI S.p.A. Turin Share Capital Euro 1,040,000	Services	30.07			30.07
FIN. PRIV S.r.l. Milan Share Capital Euro 20,000	Financial	28.57			28.57
FINADIN S.p.A. Milan Share Capital Euro 100,000,000	Financial		SAIFIN-SAIFINANZIARIA S.p.A.	40.00	40.00
FONDIARIA-SAI SERVIZI TECNOLOGICI S.p.A. Florence Share Capital Euro 120,000	Services	51.00			51.00
GARIBALDI S.C.A. Luxembourg Share Capital Euro 31,000	Financial		MILANO ASSICURAZIONI S.p.A.	32.00	20.11
IGLI S.p.A. Milan Share Capital Euro 24,120,000	Financial		IMMOBILIARE FONDIARIA-SAI S.r.l. IMMOBILIARE MILANO ASS.NI S.r.l.	16.667 16.667	27.14
ISOLA S.C.A. Luxembourg Share Capital Euro 31,000	Financial		MILANO ASSICURAZIONI S.p.A.	29.56	18.58
METROPOLIS S.p.A. Florence Share Capital Euro 1,120,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	29.73	18.69
PENTA DOMUS S.p.A. Turin Share Capital Euro 120,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	20.00	12.57
PROGETTO ALFIERE S.p.A. Rome Share Capital Euro 120,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	19.00	19.00
SERVIZI IMMOBILIARI MARTINELLI S.p.A. Cinisello Balsamo (MI) Share capital Euro 100,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	20.00	12.57
SOCIETÀ FUNIVIE DEL PICCOLO SAN BERNARDO S.p.A. La Thuile (AO) Share Capital Euro 9,213,417.5	Other		IMMOBILIARE FONDIARIA-SAI S.r.l.	27.38	27.38

(*) valued in accordance with IFRS 5

	Sector	Percentage of control Direct		Indirect	Group holding
SVILUPPO CENTRO EST S.r.l. Rome Share Capital Euro 10,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	40.00	25.14
TRE TORRI CONTRACTOR S.c.r.l. Milan Share Capital Euro 10,000	Real Estate		IMMOBILIARE LOMBARDA S.p.A.	50.00	43.34
VALORE IMMOBILIARE S.r.l. Milan Share Capital Euro 10,000	Real Estate		MILANO ASSICURAZIONI S.p.A.	50.00	31.43
Companies valued at cost:					
DDOR GARANT Belgrado (Serbia) Share Capital Euro 3,309,619	Services		DDOR RE JOINT STOCK REINSURANCE COMPANY DDOR NOVI SAID ADO	7.54 32.46	40.00
MB VENTURE CAPITAL FUND I PARTECIPATING COMPANY D N.V. Amsterdam Share Capital Euro 50,000	Other	30.00			30.00
QUINTOGEST S.p.A. Milan Share Capital Euro 3,000,000	Financial	49.00			49.00
SOCIETÀ FINANZ. PER LE GEST.ASSICURATIVE S.r.l. in liquididazione Rome Share Capital Euro 47,664,600	Financial	14.91	MILANO ASSICURAZIONI S.p.A.	7.50	19.62
SOAIMPIANTI - ORGANISMI DI ATTESTAZIONE S.r.l. in liquidazione Monza Share Capital Euro 84,601	Other	21.64			21.64
UFFICIO CENTRALE ITALIANO S.c.a.r.l. Milan Share Capital Euro 510,000	Other	14.14	SIAT SOC. ITALIANA ASS. E RIASS. S.p.A. MILANO ASSICURAZIONI S.p.A. LIGURIA SOC. DI ASSICURAZIONI S.p.A. SYSTEMA COMPAGNIA DI ASS.NI S.p.A. DIALOGO ASSICURAZIONI S.p.A. INCONTRA ASSICURAZIONI S.p.A.	0.0900 10.9750 0.3090 0.0002 0.0001 0.0024	21.31

PART B - Information on the Consolidated Balance Sheet

Balance Sheet - Assets

1. INTANGIBLE ASSETS

The breakdown is as follows:

(in Euro thousands)	31/03/2011	31/12/2010	Changes
Goodwill	1,470,899	1,468,570	2,329
Other intangible assets	114,048	119,164	(5,116)
TOTAL	**1,584,947**	**1,587,734**	**(2,787)**

Goodwill

The Goodwill is broken down as follows:

(in Euro thousands)	31/03/2011	31/12/2010	Changes
Goodwill deriving from the incorporation of La Fondiaria	504,763	504,763	-
Goodwill relating to the consolidation of Milano Assicurazioni	167,379	167,379	-
Other goodwill	530	530	-
Consolidation difference	798,227	795,898	2,329
TOTAL	**1,470,899**	**1,468,570**	**2,329**

The Group verifies the recovery of the goodwill allocated to the Cash Generating Units (CGU's) at least on an annual basis or more frequently when there is an indication of a loss in value.
Reference should be made to the financial statements of 31/12/2010 for the description of the methods utilised for the determination of the recoverable value of the goodwill recorded.

No indications or separate elements than those considered for the preparation of the 2010 annual accounts were present in the quarter which would indicate the possibility that the recognised goodwill was impaired compared to the existing book value. Therefore a new impairment test at 31/03/2011 was not carried out.

The change in the account "Consolidation differences" relates to the subsidiary DDOR NOVI SAD following the depreciation of the Euro against the Serb Dinar.

Other Intangible Assets

The other intangible assets amount to Euro 114,048 thousand (Euro 119,164 thousand at 31/12/2010) and are composed of:

(in Euro thousands)	Gross carrying value	Amortisation and impairment	Net value 31/03/2011	Net value 31/12/2010
Studies and research expenses	227,572	(200,031)	27,541	27,798
Utilisation rights	19,407	(12,493)	6,914	6,801
Other intangible assets	268,345	(188,752)	79,593	84,565
TOTAL	**515,324**	**(401,276)**	**114,048**	**119,164**

None of the above intangible assets were generated internally.

The above intangible assets have a definite useful life and are therefore amortised over their duration. The expenses for research studies relate to the capitalisation in the first quarter of 2011, and in previous years, of the costs incurred for the preparation of IT technology and applications of a long-term nature. They are amortised over a period of three or five years based on the characteristics and useful life of the assets.

These charges are prevalently incurred by the Consortium Fondiaria SAI Servizi S.c.a.r.l. Group, which undertakes the management of all resources, assets and services already existing and those newly acquired relating to Group operations.

The other intangible assets include the values relating to the client portfolios acquired by some subsidiary companies (Value in Force and VOBA) recorded upon acquisition.

The data relating to the client portfolios acquired are as follows:

(in Euro thousands)	31/03/2011	31/12/2010	Changes
Liguria Assicurazioni S.p.A.	15,376	17,150	(1,774)
DDOR Novi Sad ADO	14,065	15,624	(1,559)
TOTAL	**29,441**	**32,774**	**(3,333)**

In the period, no indications emerged of a long-term loss in value.
The decrease principally relates to the amortisation in the period.

2. PROPERTY, PLANT & EQUIPMENT

The total amount of the account is Euro 597,866 thousand (Euro 594,334 thousand at 31/12/2010), an increase of Euro 4 thousand.

The breakdown of the tangible fixed assets is as follows:

(in Euro thousands)	Buildings		Land		Other fixed assets		Total	
	31/03/2011	**31/12/2010**	**31/03/2011**	**31/12/2010**	**31/03/2011**	**31/12/2010**	**31/03/2011**	**31/12/2010**
Gross carrying value	519,759	509,457	28,192	28,192	215,094	214,324	763,045	751,973
Depreciation and impairment	(41,345)	(36,958)	-	-	(123,834)	(120,681)	(165,179)	(157,639)
Net value	**478,414**	**472,499**	**28,192**	**28,192**	**91,260**	**93,643**	**597,866**	**594,334**

The buildings included under property, plant and equipment are those utilised by the business operations (so-called buildings for direct use). These buildings are recorded at cost and are depreciated over their useful lives on a component basis.

The account also includes the buildings held by the subsidiaries of Immobiliare Fondiaria-SAI (excluding the subsidiary Società Edilizia Immobiliare Sarda S.E.I.S.) which were considered inventories and therefore valued in accordance with IAS 2.

In the first quarter of 2011, no indications emerged of a permanent loss in value of property owned.

With the exception of the area earmarked for construction at Garibaldi Repubblica owned by the subsidiary Meridiano Secondo, held under a mortgage, the other properties of the Group within the macro account were not subject to restrictions on title, nor has any significant amount been recorded in the Income Statement for reductions in value, losses, divestment or damages.

The residual “other fixed assets” prevalently relates to assets of the Group utilised in the exercise of its activities, such as furnishings, plant and office equipment, as well as the final inventory of the companies operating in the agricultural sector valued in accordance with IAS 2.

3. TECHNICAL RESERVES – REINSURANCE AMOUNT

The total amount of the account is Euro 808,095 thousand (Euro 823,184 thousand at 31/12/2010) with a decrease of Euro 15,089 thousand. The breakdown of the account is as follows:

(in Euro thousands)	31/03/2011	31/12/2010	Changes
Non-life division technical reserves attributed to reinsurers	645,316	656,719	(11,403)
Life division technical reserves attributed to reinsurers	162,779	166,465	(3,686)
Class D reserves attributed to reinsurers	-	-	-
TOTAL	**808,095**	**823,184**	**(15,089)**

Of these Euro 526 million relates to the reinsurers' reserve (Euro 543 million at 31/12/2010), while Euro 282 million relates to the reserves attributable to the reinsurance companies (Euro 280 million at 31/12/2010).

4. INVESTMENTS

The breakdown is as follows:

(in Euro thousands)	31/03/2011	31/12/2010	Changes
Investment property	2,882,152	2,894,209	(12,057)
Investments in subsidiaries, associates and joint ventures	194,054	325,369	(131,315)
Investments held-to-maturity	601,219	592,138	9,081
Loans and receivables	3,629,424	3,159,211	470,213
AFS financial assets	20,259,147	20,302,882	(43,735)
Financial assets at fair value recorded through the profit & loss account	9,138,655	8,740,064	398,591
TOTAL	**36,704,651**	**36,013,873**	**690,778**

Investment property

The account includes all the buildings held by the Group for rental or for capital appreciation.

The investment properties are recorded at purchase cost in accordance with IAS 16 (which IAS 40 refers to in the case of adoption of the cost model).
The part of the property referring to buildings is depreciated systematically with regard to the useful life of the components therein. Of the significant components, those relating to the plant of the building are depreciated separately.

The composition of the investment property and the movement in the period is shown below.

(in Euro thousands)	31/03/2011	31/12/2010	Changes
Gross carrying value	**3,272,387**	**3,269,947**	**2,440**
Depreciation and impairment	(390,235)	(375,738)	(14,497)
Net value	**2,882,152**	**2,894,209**	**(12,057)**

During the period, the rental income from investment property amounted to approx. Euro 20 million (Euro 24 million in the first quarter of 2010).
There are no significant limits on the realisation of the investment property due to legal or contractual restrictions or restrictions of any other nature, with the exception of 9 buildings of the Tikal Fund and of the Immobiliare Fondiaria-SAI Group which are mortgaged for the loans received on these buildings.
In addition the sequestration of the Castello Area held by the subsidiary Nit is considered.

In the first quarter of 2011, no indications emerged of a permanent loss in value of property owned.

Investments in subsidiaries, associates and joint ventures

The account includes the book value of some subsidiary investments which, given the insignificance in relation to the size and nature of the activities undertaken, are not significant in order to ensure the reliability of the present interim accounts.
The account includes group companies measured under the net equity method.

The division is as follows:

(in Euro thousands)	31/03/2011	31/12/2010	Changes
Subsidiary companies	1,412	1,465	(53)
Associated companies and joint ventures	192,642	323,904	(131,262)
TOTAL	**194,054**	**325,369**	**(131,315)**

In relation to investments in associated companies we report the most significant holdings:

(in Euro millions)	31/03/2011	31/12/2010	Changes
CityLife	-	78.1	(78.1)
IGLI	56.7	56.7	-
Fondo Rho	-	57.1	(57.1)
Garibaldi S.C.A.	49.4	45.9	3.5
Finadin	9.2	10.0	(0.8)
Fin. Priv.	29.0	27.7	1.3
Isola S.C.A.	10.9	10.9	-
Others	37.4	37.5	(0.1)
Total	**192.6**	**323.9**	**(131.3)**

The reduction in the investment in associated companies is due to the reclassification under discontinued assets of the investment in CityLife following - with decision of the Parent Company of March 23, 2011 - the commencement of the process concerning the exercise of the put option by Immobiliare Milano S.r.l. The changes also include the reclassification to the account "AFS financial assets" of the Rho Real Estate Fund following the change in the governance structure and the consequent loss of significant influence.

The adjustments to values recorded in the income statement in the quarter due to the valuation of the investments in associated companies amounted to Euro 0.9 million, principally relating to Finadin.

Investments held to maturity

The account amounts to Euro 601,219 thousand (Euro 592,138 thousand at 31/12/2010) and is composed as follows:

(in Euro thousands)	31/03/2011	31/12/2010	Changes
Debt securities	601,219	592,138	9,081
Total	**601,219**	**592,138**	**9,081**

The category only includes financial instruments from the Life sector held for policies with specific provisions as defined by the current sector regulations.
This category exclusively includes listed securities whose current value amounts to Euro 632,277 thousand.

Loans and receivables

The account amounts to Euro 3,629,424 thousand (Euro 3,159,211 thousand at 31/12/2010) and is composed as follows:

(in Euro thousands)	31/03/2011	31/12/2010	Changes
Bank and interbank receivables	785,239	764,172	21,067
Debt securities	2,273,515	1,825,970	447,545
Loans on life policies	51,755	53,597	(1,842)
Deposits held by reinsurers	26,856	27,417	(561)
Receivables from sub-agents for indemnities paid to agents terminated	240,201	240,821	(620)
Other loans and receivables	251,858	247,234	4,624
TOTAL	**3,629,424**	**3,159,211**	**470,213**

Bank receivables for interbank deposits and bank clients includes the receivables of the subsidiary BancaSai from other credit institutions for deposits of Euro 96,729 thousand and the receivable from bank clients of Euro 688,510 thousand.

The increase in debt securities arises from the subscription, in the first quarter of 2011, of some reserved issues (so-called “private placements”) of Italian public debt which ensure stability in Group returns and eliminate the volatility in the valuation of such instruments where underwritten in a traditional market context. The classification in this category therefore results in the absence of a reference market.
The account also includes the issue of financial instruments by corporate parties: they relate to financial structures principally supported by subordinated clauses transferred to this category from the AFS category in 2009. The accounting value of the securities transferred at 31/03/2011 was Euro 799,598 thousand and the fair value at that date, determined on the basis of the mark-to-model method, substantially confirm the carrying value. There was no permanent loss in value on any security and the effect of the amortised cost resulted in the recording of income of Euro 2,935 thousand. The negative AFS reserve on these securities at 01/01/2009 amounted to Euro 75,222 thousand and is amortised in accordance with the provisions of IAS 39. The residual negative AFS reserve amounts to Euro 59,648 thousand.

The account "Other loans and receivables” principally includes Euro 213.3 million (Euro 207.3 million at 31/12/2010) relating to the receivables of the subsidiary Finitalia from its customers.

AFS financial assets

The AFS financial assets include bonds and equity securities, as well as investment unit funds, not otherwise classified.

The financial assets are divided as follows:

(in Euro thousands)	**31/03/2011**	**31/12/2010**	**Changes**
Equity securities	1,546,754	1,528,791	17,963
Fund units	933,123	819,961	113,162
Debt securities	17,777,319	17,952,179	(174,860)
Other financial investments	1,951	1,951	-
TOTAL	**20,259,147**	**20,302,882**	**(43,735)**

The equity securities include listed securities of Euro 1,329 million, while the debt securities listed amount to Euro 17,739 million.

The book value of the listed financial instruments is adjusted to the stock market price on the last day of the quarter.

Of the equity securities, we highlight the holding of the Group in the Bank of Italy of 2%. There were no changes in the valuation carried out at the end of 2010.

As previously reported, in relation to AFS assets the Rho Real Estate Fund was reclassified for a value of Euro 89.6 million: the fair value of the fund was calculated based on a financial income valuation technique whose parameters, in the absence of comparable transactions, are not linked to market criteria. Consequently this value was classified at level 3 of the hierarchy of fair value. In this regard, no other transfers were made in the quarter.

In relation to the reduction in values of the AFS securities recorded to the Income Statement in the period, the application of the criteria under the "impairment policy" of the Group (and described in detail in the 2010 annual accounts) led to a valuation loss of Euro 24.3 million (at 31/03/2010 the amount was Euro 27.3 million). This amount refers for Euro 22.8 million to equity securities and for Euro 1.5 million to investment funds.
In particular, in relation to equities, the impairment of the investment held in Premafin for a total of Euro 19.6 million is highlighted, for which a market value continuously below the book value for a period of two years was confirmed in the quarter.

With reference to the composition of the AFS reserve (for the Group share and gross of the fiscal effects, both in relation to that borne by Life policyholders under the shadow accounting technique) it is reported that the gross amount, negative for Euro 228 million, includes a negative component of Euro 398 million with reference to debt securities, a positive component of Euro 43 million relating to investment funds and finally a positive amount of Euro 127 million (of these Euro 66 million relates to the investment held in the Bank of Italy) concerning shares held.

Financial assets at Fair Value recorded through profit or loss

The breakdown is as follows:

(in Euro thousands)	**31/03/2011**	**31/12/2010**	**Changes**
Equity securities	41,390	32,502	8,888
Fund units	498,770	459,900	38,870
Debt securities	8,034,382	7,758,432	275,950
Other financial investments	564,113	489,230	74,883
TOTAL	**9,138,655**	**8,740,064**	**398,591**

The change in debt securities is due to the purchases carried out by the subsidiary Lawrence Life following the increase in premiums relating to the Life products whose investment risk is borne by the policyholder.

The component relating to the financial assets designated at fair value through profit or loss amounted to Euro 9,036 million and these include the investments where the risk is borne by the policyholders and deriving from the management of pension funds for Euro 8,936 million (Euro 8,553 million at 31/12/2010).

5. OTHER RECEIVABLES

The breakdown of the account is as follows:

(in Euro thousands)	31/03/2011	31/12/2010	Changes
Receivables from direct insurance operations	1,337,871	1,747,611	(409,740)
Receivables from reinsurance operations	97,537	101,773	(4,236)
Other receivables	315,798	464,991	(149,193)
TOTAL	**1,751,206**	**2,314,375**	**(563,169)**

The Group considers that the carrying value of trade and other receivables approximates their fair value. The trade receivables are non-interest bearing and are generally payable within 90 days.

The composition of the receivables deriving from direct insurance operations is as follows.

(in Euro thousands)	31/03/2011	31/12/2010	Changes
Receivables from policyholders for premiums in year	447,640	815,440	(367,800)
Receivables from policyholders for premiums in previous years	169,061	37,596	131,465
Receivables from insurance brokers	527,643	692,812	(165,169)
Receivables from insurance companies	63,851	91,489	(27,638)
Amounts to be recovered from policyholders and third parties	129,676	110,274	19,402
TOTAL	**1,337,871**	**1,747,611**	**(409,740)**

The reduction in receivables from policyholders for premiums in the period is as a result of the reduced concentration of contracts in the first three months of the year. Conversely, receivables from policyholders for previous years principally include the positions yet to be paid, principally from corporate clients, arising at the end of the previous year.

The receivables from reinsurance operations include Euro 95,355 thousand of receivables from insurance and reinsurance companies for reinsurance operations and Euro 2,182 thousand from reinsurance brokers.

The other receivables include:

- trade receivables of Euro 83.2 million principally comprising receivables from clients;
- receivables from Tax Authorities for Euro 60.7 million relating principally to the repayment of VAT receivables.

With reference to the receivables from policyholders for premiums, agents and other brokers, as well as insurance and reinsurance companies, the Group does not have significant concentrations of credit risks, as the credit exposure is divided among a large number of counterparties and clients.

The receivable valuation policies did not change on 31/12/2010.

6. OTHER ASSETS

The total amount of the account is Euro 1,174,223 thousand (Euro 996,064 thousand at 31/12/2010). The account increased by Euro 178,160 thousand compared to the previous year.

The breakdown of the account is as follows:

(in Euro thousands)	31/03/2011	31/12/2010	Changes
Non-current assets or of a discontinued group held for sale	79,340	3,452	75,888
Deferred acquisition costs	78,200	87,603	(9,403)
Deferred tax assets	352,762	361,195	(8,433)
Current tax assets	387,278	387,573	(295)
Other assets	276,643	156,241	120,403
TOTAL	**1,174,223**	**996,064**	**178,160**

Non-current assets or of a discontinued group held for sale

At 31/03/2011, the discontinued assets amounted to Euro 79,340 thousand (Euro 3,452 thousand at 31/12/2010).
The account includes, in addition to the building in Segrate, Via delle Regioni held by Liguria Assicurazioni for which a sales contract has already been signed, the CityLife investment held by the subsidiary Immobiliare Milano. This was valued at Euro 78.1 million. It is estimated that the payment of the sale is higher than the book value of the asset and, consequently, no write-down was made on the classification of the asset as held for sale.

In the case of exercise of the option, the sales price of the investment will be the higher between:

- all of the amounts paid into CityLife since its incorporation by Immobiliare Milano Assicurazioni, in addition to the amount proportionally paid in by this latter company to the Fondazione Fiera as consideration for the area, all amounts net of the income distributed and capitalised at the Euribor rate at 3 months plus 1.5 percentage points from the date of payment until the date of sale of the investment;
- the percentage of the net equity of CityLife equivalent to the percentage of capital represented by the investment. For these purposes the net equity of CityLife will be established by an independent arbitrator commonly agreed between Generali Properties and Immobiliare Milano Assicurazioni. if no agreement is reached in relation to the appointment of the arbitrator within 10 working days from the exercise of the sales option, the individual parties will have the right to request the President of the Milan Court to appoint an arbitrator, to be chosen from among the international property valuation companies. In establishing the price of the investment, the arbitrator will calculate the net equity value of CityLife, adjusting the unrealised gains and losses and the tax impact.

Deferred acquisition costs

The deferred acquisition costs, amounting to Euro 78,200 thousand (Euro 87,603 thousand at 31/12/2010), principally refer to the acquisition commissions to be amortised on the long-term insurance contracts. These amounts are deferred and amortised over seven years for the Non-Life classes and six years for the Life classes relating to the traditional sales channel, in accordance with the analyses on the average duration of the contracts in portfolio.

The decrease on 31/12/2010 amounts to Euro 9 million. It is recalled that the Parent Company and Milano Assicurazioni no longer record in the Non-Life Division the long-term commissions following the abolition of the long-term contracts in accordance with the Bersani decrees of 2007 and the changed remuneration policy of the agency networks. The income statement impact in the Non-Life Classes was a loss of Euro 6,302 thousand (loss of Euro 14,415 thousand in the first quarter of 2010).

Deferred tax assets

The account amounts to Euro 352,762 thousand (Euro 361,195 thousand at 31/12/2010) and is calculated on the total amount of the temporary differences between the book value of the assets and liabilities in the accounts and the respective tax value according to the "balance sheet liability method" as per IAS 12 in relation to the probability of their recovery related to the capacity to generate assessable taxable income in the future.

The balance at the end of the period takes into account the compensation, where possible, of the same tax assets with the corresponding deferred tax liabilities in accordance with IAS 12.

Current tax assets

The current tax assets, amounting to Euro 387,278 thousand (Euro 387,573 thousand at 31/12/2010), refer to the financial receivables for payments on account, withholding taxes and income tax credits, before compensation, where permitted, of the current tax liabilities.

The account also includes the amounts paid on account pursuant to article 1, paragraph 2 of Legislative Decree No. 209/02, converted into article 1 of Law 265/2002, as supplemented.

Other assets

The other assets amount to Euro 276,643 thousand (Euro 156,241 thousand at 31/12/2010) and include deferred commissions on investment contracts of life policyholders for Euro 6 million, other accounts for Euro 13 million, indemnities paid to agents awaiting application of recovery for Euro 19 million and amounts paid for guarantee provisions for policyholders, with particular reference to the contribution to the Road Victim Fund of Euro 63 million.

7. CASH AND CASH EQUIVALENTS

The account amounts to Euro 486,407 thousand (Euro 625,940 thousand at 31/12/2010).

The account includes the liquidity held by the Group and deposits and bank current account with maturity less than 15 days. They include highly liquid assets (cash and deposits on demand) and cash equivalents or rather short term financial investments, readily convertible into known cash amounts and which are not subject to variations in value.

The book value of these assets closely approximates their fair value. The interest on deposits and bank current accounts are remunerated at fixed or variable interest rates which mature and/or are credited on a quarterly basis or in relation to the lower duration of the restrictions on the deposits.

Balance Sheet – Shareholders' Equity & Liabilities

1. SHAREHOLDERS' EQUITY

The consolidated net equity, amounting to Euro 2,702,481 thousand, includes the result for the period and minority share, and increased by Euro 152,376 thousand compared to 31/12/2010.

The movements in the year are shown below:

(in Euro thousands)	31/03/2011	31/12/2010	Changes
Group Net Equity	**1,965,649**	**1,882,127**	**83,522**
Share Capital	167,044	167,044	-
Other equity instruments	-	-	-
Capital reserves	209,947	209,947	-
Retained earnings and other reserves	1,911,150	2,620,792	(709,642)
Treasury shares	(321,933)	(321,933)	-
Translation reserve	(52,028)	(56,598)	4,570
Profit or loss on AFS financial assets	45,612	(34,759)	80,371
Other gains and losses recorded directly in equity	30,720	15,216	15,504
Group loss	(24,863)	(717,582)	692,719
Minority interest shareholders' equity	**736,832**	**667,978**	**68,854**
Minority capital and reserves	743,870	902,126	(158,256)
Gains and losses recorded directly in equity	(6,975)	(22,869)	15,894
Minority interest profit/(loss)	(63)	(211,279)	211,216
TOTAL	**2,702,481**	**2,550,105**	**152,376**

The change in the consolidated net equity is shown in the statement to which reference should be made.

The disclosures required by IAS 1.76 A is provided below:

	Ordinary 31/03/2011	Savings 31/03/2011	Ordinary 31/12/2010	Savings 31/12/2010
Number of shares issued	124,482,490	42,561,222	124,482,490	42,561,222

The table below shows the movements of the share capital of the Parent Company Fondiaria-SAI in the first quarter of the year.

	Ordinary	Savings	Total
Shares existing at 01/01/2011	124,482,490	42,561,222	167,043,712
Treasury shares (-)	14,382,557		14,382,557
Shares outstanding: balance at 01/01/2011	110,099,933	42,561,222	152,661,155
Increases:			
Sale of treasury shares	-	-	-
Exercise of warrants	-	-	-
Decreases:			
Acquisition of treasury shares	-	-	-
Shares outstanding: balance at 31/03/2011	110,099,933	42,561,222	152,661,155

The ordinary and savings shares issued both have a nominal value of Euro 1.
The capital reserves, unchanged on 31/12/2010 amounting to Euro 209,947 thousand, refers to the share premium reserve recorded in the financial statements of the Parent Company.

Nature and purpose of the other reserves

The profit reserves and the other equity reserves include the other net equity reserves of the Parent Company, decreased by the losses carried forward from the previous year and the distribution of dividends by the Parent Company.

The minority interest shareholders' equity, included in the result, decreased by Euro 69 million.

The change in the consolidated net equity is shown in the statement to which reference should be made.

Treasury shares

The account amounts to Euro 321,933 thousand (Euro 321,933 thousand at 31/12/2010). This account includes the book value of the equity instruments of the Parent Company Fondiaria-SAI (Euro 64.3 million), Milano Assicurazioni S.p.A. (Euro 229.3 million) and Sai Holding S.p.A. (Euro 28.3 million).

The account is negative in accordance with the provisions of IAS 32. Following the sale/purchases operations undertaken during the year, no profits or losses were recorded in the income statement.

Reserve for net exchange differences

The balance is a negative amount of Euro 52,028 thousand (Euro -56,598 thousand at 31/12/2010) and includes the translation differences deriving from the conversion of the foreign subsidiaries financial statements into Euro.

Profit or loss on AFS financial assets

The account, amounting to Euro 45,612 thousand (Euro -34,759 thousand at 31/12/2010), includes the gains and losses deriving from the valuation of the AFS financial assets. This is shown net of the related deferred tax liability, both for the part attributable to the policyholders and allocated to the insurance liabilities.

In particular the account includes a negative amount of Euro 228 million relating to the AFS financial instruments in portfolio and a positive amount of Euro 226 million relating to the application of the shadow accounting technique. To this is added Euro 48 million (positive) relating to the fiscal effects of the two matters outlined above.

Other gains and losses in the year recorded directly in equity

The account, amounting to Euro 30,720 thousand (Euro 15,216 thousand at 31/12/2010) includes the reversal of the gains realised on subsidiary companies of Euro 53.6 million. In fact, the transactions of the shares of subsidiaries and which do not result in the loss or acquisition of control do not impact the consolidated results as they are considered only as modifications in the ownership structure of the Group.
The amount also includes the gains and losses on cash flow hedging instruments for Euro 10 million (gross of the tax effect) while the residual amount principally includes the direct recording under equity of the gains and losses from actuarial valuations, in accordance with IAS 19.

2. PROVISIONS

The account amounts to Euro 353,720 thousand (Euro 340,637 thousand at 31/12/2010) and comprises:

(in Euro thousands)	31/03/2011	31/12/2010	Changes
Provisions of a fiscal nature	27	27	-
Other provisions	353,693	340,610	13,083
TOTAL	**353,720**	**340,637**	**13,083**

The other provisions include amounts for which uncertainty exists as to the payment date or the amount of future expenses required to comply with the obligation.

Other provisions increased following the provisioning of a number of charges relating to the period which will be paid out in the coming months.

That provisioned at 31/12/2010 against the principal disputes of the Group did not undergo significant movements in that no situations arose such as to require further provisions or release from existing funds, which appear adequate.

3. TECHNICAL RESERVES

These amount to Euro 35,080,645 and increased by Euro 252,673 thousand on 31/12/2010.

The breakdown of the technical reserves is as follows:

(in Euro thousands)	31/03/2011	31/12/2010	Changes
Non-Life division technical reserves	11,747,738	11,887,849	(140,111)
Life technical reserves	15,950,822	15,989,145	(38,323)
Technical reserves where investment risk borne by policyholders and from pension fund management	7,382,085	6,950,978	431,107
TOTAL TECHNICAL RESERVES	**35,080,645**	**34,827,972**	**252,673**

The technical reserves of the Non-Life Division include the unearned premium reserve of Euro 2,657 million (Euro 2,778 million at 31/12/2010) and the claims reserve of Euro 9,079 million (Euro 9,098 million at 31/12/2010).

The Life technical reserves includes the actuarial reserve of Euro 15,956 million and the reserves for sums to be paid of Euro 293 million. They reduced due to the deferred liabilities reserve against contracts with discretional profit participation: the reserve was negative for Euro 387 million (negative for Euro 455 million at 31/12/2010).
In relation to this reserve, for the Separated Management, the yields were however greater than the minimum guaranteed.

4. FINANCIAL LIABILITIES

(in Euro thousands)	31/03/2011	31/12/2010	Changes
Financial liabilities at fair value through profit or loss account	1,594,452	1,646,935	(52,483)
Other financial liabilities	2,076,474	2,203,171	(126,697)
Total	**3,670,926**	**3,850,106**	**(179,180)**

The Financial liabilities at fair value recorded through the profit or loss are:

Financial liabilities held for trading

The account amounts to Euro 1,391 thousand (Euro 2,842 thousand at 31/12/2010).

Financial liabilities designated at Fair Value recorded through profit or loss

The account amounts to Euro 1,593,061 thousand (Euro 1,644,092 thousand at 31/12/2010). In accordance with IAS 39, the account includes the investment contracts not in application of IFRS 4 and accounted in accordance with the Deposit Accounting method. The account amounts to Euro 1,559,915 thousand (Euro 1,608,513 thousand at 31/12/2010).

Other financial liabilities

The account amounts to Euro 2,076,474 thousand (Euro 2,203,171 thousand at 31/12/2010).

The account includes the financial liabilities defined and governed by IAS 39 not included in the category "Financial liabilities at fair value through profit or loss".
They include deposits as guarantee in relation to risks ceded in reinsurance of Euro 247,571 thousand (Euro 248,006 thousand at 31/12/2010) and sub-ordinate payables of Euro 1,040,199 thousand (Euro 1,041,446 thousand at 31/12/2010).

In relation to the other payables to banks and other lenders of Euro 789 million (Euro 914 million at 31/12/2010), Euro 433 million relates to the financial debt, which reduced on 31/12/2010 principally following the repayment of the senior loan of Fondiaria-SAI with Mediobanca for Euro 75 million and the loan of Immobiliare Milano with Efibanca for Euro 13 million.
The residual Euro 356 million includes Euro 282 million (Euro 304 million at 31/12/2010) operating debt of the subsidiary BancaSai represented by client deposits.

5. PAYABLES

The account amounts to Euro 733,041 thousand and is comprised of:

(in Euro thousands)	**31/03/2011**	**31/12/2010**	**Changes**
Payables to direct insurance operations	114,310	91,887	22,423
Payables to reinsurance operations	85,325	106,862	(21,537)
Other payables	533,406	638,185	(104,779)
Total	**733,041**	**836,934**	**(103,893)**

With reference to the payables deriving from the direct insurance operations, they consist of:

(in Euro thousands)	**31/03/2011**	**31/12/2010**	**Changes**
Payables to insurance brokers	90,913	70,446	20,467
Payables to insurance companies	14,478	20,344	(5,866)
Payables for policyholder deposits	2,296	94	2,202
Payables for guarantee provisions for policyholders	6,623	1,003	5,620
Total	**114,310**	**91,887**	**22,423**

The payables deriving from reinsurance operations refer to reinsurance companies of Euro 76,215 thousand (Euro 78,713 thousand at 31/12/2010) and Euro 9,110 thousand to reinsurance brokers (Euro 28,149 thousand at 31/12/2010).

The breakdown of the other payables is shown below:

(in Euro thousands)	**31/03/2011**	**31/12/2010**	**Changes**
Trade payables	279,052	344,436	(65,384)
Employee leaving indemnity	76,814	77,588	(774)
Policyholders' tax due	57,724	94,714	(36,990)
Other taxes due	67,645	73,290	(5,645)
Due to social security and welfare institutions	17,640	22,293	(4,653)
Other payables	34,531	25,864	8,667
Total	**533,406**	**638,185**	**(104,779)**

Employee leaving indemnity

The principal statistical-actuarial and financial assumptions utilised for the Employee Leaving Indemnity estimates as per IAS 19 are not substantially different from those utilised in the preparation of the consolidated annual accounts of the previous year.

The movements in the year are shown below:

(in Euro thousands)	**31/03/2011**	**31/12/2010**
Balance at beginning of year	**77,588**	**87,884**
Provisions to income statement for Interest Cost	322	1,322
Provisions to income statement for Service Cost	9	67
Actuarial Gains/Losses	3,253	2,330
Utilisations	(4,762)	(13,038)
Other changes	404	(977)
Balance at end of period	**76,814**	**77,588**

Health assistance post service

The principal statistical-actuarial and financial assumptions utilised for the determination of the Health Assistance of employees as per IAS 19 is not substantially different from that utilised in the preparation of the consolidated annual accounts of the previous year.
Reference should therefore be made to the 2010 annual accounts for the numeric assumptions made.
At 31/03/2011, the liabilities related to the health coverage for Executives amounted to Euro 22,298 thousand (Euro 22,264 thousand at 31/12/2010).

6. OTHER LIABILITIES

The breakdown is as follows:

(in Euro thousands)	31/03/2011	31/12/2010	Changes
Liabilities of a discontinued group held for sale	-	-	-
Deferred tax liabilities	127,390	132,060	(4,670)
Current tax liabilities	59,322	54,306	5,016
Other liabilities	379,870	363,384	16,486
Total	**566,582**	**549,750**	**16,832**

Deferred tax liabilities

The deferred tax liabilities, amounting to Euro 127,390 thousand, include all the temporary tax differences, relating to balance sheet and income statement accounts, which will reverse in future years.

The balance takes into account the compensation, where permitted, with the corresponding deferred tax asset in accordance with IAS 12.

Current tax liabilities

The account amounts to Euro 59,322 thousand (Euro 54,306 thousand at 31/12/2010) and refers to the total income taxes accrued by the Group at the period-end, net of the current tax asset compensated in accordance with IAS 12.
The income taxes are calculated applying the respective income tax rates, determined based on prudent estimates of the nominal tax rates applied for the full year results.

Other liabilities

The Other liabilities amount to Euro 379,870 thousand (Euro 363,384 thousand at 31/12/2010) and comprise:

(in Euro thousands)	31/03/2011	31/12/2010	Changes
Commissions on premium collection	79,828	113,839	(34,011)
Deferred commission expenses for life investment management services	7,696	10,326	(2,630)
Cheques issued against claims and life sums collected by the beneficiaries after year end	44,060	32,917	11,143
Transitory reinsurance accounts	-	3,652	(3,652)
Other liabilities	248,286	202,650	45,636
TOTAL	**379,870**	**363,384**	**16,486**

The sub-account "Other liabilities" includes expenses for approx. Euro 45 million.

PART C - Information on the Income Statement

NET PREMIUMS

The net premiums consolidated amount to Euro 3,024,780 thousand (Euro 3,501,295 thousand in the first quarter of 2010).
Total Group gross premiums written amounted to Euro 2,988,995 thousand (down 14.49% on the previous quarter), as follows:

(in Euro thousands)	Q1 2011	Q1 2010	Changes	FY 2010
Gross Life premiums written	1,247,542	1,728,626	(481,084)	5,749,276
Gross Non-Life premiums written	1,741,453	1,767,018	(25,565)	7,204,029
Change gross premium reserve	(120,364)	(94,131)	(26,233)	41,802
Total Non-Life Division	1,861,817	1,861,149	668	7,162,227
Gross premiums written	**3,109,359**	**3,589,775**	**(480,416)**	**12,911,503**

The account "gross premiums written" does not include the cancellation of securities issued in previous years, which were recorded in the account "Other costs". The above amounts are net of inter-group reinsurance.
In relation to the breakdown of the gross premiums written among the different classes in the accounts, the division between direct and indirect business, reference should be made to the tables in the Directors' Report.

The premiums ceded, amounting to Euro 82,049 thousand, accounted for 2.7% of the total premiums written (2.4% in the first quarter of 2010).

(in Euro thousands)	Q1 2011	Q1 2010	Changes	FY 2010
Life Division	3,613	6,007	(2,394)	18,784
Non-Life Division	78,436	79,588	(1,152)	319,148
Change in reinsurers reserves	2,530	2,885	(355)	(11,726)
Total Non-Life Division	80,966	82,473	(1,507)	307,422
Premiums ceded to re-insurers	**84,579**	**88,480**	**(3,901)**	**326,206**

The Group reinsurance policy negatively impacted on the consolidated accounts for Euro 31,056 thousand (Euro 32,750 thousand in the Non-Life Division).
In accordance with IFRS 4.37, it is communicated that the Group does not defer and amortise the gains and losses deriving from reinsurance.

COMMISSION INCOME

The commission income in the first quarter of 2011 amounted to Euro 7,423 thousand, a decrease on the first quarter of the previous year of Euro 7,460 thousand.

(in Euro thousands)	Q1 2011	Q1 2010	Changes	FY 2010
Commission income	7,423	14,883	(7,460)	57,317

The account includes both the explicit and implicit loading relating to the investment contracts issued by the Group insurance companies and, as such, are not recorded in accordance with IFRS 4, as well as the commissions for the management of internal funds.

In particular Euro 3 million refers to the subsidiary Popolare Vita.

They also include approx. Euro 4 million of commission income matured by the companies operating in the asset management and consumer credit sectors.

NET INCOME FROM FINANCIAL INSTRUMENTS RECORDED AT FAIR VALUE THROUGH PROFIT AND LOSS

These amount to charges of Euro 37,379 thousand, a decrease on Q1 2010 of Euro 228,767 thousand.

The table is broken down as follows:

(in Euro thousands)	Interest	Other net income	Profits realised	Losses realised	Valuation gains and recovery in values	Valuation losses and adjust. in values	Total Q1 2011	Total Q1 2010	Changes	Total FY 2010
Result of investments from:										
Financial assets held for trading	1,349	(7)	456	(62)	5,547	(1,882)	5,401	6,711	(1,310)	(7,379)
Financial assets designated at fair value recorded through profit or loss	48,143	8,600	7,038	(3,032)	11,593	(113,710)	(41,368)	187,353	(228,721)	402,854
Financial liabilities held for trading	-	-	-	-	138	(1,550)	(1,412)	(2,676)	1,264	(192)
TOTAL	**49,492**	**8,593**	**7,494**	**(3,094)**	**17,278**	**(117,142)**	**(37,379)**	**191,388**	**(228,767)**	**395,283**

The result of the investments deriving from financial assets designated at fair value through profit or loss include Euro -33,318 thousand relating to investments whose risk is borne by the policyholder. The net income is offset by a similar charge for commitments against policyholders.

FINANCIAL INCOME AND CHARGES FROM INVESTMENTS IN SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES, FROM OTHER FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

The following table shows the breakdown:

(in Euro thousands)	Net interest	Other net income	Profits Realised	Losses realised	Valuation gains and recovery in values	Valuation losses and adjustment in values	Total Q1 2011	Total Q1 2010	Changes	Total FY 2010
Result from:										
Investment property	-	7,315	1,880	-	-	(17,885)	(8,690)	(6,001)	(2,689)	(17,022)
Investments in subsidiaries, associates and joint ventures	-	(849)	-	-	-	(59)	(908)	(1,287)	379	516
Investments held to maturity	8,638	22	704	(28)	-	-	9,336	14,403	(5,067)	68,584
Loans and receivables	36,991	(73)	50	(1,539)	78	-	35,507	25,013	10,494	106,012
AFS financial assets	143,168	12,740	65,585	(52,295)	-	(24,303)	144,895	182,065	(37,170)	366,082
Other receivables	1,905	(8)	-	-	-	-	1,897	3,620	(1,723)	14,182
Cash and cash equivalents	1,194	(140)	-	-	-	-	1,054	1,427	(373)	7,423
Other financial liabilities and other payables	(15,984)	(224)	-	-	-	-	(16,208)	(20,567)	4,359	(79,175)
TOTAL	**175,912**	**18,783**	**68,219**	**(53,862)**	**78**	**(42,247)**	**166,883**	**198,673**	**(31,790)**	**466,602**

The columns gains and losses realised show the economic effects deriving from the sale of the various financial instruments.
The reductions on investment property includes the depreciation recorded in the period. The write-downs on AFS financial instruments refer to the impact on the Income Statement of the Group impairment policy: of these Euro 22.8 million refers to shares, while the residual relates to investment funds.
The interest expense on the other financial liabilities includes the Group debt charges.

During the quarter interest income did not mature on financial assets written down for impairment in previous years (IAS 32.94h).

OTHER REVENUES

The other revenues amount to Euro 174,381 thousand (Euro 97,102 thousand in Q1 2010) and are summarised in the table below:

(in Euro thousands)	Q1 2011	Q1 2010	Changes	FY 2010
Gains related to non-current assets	-	22	(22)	297
Other technical income	38,628	25,966	12,662	74,405
Utilisation of provisions	18,213	4,534	13,679	39,852
Exchange differences	183	7,056	(6,873)	22,431
Prior year income	4,175	3,164	1,011	35,783
Gains realised on fixed assets	5	2	3	385
Other revenues	113,177	56,358	56,819	383,350
Total	**174,381**	**97,102**	**77,279**	**556,503**

The sub-account “other revenues” relates to the following income:

- Euro 22 million (Euro 22 million in Q1 2010) relating to management costs of the Atahotels Group;
- Euro 18 million (Euro 24 million in the first quarter of 2010) relating to ordinary revenues from the subsidiary Immobiliare Lombarda and the Immobiliare Fondiaria-SAI and Immobiliare Milano Groups;
- Euro 15 million (Euro 21 million in Q1 2010) relating to ordinary revenues of the subsidiary Auto Presto&Bene;
- Euro 11 million (Euro 11 million in the first quarter of 2010) of revenues from retirement home subsidiaries of the Group;
- Euro 2 million (Euro 2 million in the first quarter of 2010) of revenues from the agricultural holdings.

NET CHARGES RELATING TO CLAIMS

The claims paid, including the sums of the Life Classes and the relative expenses, gross of the quota ceded in reinsurance, amount to Euro 2,286,408 thousand, a decrease of 5.30% on the previous period.

Claims costs, amounts paid and changes in technical reserves

(in Euro thousands)	**Q1 2011**	**Q1 2010**	**Changes**	**FY 2010**
Non-Life Division				
Amount paid	1,413,801	1,451,242	(37,441)	5,931,946
Change in recoveries	(46,175)	(35,036)	(11,139)	(143,211)
Change in other technical reserves	(609)	143	(752)	584
Change in claims reserve	(25,759)	40,766	(66,525)	166,632
Total Non-Life	**1,341,258**	**1,457,115**	**(115,857)**	**5,955,951**
Life Division				
Amount paid	872,607	963,029	(90,422)	3,135,301
Change in actuarial and other technical reserves	(79,999)	771,984	(851,983)	2,513,322
Change in technical reserves where investment risk borne by policyholders and from pension fund management	434,658	207,945	226,713	677,000
Change reserve for sums to be paid	65,849	18,533	47,316	60,338
Total Life	**1,293,115**	**1,961,491**	**(668,376)**	**6,385,961**
Total Non-Life + Life	***2,634,373***	***3,418,606***	***(784,233)***	***12,341,912***
Amount paid	**2,240,233**	**2,379,235**	**(139,002)**	**8,924,036**
Change reserves	**394,140**	**1,039,371**	**(645,231)**	**3,417,876**

Claims costs, reinsurers portion

(in Euro thousands)	Q1 2011	Q1 2010	Changes	FY 2010
Non-Life Division				
Amounts paid by reinsurers	34,593	49,140	(14,547)	200,859
Change in recoveries	7,087	(6,782)	13,869	(27,722)
Change in other technical reserves	-	-	-	-
Change in claims reserve	(16,733)	(892)	(15,841)	(3,648)
Total Non-Life	**24,947**	**41,466**	**(16,519)**	**169,489**
Life Division				
Amounts paid by reinsurers	6,991	9,858	(2,867)	32,095
Change in actuarial reserve and other technical reserves	(1,816)	(4,260)	2,444	(13,870)
Change reserve for sums to be paid	56	386	(330)	1,257
Total Life	**5,231**	**5,984**	**(753)**	**19,482**
Total Non-Life + Life	***30,178***	***47,450***	***(17,272)***	***188,971***
Amounts paid by reinsurers	**48,671**	**52,216**	**(3,545)**	**205,232**
Change reserves	**(18,493)**	**(4,766)**	**(13,727)**	**(16,261)**

The decrease in the net technical reserves of the Non-Life Classes amounts to Euro 9,635 thousand, with a reduction of Euro 51,436 thousand on 31/03/2010.

The net technical reserves of the Life Division, including the reserves for amounts to be paid, changed by Euro 422,268 thousand (Euro 1,002,336 thousand at 31/03/2010).

COMMISSION EXPENSE

Commission expenses in the first quarter of 2011 amounted to Euro 4,729 thousand, a decrease on the first quarter of 2010 of Euro 6,077 thousand.

(in Euro thousands)	Q1 2011	Q1 2010	Changes	FY 2010
Commission expenses	4,729	10,806	(6,077)	28,421

This account includes the acquisition costs related to investment contracts which do not fall under the application of IFRS 4.

MANAGEMENT EXPENSES

(in Euro thousands)	Q1 2011	Q1 2010	Changes	FY 2010
Non-Life Division				
Acquisition commissions and changes in deferred acquisition costs	269,459	269,994	(535)	1,112,617
Other acquisition expenses	52,312	51,916	396	213,942
Collection commissions	9,085	9,490	(405)	39,108
Reinsurers commissions and profit participation	(23,269)	(19,445)	(3,824)	(80,131)
Total Non-Life	**307,587**	**311,955**	**(4,368)**	**1,285,536**
Life Division				
Acquisition commissions and changes in deferred acquisition costs	41,166	31,416	9,750	111,126
Other acquisition expenses	5,869	6,459	(590)	22,846
Collection commissions	1,476	2,509	(1,033)	8,873
Reinsurers commissions and profit participation	(76)	(394)	318	(1,394)
Total Life	**48,435**	**39,990**	**8,445**	**141,451**
Investment management charges	3,504	2,529	975	14,377
Other administration expenses	111,379	105,799	5,580	478,818
Total	**470,905**	**460,273**	**10,632**	**1,920,182**

OTHER COSTS

The other costs amount to Euro 279,940 thousand (Euro 272,700 thousand in the first quarter of 2010) and are summarised below:

(in Euro thousands)	Q1 2011	Q1 2010	Changes	FY 2010
Other technical charges	152,105	154,164	(2,059)	281,458
Provisions	34,732	24,572	10,160	122,373
Losses on receivables	1,122	6,526	(5,404)	30,418
Prior year charges	10,155	2,416	7,739	31,626
Depreciation of property, plant & equipment	3,979	3,797	182	13,964
Amortisation of intangible assets	10,606	15,866	(5,260)	68,199
Exchange differences	5,083	2,632	2,451	6,693
Other costs	62,158	62,727	(569)	412,452
Total	**279,940**	**272,700**	**7,240**	**967,183**

In particular, the sub-account "other costs" relates to the following charges:

- Euro 19 million (Euro 27 million in Q1 2010) relating to ordinary costs of the subsidiary Immobiliare Lombarda and of the Immobiliare Fondiaria-SAI and Immobiliare Milano Groups;
- Euro 15 million (Euro 21 million in Q1 2010) concerning ordinary costs of the subsidiary Auto Presto&Bene;

- Euro 14 million (Euro 20 million in Q1 2010) relating to ordinary costs of the Atahotels Group;
- Euro 8 million (Euro 8 million in Q1 2010) relating to the costs incurred by the retirement home subsidiaries of the Group for their normal operations and personnel costs;
- Euro 1 million (Euro 1 million in Q1 2010) relating to management costs of the subsidiary Saiagricola.

INCOME TAXES

The breakdown of the account is as follows:

(in Euro thousands)	Q1 2011	Q1 2010	Changes	FY 2010
Current income tax	(14,185)	(8,759)	(5,426)	18,517
Deferred taxes	12,941	19,059	(6,118)	(95,619)
Total	(1,244)	10,300	(11,544)	(77,102)

Income taxes for the period amounted to Euro -1,244 thousand (Euro 10,300 thousand in the first quarter of 2010) of which current taxes of Euro -14,185 thousand and deferred tax income of Euro 12,941 thousand.

The tax rate in the quarter was not comparable with the tax charge in the same quarter of the previous year.

The national income taxes (IRES and IRAP) and the income taxes of the foreign subsidiary are determined applying the relative nominal income tax rates applicable to the annual accounts.

COMPREHENSIVE INCOME STATEMENT

The Comprehensive Income Statement results, set out in the relevant statements, saw a significant impact from movements in the prices of AFS financial instruments.

In fact the most significant component of the Comprehensive Income Statement comprises a profit of Euro 96 million (Euro 15 million in the first quarter of 2010) on AFS financial assets considered net of the portion of policyholders and of taxes.

PART D – Segment Information

In accordance with IFRS 8, segment information provides the readers of the accounts with an additional tool for a better understanding of the financial results of the Group.
The underlying logic in the application of the principle is to provide information on the manner in which the Group results are formed, consequently providing information on the overall operations of the Group, and, specifically, on the areas where profits and risks are concentrated.

The Group reporting is by sector of activity. The companies of the Group are organised and managed separately based on the nature of their products and services, for each sector of activity which represents a strategic business unit which offers different products and services.
The sectors of activity are identified through the Group's Management Reporting system. The Non-Life sector provides insurance cover pursuant to article 2, paragraph 3 of Legislative Decree 209/05. The Life sector offers insurance cover with payment of capital or an annuity against an event relating to human life, as well as the securitisation contracts with or without significant insurance risk (article 2, paragraph 1 of Legislative Decree 209/05).

The Real Estate sector rents offices, buildings and residential homes which exceed the coverage requirements of the technical/assurance reserves of the Group and actively operate in the management of investment properties.

The Other Activities Sector, by its nature residual, offers products and services in asset management and the financial, hotel and agricultural sectors. The identification of the residual sector is based on a discretional valuation in order to illustrate the primary sources of risks and benefits for the Group.
The inter-sector operations are generally concluded on the same conditions with third parties.

The balance sheet and income statement by segment follow.

Balance sheet by segment

(in Euro thousands)

		Non-Life Insurance Sector		Life Insurance Sector		Real Estate Sector		Other Activities Sector		Inter-segment Eliminations		Total	
		31/03/2011	31/12/2010	31/03/2011	31/12/2010	31/03/2011	31/12/2010	31/03/2011	31/12/2010	31/03/2011	31/12/2010	31/03/2011	31/12/2010
1	**INTANGIBLE ASSETS**	**818,846**	**819,528**	**688,470**	**688,496**	**619**	**591**	**77,012**	**79,119**			**1,584,947**	**1,587,734**
2	**PROPERTY, PLANT & EQUIPMENT**	**111,104**	**108,870**	**7,292**	**6,800**	**376,305**	**373,385**	**103,191**	**105,305**	**-26**	**-26**	**597,866**	**594,334**
3	**TECHNICAL RESERVES – REINSURANCE AMOUNT**	**645,316**	**656,719**	**162,779**	**166,465**							**808,095**	**823,184**
4	**INVESTMENTS**	**8,448,427**	**8,490,085**	**25,693,587**	**24,928,694**	**1,463,602**	**1,537,243**	**1,487,007**	**1,455,186**	**-387,972**	**-397,335**	**36,704,651**	**36,013,873**
4.1	Investment property	1,562,219	1,567,370	26,144	26,949	1,270,222	1,276,207	23,567	23,683			2,882,152	2,894,209
4.2	Investments in subsidiaries, associates and joint ventures	106,470	144,957		23,562	77,018	145,362	10,566	11,488			194,054	325,369
4.3	Investments held to maturity	0	0	603,207	594,107	0	0		0	-1,988	-1,969	601,219	592,138
4.4	Loans and receivables	605,430	612,608	2,053,128	1,606,049	38,852	38,717	1,248,128	1,227,682	-316,114	-325,845	3,629,424	3,159,211
4.5	AFS financial assets	6,137,888	6,132,297	13,927,703	13,988,757	74,635	74,082	182,412	170,828	-63,491	-63,082	20,259,147	20,302,882
4.6	Financial assets at fair value through the profit or loss account	36,420	32,853	9,083,405	8,689,270	2,875	2,875	22,334	21,505	-6,379	-6,439	9,138,655	8,740,064
5	**OTHER RECEIVABLES**	**1,601,070**	**2,245,578**	**172,305**	**234,974**	**80,981**	**80,693**	**166,733**	**316,228**	**-269,883**	**-563,098**	**1,751,206**	**2,314,375**
6	**OTHER ASSETS**	**997,338**	**1,021,564**	**438,529**	**371,120**	**132,240**	**38,475**	**32,521**	**42,857**	**-426,405**	**-477,952**	**1,174,223**	**996,064**
6.1	Deferred acquisition costs	46,064	52,249	32,136	35,354							78,200	87,603
6.2	Other assets	951,274	969,315	406,393	335,766	132,240	38,475	32,521	42,857	-426,405	-477,952	1,096,023	908,461
7	**CASH AND CASH EQUIVALENTS**	**580,437**	**547,611**	**226,251**	**340,798**	**62,448**	**63,492**	**85,575**	**48,611**	**-468,304**	**-374,572**	**486,407**	**625,940**
	TOTAL ASSETS	**13,202,538**	**13,889,955**	**27,389,213**	**26,737,347**	**2,116,195**	**2,093,879**	**1,952,039**	**2,047,306**	**-1,552,590**	**-1,812,983**	**43,107,395**	**42,955,504**
1	**SHAREHOLDERS' EQUITY**											**2,702,481**	**2,550,105**
2	**PROVISIONS**	**292,275**	**284,981**	**37,756**	**31,371**	**18,152**	**18,755**	**5,537**	**5,530**			**353,720**	**340,637**
3	**TECHNICAL RESERVES**	**11,747,738**	**11,887,849**	**23,332,907**	**22,940,123**							**35,080,645**	**34,827,972**
4	**FINANCIAL LIABILITIES**	**1,067,825**	**1,133,249**	**2,068,207**	**2,133,561**	**279,585**	**293,354**	**1,100,496**	**1,047,548**	**-845,187**	**-757,606**	**3,670,926**	**3,850,106**
4.1	Financial liabilities at fair value through profit or loss account	22,790	23,502	1,570,377	1,620,308	852	2,259	433	866			1,594,452	1,646,935
4.2	Other financial liabilities	1,045,035	1,109,747	497,830	513,253	278,733	291,095	1,100,063	1,046,682	-845,187	-757,606	2,076,474	2,203,171
5	**PAYABLES**	**574,559**	**841,164**	**128,573**	**101,147**	**56,424**	**72,562**	**244,279**	**395,316**	**-270,794**	**-573,255**	**733,041**	**836,934**
6	**OTHER LIABILITIES**	**493,388**	**493,399**	**442,252**	**481,721**	**31,186**	**30,609**	**36,340**	**26,118**	**-436,584**	**-482,097**	**566,582**	**549,750**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES											**43,107,395**	**42,955,504**

Segment Income Statement

(in Euro thousands)

		Non-Life Insurance Sector		Life Insurance Sector		Real Estate Sector		Other Activities Sector		Inter-segment Eliminations		Total	
		31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010	1Q 2011	1Q 2010
1.1	Net premiums	1,780,851	1,778,676	1,243,929	1,722,619	0	0	0	0	0	0	3,024,780	3,501,295
1.1.1	*Gross premiums written*	*1,861,817*	*1,861,149*	*1,247,542*	*1,728,626*							3,109,359	3,589,775
1.1.2	*Premiums ceded to re-insurers*	*-80,966*	*-82,473*	*-3,613*	*-6,007*							-84,579	-88,480
1.2	Commission income			2,744	3,375			5,922	12,049	-1,243	-541	7,423	14,883
1.3	Income and charges from financial instruments recorded at fair value through profit or loss	-3,588	-804	-33,847	191,245	-126	-643	190	1,590	-8		-37,379	191,388
1.4	Income from investments in subsidiaries, associates and joint ventures	*0*				*26*						26	0
1.5	Income from other financial instruments and property investments	75,791	94,786	204,215	185,986	10,208	7,954	15,444	17,580	-10,189	-4,624	295,469	301,682
1.6	Other revenue	147,097	77,667	16,215	9,548	29,427	24,632	156,000	140,876	-174,358	-155,621	174,381	97,102
1	**TOTAL REVENUES AND INCOME**	**2,000,151**	**1,950,325**	**1,433,256**	**2,112,773**	**39,535**	**31,943**	**177,556**	**172,095**	**-185,798**	**-160,786**	**3,464,700**	**4,106,350**
2.1	Net charges relating to claims	-1,316,311	-1,415,649	-1,287,884	-1,955,507	0	0	0	0	0	0	-2,604,195	-3,371,156
2.1.2	*Amounts paid and changes in technical reserves*	*-1,341,258*	*-1,457,115*	*-1,293,115*	*-1,961,491*							-2,634,373	-3,418,606
2.1.3	*Reinsurers' share*	*24,947*	*41,466*	*5,231*	*5,984*							30,178	47,450
2.2	Commission expenses			-2,530	-6,559			-2,199	-4,247			-4,729	-10,806
2.3	Charges from investments in subsidiaries, associates and joint ventures	-7					-1,230	-927	-57			-934	-1,287
2.4	Charges from other financial instruments and property investments	-67,995	-49,987	-42,501	-35,511	-15,177	-13,408	-6,629	-7,440	4,624	4,624	-127,678	-101,722
2.5	Management expenses	-381,007	-384,434	-66,399	-56,173	-49	-46	-81,689	-72,061	58,238	52,441	-470,906	-460,273
2.6	Other expenses	-259,676	-218,213	-24,274	-31,897	-19,826	-27,732	-99,100	-98,579	122,936	103,721	-279,940	-272,700
2	**TOTAL COSTS AND CHARGES**	**-2,024,996**	**-2,068,283**	**-1,423,588**	**-2,085,647**	**-35,052**	**-42,416**	**-190,544**	**-182,384**	**185,798**	**160,786**	**-3,488,382**	**-4,217,944**
	PROFIT/(LOSS) BEFORE TAXES	**-24,845**	**-117,958**	**9,668**	**27,126**	**4,483**	**-10,473**	**-12,988**	**-10,289**	**0**	**0**	**-23,682**	**-111,594**

PART E - Information on business combinations and sold or discontinued operations

On March 23, the Parent Company initiated the process to exercise, through the subsidiary Immobiliare Milano S.r.l., the put option on CityLife.

Consequently on April 4, 2011, the put option was exercised by the subsidiary with consequent reclassification at March 31, 2011 of the value of the investment to “Discontinued assets”. For further details, reference should be made to “Significant events to the end of the quarter”.

PART F - Transactions with related parties

The balance sheet, income statement and financial data concerning transactions with related parties for the first quarter of 2011 by the Group are set out in the following tables.

The transactions between the Parent Company and its subsidiaries or transactions between subsidiaries were eliminated in the present interim financial statements and are not shown in these notes.

Account balances

(in Euro thousands)	31/03/2011		31/12/2010	
COUNTERPARTY	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Holding company	7	15,288	202	19,267
Associated companies	112,237	15,219	108,214	12,646
Group companies	7	8	7	8
Other related parties	328,382	19,746	324,556	36,884
TOTAL	**440,633**	**50,261**	**432,979**	**68,805**

(in Euro thousands)	31/03/2011		31/12/2010	
NATURE	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Real estate activities	319,823	26,927	313,011	41,087
Insurance activities	90	115	-	109
Financial activities	119,594	20,992	118,364	21,732
Service provided	1,126	3	1,322	-
Services received	-	1,286	282	2,162
Emoluments for corporate officers	-	937	-	3,705
Remuneration to key management personnel	-	1	-	10
TOTAL	**440,633**	**50,261**	**432,979**	**68,805**

(in Euro thousands)	Q1 2011		Q1 2010	
COUNTERPARTY	**Income**	**Charges**	**Income**	**Charges**
Holding company	57	589	48	583
Associated companies	10,415	9,288	3,163	4,460
Group companies	-	-	-	-
Other related parties	16,141	22,421	22,355	30,299
TOTAL	**26,613**	**32,298**	**25,566**	**35,342**

(in Euro thousands)	Q1 2011		Q1 2010	
NATURE	**Income**	**Charges**	**Income**	**Charges**
Real estate activities	13,198	12,467	16,833	18,956
Insurance activities	13,246	9,940	8,493	9,312
Financial activities	93	493	72	68
Service provided	76	1	168	-
Services received	-	4,020	-	3,042
Emoluments for corporate officers	-	4,271	-	2,537
Remuneration to key management personnel	-	1,106	-	1,427
TOTAL	**26,613**	**32,298**	**25,566**	**35,342**

Financial cash flows

(in Euro thousands)	31/03/2011	
COUNTERPARTY	**Cash inflow**	**Cash outflow**
Holding company	69	720
Associated companies	7,556	11,452
Group companies	-	-
Other related parties	13,874	50,341
TOTAL	**21,499**	**62,513**

(in Euro thousands)	31/03/2011	
NATURE	**Cash inflow**	**Cash outflow**
Real estate activities	7,774	38,213
Insurance activities	13,246	10,014
Financial activities	269	4,379
Service provided	130	-
Services received	80	4,401
Emoluments for corporate officers	-	4,401
Remuneration to key management personnel	-	1,105
TOTAL	**21,499**	**62,513**

All of the above operations were concluded at normal market conditions. The receivables recorded under assets are not guaranteed and will be paid in cash. No provision was made in the quarter for any losses on receivables from related entities.

The Companies IM.CO S.p.A., I.C.E.IN. S.p.A., Marcora Costruzioni S.p.A., Avvenimenti e Sviluppo Alberghiero S.r.l. Laità S.r.l. and Gilli Comunication S.r.l. are related parties in that some directors have declared interests and investments in Sinergia Holding di Partecipazioni S.p.A, which controls them.

In relation to the operations with related parties, there were no significant positions or transactions deriving from atypical and/or unusual transactions.

REAL ESTATE ACTIVITIES

The income statement and balance sheet effects of a real estate nature are reported in the table below.

(in Euro thousands)	31/03/2011					
COUNTERPARTY	**Assets**	**Liabilities**	**Income**	**Charges**	**Cash inflow**	**Cash outflow**
Holding company	-	-	41	-	57	-
Associated companies	16,329	14,432	10,380	9,288	7,556	7,609
Group companies	-	-	-	-	-	-
Other related parties	303,494	12,495	2,777	3,179	161	30,604
TOTAL	**319,823**	**26,927**	**13,198**	**12,467**	**7,774**	**38,213**

The amount recorded under **assets** principally include:

Transactions with **Associated Companies**: Euro 16 million represents receivables of the subsidiary Immobiliare Lombarda S.p.A. from CityLife S.r.l. for the works and services provided in relation to the Milan ex-Fiera project.

Transactions with **Other Related Parties**:

- Euro 104.2 million refers to amounts recorded under inventory of the real estate project relating to the construction of the Loano Tourist Port. The amount capitalised by Immobiliare Fondiaria-SAI S.r.l. through the subsidiary Marina di Loano S.p.A. is Euro 91 million and refers to amounts for the current year and previous years to the company Marcora Costruzioni S.p.A. In addition the amount recorded under inventory includes Euro 9.6 million incurred by the company Sepi 97 S.r.l. for design work, as well as Euro 2.6 million from I.C.E.IN. S.p.A. and Euro 1 million from IM.CO. S.p.A. for construction work;
- Euro 102.5 million payments on account in previous years to Avvenimenti e Sviluppo Alberghiero S.r.l. by Milano Assicurazioni S.p.A., in relation to construction contracts on the building at Via Fiorentini, Rome. We recall that this operation, undertaken in 2003, included the sale to Avvenimenti e Sviluppo Alberghiero S.r.l. of a site and the purchase of the completed real estate complex under construction on the land in question at a price of Euro 110 million, including the supplementary contract signed in 2009. No payments were made in the current period in relation to this operation;
- Euro 56 million due from IM.CO. S.p.A. to Milano Assicurazioni S.p.A. for payments on account in the current period and in previous years in relation to the real estate operations concerning the land at Milan, Via Confalonieri-Via de Castillia (Lunetta dell’Isola). The project included the sale in 2005 to “IM.CO. S.p.A.” of the above-mentioned land and the purchase from the same company for Euro 93.7 million of a building for office use under construction on the land sold.

- Euro 23.2 million relating to payments on account made by Immobiliare Fondiaria-SAI S.r.l. to IM.CO. S.p.A. for the future construction of the hotel complex with wellness centre which is currently in progress in the municipality of S. Pancrazio Parmense (Parma);
- Euro 7.8 million payment on account, in previous years, by the subsidiary Nuove Iniziative Toscane S.r.l. to the company Europrogetti S.r.l. for design work in the Castello Area (FI);
- Euro 5.8 million refers to amounts recorded under inventory of dismantlement and reconstruction work of the area owned by the subsidiary Meridiano Secondo S.r.l. in the current and previous years from the related company IC.E.IN. S.p.A., and Euro 2.2 million for design work incurred by MI.PR.AV. S.r.l.;
- Euro 4 million relates to secondary operations of insignificant unitary values.

  The amount recorded to assets, although relating to initiatives begun in previous years, will be eliminated only on the completion of the project.
  The property improvement costs already existing and in operation are recorded only in the period in which they are incurred.

The amounts recorded to **liabilities** principally include:

Transactions with **Associated Companies**: these relate to the subsidiary Immobiliare Lombarda S.p.A. and its associated company Tre Torri Contractor S.c.a.r.l. for Euro 14.4 million, against works and services received in relation to the Milan ex-Fiera real estate project ("CityLife Project").

Transactions with **Other Related Parties**:

- trade payables of the subsidiary Marina di Loano S.r.l. with Marcora Costruzioni S.p.A. for Euro 10.2 million in relation to construction work at the Loano tourist port.

The amounts recorded to **income** principally include:

Transactions with **Associated Companies** principally relate to construction revenues of Euro 10 million of Immobiliare Lombarda from the associated company CityLife S.r.l. for work on the Milan ex-Fiera project.

Transactions with **Other Related Parties** of Euro 2.4 million concern income from the valuation of work undertaken by Marcora Costruzioni S.p.A. in favour of the subsidiary Marina di Loano S.r.l. on the construction of the Port of Loano.

The amounts recorded to **charges** principally include:

Transactions with **Associated Companies**: Euro 9 million refers entirely to costs incurred by Immobiliare Lombarda from Tre Torri Contractor S.c.r.l. for the real estate project of the Milan ex-Fiera area ("CityLife Project").

Transactions with **Other Related Parties**:

- Euro 2.4 million costs incurred by Marina di Loano S.r.l. for the Loano Port project from Marcora Costruzioni S.p.A.

These charges are recorded both to income and to property, plant and equipment as they are considered inventory of real estate operations in progress.

Real estate **cash inflow** include transactions with **Associated companies** and refers to income received by Immobiliare Lombarda S.p.A. from CityLife S.r.l. on works and services in relation to the Milan ex-Fiera project for Euro 7.5 million.

Real estate **cash outflow** refer principally to transactions between the subsidiary Immobiliare Lombarda S.p.A. and its **associated company** Tre Torri Contractor S.c.a.r.l., against works and services received in relation to the Milan ex-Fiera project. The payments made in the year total Euro 7.6 million.

Transactions with **Other Related Parties** refer to:

- payment of invoices relating respectively to work in progress concerning the Loano Port in favour of Marcora Costruzioni S.p.A., for Euro 19 million;
- Euro 10.8 million payables of Milano Assicurazioni S.p.A. to IM.CO. S.p.A. in relation to the real estate project relating to the land located at Via Confalonieri - Via de Castillia Milan (Lunetta dell'Isola) and for work on the building at Via Lancetti in Milan.

INSURANCE ACTIVITIES

The income statement and balance sheet effects of an insurance nature are reported in the table below.

(in Euro thousands)	31/03/2011					
COUNTERPARTY	**Assets**	**Liabilities**	**Income**	**Charges**	**Cash inflow**	**Cash outflow**
Holding company	-	-	-	-	-	-
Associated companies	-	106	-	-	-	-
Group companies	-	-	-	-	-	-
Other related parties	90	9	13,246	9,940	13,246	10,014
TOTAL	**90**	**115**	**13,246**	**9,940**	**13,246**	**10,014**

Insurance income from other related parties includes the premiums which the Fondiaria SAI Group Employee Pension Fund and the Fondiaria-SAI Executive Pension Fund paid respectively to Fondiaria-SAI for Euro 8.4 million and Milano Assicurazioni S.p.A. for Euro 4.4 million. These payments are for the investment in Life policies of the contributions from the policyholders.

Insurance charges from Other Related Parties refer to:

- payment of contributions on behalf of Group companies, in favour of the Fondiaria-SAI Group Employee and Executive Pension Funds for Euro 7 million. These payments were made in accordance with contractual agreements in force;
- commissions paid to insurance brokers for Euro 2.5 million.

Insurance cash inflow from other related parties includes premiums which the Fondiaria SAI Group Employee Pension Fund and the Fondiaria-SAI Executive Pension Fund paid in the year to Fondiaria-SAI for Euro 8.4 million and Milano Assicurazioni S.p.A. for Euro 4.4 million. These payments are for the investment in Life policies of the contributions from the policyholders.

Insurance cash outflow to Other Related Parties refer to:

- payment of contributions on behalf of Group companies, in favour of the Fondiaria-SAI Group Employee and Executive Pension Funds for Euro 7 million. These payments were made in accordance with contractual agreements in force;
- commissions paid to insurance brokers for Euro 2.5 million.

FINANCIAL ACTIVITIES

The income statement and balance sheet effects of a financial nature are reported in the table below.

(in Euro thousands)	31/03/2011					
COUNTERPARTY	**Assets**	**Liabilities**	**Income**	**Charges**	**Cash inflow**	**Cash outflow**
Holding company	-	15,288	-	34	-	-
Associated companies	95,389	681	-	-	-	3,843
Group companies	-	8	-	-	-	-
Other related parties	24,205	5,015	93	459	269	536
TOTAL	**119,594**	**20,992**	**93**	**493**	**269**	**4,379**

The amount recorded under **assets** principally include:

Transactions with **Associated Companies** refer to:

- Euro 57.3 million from the associated company Garibaldi S.c.s and Euro 14.4 million from the associated company HEDF Isola S.c.s., against investment holdings made by Milano Assicurazioni S.p.A.;
- in relation to loans receivable, we report the amounts due to Immobiliare Milano from respectively Borsetto S.r.l. (Euro 7.5 million), Sviluppo Centro Est S.r.l. (Euro 7.2 million), Metropolis S.p.A (Euro 2.3 million) and Penta Domus S.r.l. (Euro 1 million);
- Euro 5.4 million refers to the loans of Immobiliare Fondiaria-SAI due from the associated company Progetto Alfiere S.p.A..

Transactions with **Other Related Parties**: Euro 23.5 million relates to the granting of credit lines by the subsidiary BancaSai. Of these, Euro 11.5 million and Euro 9 million are respectively with Sinergia Holding S.p.A. and IM.CO. S.p.A. while the residual Euro 3 million relates to loans provided to individuals.

The amounts recorded to **liabilities** principally include:

Current account transactions with the subsidiary BancaSai undertaken respectively with the **Parent Company** for Euro 15.3 million and **Other Related Parties**, both physical and legal persons, for Euro 5 million.

Financial outflows with Associated Companies refer to:

- payment of Euro 3.5 million to the associated company Garibaldi S.c.s. for shareholdings by Milano Assicurazioni S.p.A.;

SERVICES PROVIDED

(in Euro thousands)	31/03/2011					
COUNTERPARTY	**Assets**	**Liabilities**	**Income**	**Charges**	**Cash inflow**	**Cash outflow**
Holding company	7	-	16	-	12	-
Associated companies	518	-	36	-	-	-
Group companies	7	-	-	-	-	-
Other related parties	594	3	24	1	118	-
TOTAL	**1,126**	**3**	**76**	**1**	**130**	**-**

These include principally receivables for invoices to be received and diversified sector ordinary revenues.

SERVICES RECEIVED

(in Euro thousands)	31/03/2011					
COUNTERPARTY	**Assets**	**Liabilities**	**Income**	**Charges**	**Cash inflow**	**Cash outflow**
Holding company	-	-	-	555	-	720
Associated companies	-	-	-	-	-	-
Group companies	-	-	-	-	-	-
Other related parties	-	1,286	-	3,465	80	3,681
TOTAL	**-**	**1,286**	**-**	**4,020**	**80**	**4,401**

The **liabilities for services received from Other Related Parties** amount to Euro 1.3 million against invoices to be received.

In relation to the **services received from Other Related Parties** we report the following charges:

- Euro 2.4 million relating to technical-administrative and legal consultancy fees charged to the Fondiaria SAI Group;
- Euro 0.4 million paid to Gilli S.r.l. by the Parent Company for marketing services.

Finally charges include emoluments for members of the Group Company boards for Euro 4.3 million and salaries to senior managers with strategic responsibility for Euro 1.1 million.
The **residual payments to Other Related Parties** refer to the fees to Directors for offices covered in companies of the Group for Euro 4.4 million and to salaries of senior management for Euro 1.1 million.

Among the commitments relating to real estate operations with other related parties are Euro 47.4 million still to be paid for the completion of the real estate operations at Milan, Isola and Rome, Via Fiorentini. These operations, undertaken in previous years, resulted in the sale to third parties, by the subsidiary Milano Assicurazioni, of the above-mentioned land and the purchase of the buildings.
Milano Assicurazioni also underwrote financial commitments under the form of Profit Participating Bonds to the associated company Garibaldi S.c.a. for Euro 23.2 million and to Isola S.c.a. for Euro 8.7 million.

On April 6, 2011, the Board of Directors approved the terms and conditions of the agreement between the Parent Company and Mr. Fausto Marchionni, previously Chief Executive Officer of Fondiaria-SAI and Milano Assicurazioni, in relation to the settlement of his employment contract. In particular the agreement establishes a gross amount of Euro 10 million, still to be paid, as a supplementation to the post-employment benefit. As Mr. Marchionni is considered a related party of the Company in his role as Director, the transaction was subject to examination by the Remuneration Committee and examined by an independent expert in order to establish the material correctness of the criteria adopted for the calculation of the amount and its appropriateness.
The charge has already been provisioned at March 31, 2011.

PART G - Other information

DIVIDENDS

Following the decisions of the Shareholders' Meeting of April 28, 2011, no dividends were distributed.

SOLVENCY MARGIN

In accordance with the provisions of the Supervision Authority in relation to the adjusted solvency margin and the application of the prudent filters, consequent to the introduction of the new IAS/IFRS standard, for the first quarter of 2011 the ratio between the constituting elements of the adjusted solvency margin are sufficient to cover the required margin - this latter estimated at Group level. In particular, the coverage ratio amounts to 100.9%, compared to 97.4% at the end of 2010.
In calculating the constituting items, account was taken of the effects of the recent ISVAP Regulation No. 37, which was limited however to the residual losses on Eurozone government securities already in portfolio at 31/12/2010 and without taking account therefore of any losses on new acquisitions.
The effect of this measure was approx. 3.9%.

In 2011 the recovery of the solvency margin will be achieved both through the share capital increase approved by the Shareholders' Meeting of January 26, 2011, as described in greater detail in the Directors' Report, and through the sale of non-listed investments in the insurance, real estate and diversified sectors.

EARNINGS PER SHARE

The earnings/(loss) per share are calculated by dividing the Group net result attributable to the ordinary shareholders of the Parent Company by the average weighted number of ordinary shares outstanding during the year. It is reported that the weighted average shares outstanding is reduced by the weighted average treasury shares held by the Fondiaria-SAI Group.

The diluted earnings (loss) per share is the same as the basic earnings per share as account was not taken of the potential savings shares for the stock option plans in the absence of any diluting effects.

In accordance with IAS 33, information is shown below for the calculation of the basic and diluted earnings (loss) per share:

	Q1 2011	Q1 2010
Group result (Euro thousands)	(24,863)	(92,281)
Theoretical part of result attributable to savings shareholders (Euro thousands)	(2,766)	(2,766)
Loss attributed to the ordinary shareholders of the parent company (Euro thousands)	(27,629)	(95,048)
Weighted average number of ordinary shares to calculate the basis earnings/(loss) per share	110,099,933	110,099,933
Earnings/(loss) per share	(0.25)	(0.86)
Effect of the dilution:		
Adjusted weighted average number of ordinary shares to calculate the diluted earnings per share	110,099,933	110,099,933
Diluted earnings/(loss) per share	(0.25)	(0.86)

It should also be noted that the net profit/(loss) attributable to the ordinary shares of the Parent Company was adjusted deducting the theoretical result of the saving shareholders from the Group consolidated result.

EXCHANGE RATES

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

	31/03/2011	31/12/2010	31/03/2010
US Dollar	1.4207	1.3362	1.3479
UK Sterling	0.8837	0.86075	0.8898
Japanese Yen	117.61	108.65	125.93
Swiss Franc	1.3005	1.2504	1.4276
Serbian Dinar	103.664	106.045	99.7903

SUBSEQUENT EVENTS AFTER THE END OF THE QUARTER

No significant events took place after the end of the quarter such as to require an adjustment to the values recorded in the present Report.

SELECTED EXPLANATORY NOTES

With reference to paragraph 16 of IAS 34, it is noted that:

- the insurance sector is not, per se, a seasonal type of activity. At the current moment, there are therefore no indicators that would highlight cyclical elements in the preparation of the accounts;
- There are no unusual matters in the period considered that would significantly impact on the income statement, balance sheet or cash flow statements;
- There are no changes in the estimates made in the period or previous periods that would result in a significant effect on the result for the period.

With reference to the provisions of IAS 37, it is reported that the Group is not aware of any significant potential assets or liabilities of a significant size acquired since 31/12/2010 for which it is necessary to provide specific information.

Milan, 14/05/2011

For the Board of Directors
The Chairman

Ms. Jonella Ligresti

DECLARATION IN ACCORDANCE WITH ART. 154 BIS, PARAGRAPH 2, OF LEGISLATIVE DECREE 24/02/1998, N. 58

The undersigned Pier Giorgio Bedogni, as Executive Responsible for the preparation of the corporate financial documents of Fondiaria-SAI S.p.A.

affirms

pursuant to the provisions of Article 154 *bis* of the "Finance Act for financial intermediaries" that the Interim Report as at March 31, 2011 corresponds to the underlying accounting documents, records and accounting entries.

Turin, 14/05/2011

The Executive Responsible
for the preparation of the corporate accounting documents

Mr. Pier Giorgio BEDOGNI