2012 FIRST QUARTER REPORT

FONDIARIA-SAI S.p.A.

FONDIARIA-SAI S.P.A. - TURIN REGISTERED OFFICE AND HEADQUARTERS - CORSO G. GALILEI, 12 – FLORENCE HEADQUARTERS VIA LORENZO IL MAGNIFICO, 1 - SHARE CAPITAL EURO 494,731,136 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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2012 FIRST QUARTER GROUP REPORT

CORPORATE BOARDS FONDIARIA-SAI S.p.A.

BOARD OF DIRECTORS

Salvatore Ligresti	*Honorary Chairman*
Cosimo Rucellai*	*Chairman*
Jonella Ligresti*	*Vice Chairman*
Massimo Pini*	*Vice Chairman*
Emanuele Erbetta*	*Chief Executive Officer - General Manager*
Salvatore Bragantini	
Roberto Cappelli	
Ranieri de Marchis*	
Nicolò Dubini	
Vincenzo La Russa*	
Gioacchino Paolo Ligresti*	
Valentina Marocco	
Enzo Mei	
Salvatore Militello*	
Giorgio Oldoini	
Salvatore Spiniello	
Antonio Talarico	
Fausto Rapisarda	Secretary of the Board and the Executive Committee

BOARD OF STATUTORY AUDITORS

Giuseppe Angiolini	*Chairman*
Antonino D'Ambrosio	*Statutory Auditor*
Giorgio Loli	*Statutory Auditor*
Sergio Lamonica	*Alternate Auditor*
Maria Luisa Mosconi	*Alternate Auditor*
Giovanni Rizzardi	*Alternate Auditor*

INDEPENDENT AUDIT FIRM

RECONTA ERNST & YOUNG S.P.A.

GENERAL REPRESENTATIVE OF THE SAVINGS SHAREHOLDERS

Sandro Quagliotti

GENERAL MANAGEMENT

Emanuele Erbetta
Piergiorgio Peluso

EXEUCTIVE RESPONSIBLE

for the preparation of the corporate accounting documents
Massimo Dalfelli

** Members of the Executive Committee*

The Board of Directors and the Board of Statutory Auditors were appointed by the Shareholders' Meeting of April 24, 2012, with both mandates concluding at the Shareholders' Meeting called for the approval of the 2014 Annual Accounts.
On May 3, 2012 Marco Reboa announced his resignation from the Board. The Board of Directors on May 10, 2012 appointed, in accordance with Article 2386 of the civil code, Nicolò Dubini, the first non elected candidate from the majority slate presented by Premafin HP S.p.A. and Unicredit S.p.A..
Maurizio Comoli, Andrea Broggini and Graziano Visentin announced their respective resignations on June 13, 2012, June 15, 2012 (with effect from June 30, 2012) and June 25, 2012.
The board of directors of FONDIARIA-SAI S.p.A., meeting on April 26, 2012, appointed the corporate officers and the internal committees of the board as reported below.
The Board appointed, for the duration of its mandate, and therefore until the approval of the 2014 annual accounts:

- Cosimo Rucellai as Chairman of the Board of Directors;
- Jonella Ligresti and Massimo Pini as Vice-Chairmen;
- Emanuele Erbetta as Chief Executive Officer, who remains as the General Manager.

Piergiorgio Peluso continues in his role as General Manager.
The Board of Directors appointed, for the duration of its mandate and therefore until the approval of the 2014 annual accounts, an Executive Committee comprising 8 directors in the persons of - in addition to the Chairman, Vice Chairmen and the Chief Executive Officer:

- Ranieri de Marchis;
- Vincenzo La Russa;
- Gioacchino Paolo Ligresti;
- Salvatore Militello.

The Board of Directors also appointed an Internal Control Committee comprising the Directors Salvatore Militello (as lead coordinator), Nicolò Dubini and Giorgio Oldoini , all of whom independent.
The Board of Directors appointed the members of the Committee of Independent Directors, set up in accordance with the procedure for transactions with related parties of the FONDIARIA-SAI Group in relation to the proposed integration with the UNIPOL Group, in addition to exploring the issues concerning the Board of Statutory Auditors' Report as per Article 2408 of the Civil Code, as the Directors Salvatore Bragantini, Nicolò Dubini, Salvatore Militello and Giorgio Oldoini.
The Board of Directors also appointed the members of the Remuneration Committee as the Directors Salvatore Militello (as lead coordinator), Valentina Marocco, Giorgio Oldoini and Salvatore Spiniello.
The Board appointed, for the duration of its mandate, Mr. Massimo Dalfelli as the Executive Responsible for the preparation of the corporate and accounting documents.
The Chief Executive Officer, Mr. Emanuele Erbetta, is the Legal Representative of the company pursuant to article 20 of the Company By-Laws and has all ordinary and extraordinary administrative powers, 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;

- signing of real estate contracts involving the undertaking of commitments by the company of over Euro 15 million for each contract;
- sale and/or acquisition of investments, enterprises, business units or fixed assets (other than the buildings mentioned above) of over Euro 30 million for each transaction;
- sale and/or acquisition of majority shareholdings;
- obtaining of loans above Euro 50 million for each operation;
- provision of non-insurance guarantees in favour of third parties;
- signing of any other contract and/or agreement, other than those included in the preceding points, which involves a commitment for the Company of an amount greater than Euro 15 million for each transaction.

The Executive Committee has all the powers not attributed to the Chief Executive Officer, with the exception of those which by law or the company by-laws are the exclusive responsibility of the Board of Directors or those stated below.
However, all deliberations in relation to the provision of non-insurance sureties in favour of third parties remain within the exclusive remit of the Board of Directors, in addition to operations with related parties as identified by the Board of Directors and the matters listed below, excluding in each case, all operations of ordinary administration within the insurance business:

a) approval of the business plan, budgets and their modifications and/or updates (also at consolidated level);
b) any acquisition and sale of companies, business units or other fixed assets, including investments, whose value, for each individual operation or for a series of related operations (i.e. functional to the realisation of the same operation), of above Euro 30 million;
c) any acquisition and sale of buildings whose value, for each individual operation or for a series of related operations (i.e. functional to the realisation of the same operation), of above Euro 15 million;
d) signing of tender contracts in the real estate sector which result in the commitment of the company of an amount above Euro 15 million for each contract or series of related contracts (functional to the realisation of the same operation);
e) obtaining of loans above Euro 50 million for each operation;
f) signing of any other contract and/or agreement (including the provision of guarantees), which involves a commitment for the Company of an amount greater than Euro 35 million for each transaction or within the financial year;
g) any operation relating to the companies of the Group which result in exceeding the same thresholds as per the preceding points.

It should be noted that, in relation to the operations at letters b), c), d) and e), where the value is not above that indicated, the operations are within the powers of the CEO, while where the value is above, the powers are within those of the Board of Directors.
In relation to the operations at letter f), the powers are devolved as follows:

- where the value is not above Euro 15 million: Chief Executive Officer
- where the value is above Euro 15 million, but not above Euro 35 million: Executive Committee
- where the value is above Euro 35 million: Board of Directors

The above limits are also applied where the operation is completed within a single operation by a number of companies of the Group of the Parent Company, in that for the purposes of these thresholds, the amounts of the individual operations must be considered together.
Taking into account the shareholders' agreement signed between PREMAFIN and UNICREDIT the following matters are the exclusive remit of the Board of Directors:
(a) proposals to the Shareholders' Meeting (or decisions reserved to the Board of Directors) relating to operations which have the effect to dilute the holdings of the shareholders of the Company;
(b) proposals to the Shareholders' Meeting (or decisions reserved to the Board of Directors) relating to mergers, transformations, spin-offs and liquidations, as well as any other extraordinary operation (including acquisitions, sales and other operations which result in significant modifications to the activities undertaken by the Group) relating to the Company and to the Group, of a value above Euro 150 million for each operation or series of related operations.

KEY GROUP DATA

(in Euro millions)	**Q1 2012**	**Q1 2011**
Net profit/(loss)(*)	29	(25)
Total Gross premiums written	2,495	2,989
of which:		
Gross Non-Life premiums written	1,636	1,741
Gross Life premiums written	859	1,248
Investment policies written	14	15
APE (**)	75	114
Combined ratio – Non-Life sector	99.1	100.9
Expense ratio of the Non-Life sector	20.4	21.0
Expense ratio of the Life sector	5.9	5.1

(in Euro millions)	**31/03/2012**	**31/12/2011**
Investments	34,504	33,789
Cash and cash equivalents	939	977
Net technical reserves - Non-Life division	11,771	12,001
Net technical reserves - Life division	22,339	22,404
Net equity	2,157	1,557
Adjusted solvency margin	89.6%	78.2%
Individual solvency margin	161.28%	149.27%

(*) 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

2012-2014 Guidelines

The Board of Directors' meeting held in March 2012 discussed and approved the 2012-2014 Guidelines, identifying the following four principles:

- focus on profitability;
- selective investment in distribution;
- operational simplification;
- optimisation of asset allocation.

Focus on profitability

The action will focus on the consolidation of the current profit levels of the Motor and Retail Damage Classes, continuing the targeted portfolio selection and risk underwriting.
In relation to Corporate Damage, the mix of the portfolio will be restructured through discontinuation, reforms and increased selectivity of the underwriting criteria.
In general terms, the Group will disengage from non-profitable sectors.

Selective investment in distribution

The implementation of these guidelines will take place through a general reorganisation of the distribution platforms, focused on merging the strong sales points in terms of volumes and profitability.
To support this initiative, a review and restructuring both of the Non-Life and Life product lines will accompany the introduction of a structured marketing support of the Agencies, in addition to a focussed upskilling of the Life Division agency sales force.
Finally, a restructuring of the brands and the creation of differentiated service models will take place.

Operational simplification

This objective will involve, in order to reduce overhead costs, a review of the operating models and a simplification of the Group structure.

Optimisation of asset allocation

This objective requires a radical review of the asset allocation of the Group, in order to reduce exposure to the real estate sector.
A change in the operating model and of the portfolio mix will also be undertaken in order to optimise the absorption of capital within Solvency II.
Finally, the development and sale of non-strategic Group assets, including where possible, subsidiaries operating in non "core" sectors will take place.

Supplementation of the Quarterly Report at March 31, 2012 of July 2, 2012.

The present supplementation to the Quarterly Report at March 31, 2012 of the Fondiaria SAI Group is necessary in order to implement the effects of the bankruptcy of Imco S.p.A. and Sinergia Holding di Partecipazioni S.p.A. relating to the receivables from the two companies and their subsidiaries. Therefore, the Board of Directors restated the interim consolidated financial statements at March 31, 2012 and the relative explanatory notes. The explanatory notes to the interim consolidated financial statements were amended to take account of:

- initiatives underway concerning the sale of Atahotels;
- sale of the building located in Milan, Piazza Santa Maria Beltrade;
- developments of the legal case concerning the Castello Area;
- share capital increase operation and state of advancement of the integration process with Unipol Gruppo Finanziario.

On May 10, 2012, the Board of Directors approved the Quarterly Report in which the valuation of the receivables from Imco and Sinergia was based on the assumption of the completion of the restructuring plan pursuant to Article 182-*bis* of the bankruptcy law or, more simply, based on a simple settlement with all the creditors.
On June 14, 2012, the Second Civil Section of the Milan Court issued the judgement declaring the bankruptcy of Imco and Sinergia.
As the accounting data of the First Quarter 2012 were prepared for the share capital increase based on IAS 34, they must be included in the prospectus for the share capital increase of Fondiaria-SAI approved on June 27, 2012 and, on the explicit request of the consortium and guarantee banks currently being formed, being subject to a limited review by the independent auditors, it is necessary to take account of all the events subsequent to the end of the first quarter 2012 up to the date of the auditors' report.
Pursuant to IAS 10, paragraph 9, letter b) (i) the bankruptcy of a debtor that occurs after the reporting date (in this case after March 31, 2012) usually confirms that a loss realised on a trade receivable already existed at the reporting date, and the need to adjust the book value of the receivable.
Therefore this concerns an event arising after the reporting date which results in an adjustment to the quarter.
Taking account of the above, and as reported in the press release of Fondiaria-SAI of June 14, 2012, which illustrated a creditor position of the Imco-Sinergia Group for a nominal amount of approx. Euro 230 million (book value at the same date of approx. Euro 176 million due to the write-downs recorded as at 31/12/2011), the Fondiaria SAI Group recorded a further risk provision of Euro 61.3 million which, net of the relative fiscal effect, resulting in a reduction in the first quarter 2012 profit of Euro 44.5 million.
This latter therefore amounts to Euro 29.1 million compared to Euro 73.5 million approved on May 10, 2012.
Consequently the group solvency margin decreases from 91.6% to 89.6% (from 96.2% to 94.1% based on the expected requested margin at the end of 2012).

The total receivables of the Fondiaria SAI Group from Imco-Sinergia were valued based on their realisable value, simulating the bankruptcy liquidation procedure of the companies and the realisation of the relative assets, net of the realisable value of any secured guarantees.
For the company Avvenimenti e Sviluppo Alberghiero, owner of the project in Via Fiorentini at Rome, an excess liquidation position was assumed.

In particular the buildings and land of the Imco-Sinergia Group were subject to an independent valuation: the estimated realisable value was calculated assuming two competitive auctions with a reduction of approx. 36%

of the expert's valuation (it was assumed for Avvenimenti e Sviluppo Alberghiero, in the case of an excess liquidation position, a discount of 20% of the expert's valuation).
For the distribution of the recovery value between creditors, account was taken of the pre-emption rights, as well as legal rights (employees and Tax Authorities) and procedural costs.
The estimate of the recovery time, varying depending on the creditor profile, is expected to be in line with the procedural period. The receivables were discounted using the yield on Italian State 10-year bonds, which does not include the credit risk of the debtor, already incorporated in the discount applied to the recoverable value.
The receivable from Europrogetti S.r.l. was fully written down as, on the interruption of the project, this can no longer be contractually recovered.
The transactions with companies of the Imco-Sinergia Group also include Euro 33.5 million concerning insurance guarantee sureties on commitments undertaken by companies of the Group of which Euro 31.4 million relating to Fondiaria-SAI and Euro 2.1 million relating to Milano Assicurazioni. These latter transactions were treated and valued in the accounts in accordance with the characteristics of the insurance contracts.

INTRODUCTION

The Interim Report of the Fondiaria SAI Group for the First Quarter of 2012 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 31/03/2012, 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 2012 First Quarter data in the documentation to be prepared for the share capital increase subject to the resolution of the Extraordinary Shareholders' Meeting of March 19, 2012, confirmed by the Extraordinary Shareholders' Meeting of June 27, 2012, 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 31/03/2012 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 31/12/2011. 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 2012 compared to the same period of the previous year and for the full year 2011.

(in Euro thousands)	Q1 2012	Q1 2011	Change	FY 2011
Net premiums	2,574,989	3,024,780	(449,791)	10,527,344
Net charges relating to claims	2,395,393	2,604,195	(208,802)	10,240,770
Net commissions	2,127	2,694	567	8,578
Net income from investments	238,178	166,883	71,295	172,706
Net Income from financial instruments recorded at fair value through profit or loss	253,377	(37,379)	290,756	321,699
Management expenses	424,672	470,906	(46,234)	1,875,313
Other income and charges	(195,306)	(105,559)	(89,747)	(371,879)
Profit/(loss) before taxes	**55,300**	**(23,682)**	**76,982**	**(1,457,635)**
Income taxes	**(26,546)**	**1,244**	**(25,302)**	392,147
Net profit/(loss)	**26,754**	**(24,926)**	**51,680**	**(1,065,488)**
Profit from discontinued operations	**2,311**	**-**	**2,311**	**30,850**
Consolidated profit/(loss)	**29,065**	**(24,926)**	**53,991**	**(1,034,638)**
Minority interest profit/(loss)	**(843)**	**(63)**	**(780)**	**(181,919)**
Group profit/(loss)	**29,908**	**(24,863)**	**54,771**	**(852,719)**

The 2012 first quarter reports a profit of Euro 29.1 million compared to a loss of Euro 24.9 million in Q1 2011.

The principal data is reported below:

- strong current technical performance in the Non-Life Division, in particular in the Motor Classes, and the substantial maintenance of the claims reserves provisioned at the end of 2011 which confirms, although over a still limited time period, its expected adequacy when payments fall due.
  Claims in the Motor Classes continue to decrease.
- significant reduction in Life premiums due to the difficult economic-financial environment, accompanied by positive financial management margins;
- satisfactory financial management performance with ordinary results in line with 2012 budget, a significant impact from net unrealised gains and a limited impact from impairments on AFS financial instruments thanks to the recovery of the market compared to the end of 2011;
- a tax charge in the period which highlights the recoverability (together with that recognised to the net equity reserves) of the deferred tax assets recognised to the financial statements in the previous year;
- finally we state that, partly due to the recovery of the financial markets in the first three months of 2011, the adjusted solvency margin of the Group improved significantly on December 31, 2011.
  At March 31, 2012, the required margin stood at 89.6% compared to 78.2% at 31/12/2011. The required margin at year-end, based on the current constituting elements, would rise to 94.1%.

The impact on the required margin of the Fast Track Decree (Legislative Decree No. 216/2011) decreased from 23.5% at 31/12/2011 to 7.4% at 31/3/2012.

The individual solvency margins of the Group insurance companies remain strong, ensuring the operational continuity of the companies, therefore confirming the going concern previously established on the approval of the 2011 annual accounts, although uncertainty remains regarding the timeframe for the recovery of the adjusted solvency margin to the regulatory required minimum levels and the effects of any significant deterioration of the general economic environment.

In this context:

- The **consolidated profit** was Euro 29.1 million (loss of Euro 24.9 million in Q1 2011). The Group share also returned a profit, amounting to Euro 29.9 million (loss of Euro 24.9 million in Q1 2011).
- The **Non-Life sector** recorded a pre-tax profit of Euro 9.2 million, a significant improvement on the pre-tax loss of Euro 24.8 million in Q1 2011. The sector technical result has returned to profit (Euro 15.2 million), against technical losses respectively of Euro 22.2 million in Q1 2011 and Euro 136.4 million in Q1 2010.

  This result, which may be seen as a turning point, follows both the actions undertaken regarding the selection and improvement of the quality of the portfolio and external factors in the Motor Classes such as the reduction in the number of vehicles on the road, of claims reported and therefore of the claims frequency.

  This latter aspect is impacted significantly also by the continuation of the general economic difficulties: the spiralling cost of fuel results in a more limited use of vehicles.

  The sector results were impacted by the risk provision following the bankruptcy ruling of the companies Imco SpA and Sinergia Holding Di Partecipazioni S.p.A..

  The result was impacted for Euro 14.4 million by impairments on AFS financial instruments (Euro 19.2 million in Q1 2011).

  This amount concerns positions which, during the first quarter of 2012, fulfilled the requirement of a book value exceeding the stock market price for at least 24 months, or, as in the case of the Unicredit share, the continuation of an impairment whose conditions were already in place in previous years.
- The **Life sector** reports a pre-tax profit of Euro 59.8 million (Euro 9.7 million in Q1 2011).

  The sector premiums contracted significantly (by over 31%).

  This result was impacted by the difficult domestic economic climate, in addition to the negative image portrayed in the media of the overall situation of the Fondiaria SAI Group.

  In this regard, it is highlighted that the Group met without difficulty requests for redemption or the amounts maturing in the first quarter of the present year, while the Class I premiums increased thanks to the partnership agreement with the Banco Popolare through the subsidiary Popolare Vita.

  The financial management result improved on Q1 2011 due to the increased amount of unrealised gains and ordinary income.

  Impairments on AFS financial instruments amounted to Euro 3.8 million compared to Euro 5.1 million in Q1 2011.

- The **real estate sector** recorded a pre-tax loss of Euro 5.7 million compared to a profit of Euro 4.5 million in Q1 2011. The result was impacted by depreciation in the period on real estate investments for Euro 7.3 million (Euro 7.1 million in Q1 2011), ordinary management charges and reduced financial charges.
  No significant operations were carried out in the limited period since the beginning of the year.
  The net result for this sector is supplemented by the gain from the sale of the investment in IGLI for Euro 2.3 million, which was recorded to profits from discontinued operations.
- The **Other Activities sector,** which includes the companies operating in the financial, asset management and hotel sectors, report a pre-tax loss of Euro 10 million (loss of Euro 13 million in Q1 2011).
  The loss was affected by Atahotels and the healthcare structures whose overhead costs continued to exceeded revenues in the period. In relation to Atahotels, actions are being implemented to improve profitability, in addition to increasing operational efficiency - in terms of the optimisation both of human resources and the various phases of the liability cycle. Possibilities are being explored to develop the investment with potential industrial partners. The return to profit by BancaSai is noted, together with the reduction in loans granted at the end of 2011 and continued in the first part of 2012, with a consequent reduction in the exposure to counterparty risk.
- **Management expenses** amounted to Euro 425 million (Euro 471 million in Q1 2011), decreasing 9.8% essentially due to the reduction in acquisition commissions following the contraction in business.
- **Financial instruments recorded at fair value through profit or loss** amounted to a profit of Euro 253 million (a loss of Euro 37.4 million in the first quarter of 2011). This account includes the net income from financial assets where the risk is borne by the policyholders (profit of Euro 250 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 6.9 million, principally relating to the associated companies Garibaldi S.C.A. and Isola S.C.A.. However profits are only achieved by these companies through the completion of construction activities and the consequent sale of property. The negative impact is therefore temporary and will be reabsorbed once the sales activities conclude.
- Excluding the contribution of the financial instruments at fair value through profit or loss, the **total net income from investments**, including net charges from investments in subsidiaries, associated companies and joint ventures of Euro 6.9 million, amounted to Euro 238 million (Euro 168 million in Q1 2011). This amount consists of Euro 207 million of interest income, Euro 24 million of other net income and net gains to be realised on real estate and securities of Euro 66 million.
- Net valuation gains and losses report a loss of approx. Euro 35 million. **Interest expense** amounted to approx. Euro 17 million (Euro 16 million in the first quarter of 2011).
  As outlined above, the balance of valuation items includes Euro 21 million of impairments on AFS financial instruments comprising equity securities (Euro 24.3 million in Q1 2011).

- **Other revenues and costs** amounted to a net charge of Euro 195 million (net charge of Euro 106 million in Q1 2011). 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 13 million.
- The **tax charge** was normalised from the same period of the previous year and saw a partial reversal of the deferred tax assets provisions in the previous year against the positive tax result recorded in the period.

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 notes, saw a significant impact from movements in the prices of financial instruments classified as Available-for-sale.

(in Euro thousands)	Q1 2012	Q1 2011	Change	FY 2011
Consolidated profit/(loss)	29,065	(24,926)	53,991	(1,034,638)
Other Comprehensive Income Statement items	570,519	116,339	454,180	(645,038)
Total Comprehensive Income Statement	**599,584**	**91,413**	**508,171**	**(1,679,676)**
of which:				
Group	430,779	75,582	355,197	(1,318,642)
Minority interest	168,805	15,831	152,974	(361,034)

The comparison between Q1 2012 and Q1 2011 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 2012 reported total premiums written of Euro 2,495 million (-16.5%), broken down as follows:

(in Euro thousands)	31/03/2012	31/03/2011	Change %
DIRECT PREMIUMS			
Non-Life Division	1,634,557	1,740,163	(6.07)
Life Division	858,761	1,247,329	(31.15)
Total direct premiums	2,493,318	2,987,492	(16.54)
INDIRECT PREMIUMS			
Non-Life Division	1,084	1,290	(15.97)
Life Division	229	213	7.51
Total indirect premiums	1,313	1,503	(12.64)
TOTAL	**2,494,631**	**2,988,995**	**(16.54)**
of which:			
Non-Life Division	1,635,641	1,741,453	(6.08)
Life Division	858,990	1,247,542	(31.15)

Segment Income Statement

(in Euro thousands)

		Non-Life Insurance Sector		Life Insurance Sector		Real Estate Sector		Other Activities Sector		Inter-segment Eliminations		Total	
		March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
1.1	Net premiums	1,720,033	1,780,851	854,956	1,243,929	0	0	0	0	0	0	2,574,989	3,024,780
1.1.1	*Gross premiums written*	*1,789,312*	*1,861,817*	*858,990*	*1,247,542*							2,648,302	3,109,359
1.1.2	*Premiums ceded to re-insurers*	*-69,279*	*-80,966*	*-4,034*	*-3,613*							-73,313	-84,579
1.2	Commission income			1,203	2,744			6,291	5,922	-2,560	-1,243	4,934	7,423
1.3	Net income from financial instruments recorded at fair value through profit and loss	*794*	*-3,588*	252,219	-33,847	-317	-126	681	190		-8	253,377	-37,379
1.4	Financial income from investments in subsidiaries, associates and joint ventures	*151*	*0*	0			26	0				151	26
1.5	Financial income from other financial instruments and property investments	122,985	75,791	194,346	204,215	12,604	10,208	15,638	15,444	-12,993	-10,189	332,580	295,469
1.6	Other income	110,936	147,097	8,558	16,215	4,858	29,427	157,164	156,000	-172,043	-174,358	109,473	174,381
1	**TOTAL REVENUES AND INCOME**	**1,954,899**	**2,000,151**	**1,311,282**	**1,433,256**	**17,145**	**39,535**	**179,774**	**177,556**	**-187,596**	**-185,798**	**3,275,504**	**3,464,700**
2.1	Net insurance benefit and claims	-1,238,898	-1,316,311	-1,156,495	-1,287,884	0	0	0	0	0	0	-2,395,393	-2,604,195
2.1.2	*Amounts paid and changes in technical provision*	*-1,282,040*	*-1,341,258*	*-1,159,192*	*-1,293,115*							-2,441,232	-2,634,373
2.1.3	*Quota ceded to reinsurers*	*43,142*	*24,947*	*2,697*	*5,231*							45,839	30,178
2.2	Fee and commission expenses	0		-1,221	-2,530			-1,586	-2,199			-2,807	-4,729
2.3	Fianncial expenses from investments in subsidiaries, associates and joint ventures	-6,909	-7	0		-71		-81	-927			-7,061	-934
2.4	Financial expenses from other financial instruments and property investments	-47,915	-67,995	-19,636	-42,501	-15,746	-15,177	-8,966	-6,629	4,771	4,624	-87,492	-127,678
2.5	Management expenses	-353,872	-381,007	-50,908	-66,399	-51	-49	-77,648	-81,689	57,807	58,238	-424,672	-470,906
2.6	Other expenses	-298,094	-259,676	-23,202	-24,274	-6,979	-19,826	-101,522	-99,100	125,018	122,936	-304,779	-279,940
2	**TOTAL COSTS AND EXPENSES**	**-1,945,688**	**-2,024,996**	**-1,251,462**	**-1,423,588**	**-22,847**	**-35,052**	**-189,803**	**-190,544**	**187,596**	**185,798**	**-3,222,204**	**-3,488,382**
	PROFIT/(LOSS) BEFORE TAXES	**9,211**	**-24,845**	**59,820**	**9,668**	**-5,702**	**4,483**	**-10,029**	**-12,988**	**0**	**0**	**53,300**	**-23,682**

Interim Directors' Report

ECONOMIC OVERVIEW AND THE INSURANCE MARKET

International economic overview

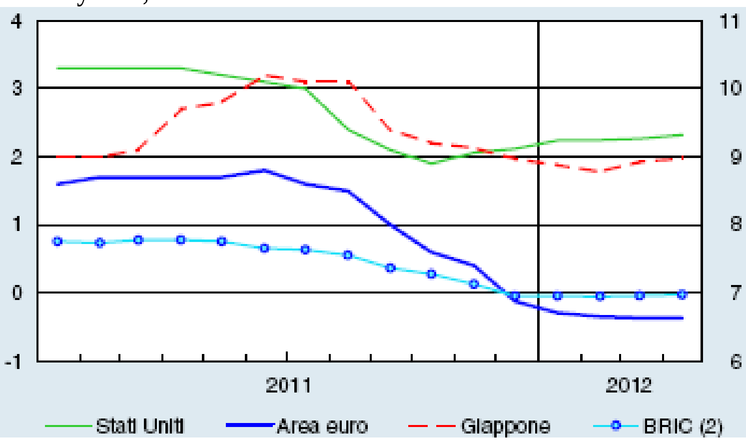
The financial instability emerging in the summer and becoming more firmly rooted in the autumn of 2011 abated in the first months of the year, particularly following the progress made in the management of the Eurozone crisis.

The weakening of economic activity in the fourth quarter of 2011 was significant in Europe. In the United States GDP growth (at 3% annually) was driven by the building up of inventory levels and the improvement in consumer spending over disposable income, against the negative impact of public spending and a slowdown in investments. In Japan, the contraction in production activity (-0.7%) was particularly due to the significant reduction in exports and also due to the difficulty in the procurement of industrial parts caused by the flooding in Thailand. In United Kingdom, the drop in GDP (-1.2%) reflects the significant contraction in investments and the lowering of inventory levels.

In the principal emerging countries, economic activity slowed down in the fourth quarter of 2011, impacted by the restrictive economic policies adopted in the first half of the year and the weakness of demand in the advanced countries. In China, growth stabilised at 8.9%, benefitting from continued strong internal demand, with 6.1% growth reported in India and 1.4% in Brazil.

In the first quarter of 2012, the growth prospects for the global economy overall had stabilised, with recessionary fears confined to the countries hit hardest by the debt crisis: in the advanced countries, the improvement in demand was hindered by the public and private debt reduction process. Based on the January projections of the International Monetary Fund (IMF), in 2012 global growth will reduce to 3.3% (from 3.8% in 2011), impacted by the fall off in activity in the Eurozone and also the slowdown in the emerging countries.

Graph 1 – GDP growth in 2012[(1)]
monthly data, values in %



Source: Bank of Italy elaborations on Consensus Economics data (Financial stability Report – April 2012).
(1) Monthly forecasts indicated on the horizontal axis. – (2) Right column.: average weighted forecasts concerning Brazil, Russia, India and China, with weighting calculated based on the corresponding GDP values for 2010,valued at like-for-like purchasing power.

In the first months of the year, the tensions on the sovereign debt market lessened, thanks to the moves by the European Central Bank, the measures taken by a number of governments (in particular the Italian government) and the reaching of an agreement for financial assistance for Greece; the financial market tensions in the Eurozone abated significantly in the first months of the year. The yields on government bonds reduced significantly, as did the differentials on the interbanking markets and on the credit default swap premiums. In April, however the spread on government bonds began to significantly increase again, although not reaching the maximum levels of January, due to the concerns within the industry on the growth forecasts for a number of Eurozone countries. The concerns for a more extensive slowdown in global growth increased the shift towards more secure government securities.

Tab 1 – Economic outlook
% change on the previous year

	FMI [1]			Consensus Economics [2]	
	2011	**2012**	**2013**	**2012**	**2013**
GDP					
World	**3.8**	**3.3**	**3.9**	**-**	**-**
Advanced countries	**1.6**	**1.2**	**1.9**	**-**	**-**
Euro Area	1.4	(0.5)	0.8	(0.4)	0.9
Japan	(0.7)	1.7	1.6	2.0	1.5
United Kingdom	0.8	0.6	2.0	0.7	1.8
United States	1.7	1.8	2.2	2.3	2.5
				-	
Emerging countries	**6.2**	**5.4**	**5.9**	**-**	**-**
Brazil	2.7	3.0	4.0	3.3	4.4
China	9.2	8.2	8.8	8.4	8.5
India [3]	7.2	7.0	7.3	7.2	7.7
Russia	4.3	3.3	3.5	3.7	3.8
World trade [4]	**6.9**	**3.8**	**5.4**	**-**	**-**

Source: Bank of Italy (Economic Bulletin 68 – April 2012) IMF, Consensus Economics and national statistics.
1) World Economic Outlook Update January 2012. 2) April 2012. 3) Forecasts concern the fiscal year. 4) goods and services.

The European and Italian markets

In the fourth quarter of 2011, Eurozone GDP reduced by 0.3% on the previous year, the first contraction since the summer of 2009. Internal demand contracted by 0.7%, reflecting reduced household spending and investment. Despite the drop in exports (-0.4%), the trade balance overall contributed 0.4% to GDP due to the reduction in imports. In 2011, GDP grew by 1.5%, slowing down on the previous year. Among the larger countries, growth was sustained in Germany (3%) and weaker in Spain and Italy (respectively 0.7% and 0.4%). The growth in France was in line with the zone average.

In Italy, the GDP performance follows the drop in internal demand, only in part offset by the trade surplus following the decrease in imports and stable exports. In the first months of 2012, the economic indicators highlighted a reduction in production activity. Exports were substantially stable in the first two months of the year.
In Italy, the corrective actions on the public accounts undertaken in the second half of 2011, such as the tax consolidation measures, the pension reforms and the continued actions taken to increase the potential growth of the economy (with increasing structural effects in the three year period 2012-14 and amounting in 2014 to approx. Euro 80 billion, or 4% of GDP), won back the trust of investors in the sustainability of the public debt. The improvement on the government bond market was significant and only partially reduced by the difficulties in April, which originated outside of Italy. With the recovery in credibility, the decrease in yields – initially limited to the shorter term maturities – was progressively extended over a longer time period.

The insurance sector

In 2011, total premiums written by insurance companies amounted to approx. Euro 110 billion, a decrease of 12.5% on 2010. The performance is a result of decreases in Life sector premiums (-18%) and growth in Non-Life sector premiums (+1.4%) (Source: ISVAP – Circular as per Protocol No. 07-12-000109 of April 20, 2012 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 totalled approx. Euro 36.4 billion (Euro 35.9 billion in 2010), comprising 33% of the total portfolio (28.5% in 2010). Life premiums, amounting to Euro 73.9 billion (Euro 90.1 billion in 2010), accounted for 67% of the total Life and Non-Life portfolio (71.5% in 2010).

In 2011, the percentage of total premiums on GDP was 7%, a contraction on 2010 (8.1%): in particular, the reduction was due to the Life Division, in relation to which the percentage on GDP was 4.7% (5.8% in 2010), while amounting to 2.3% for the Non-Life Division (stable on 2010).

Based on the classification of the National Association of Insurance Companies - ANIA (Source: 2011 Direct Italian premiums – Edition 2012), which takes into consideration the ten largest companies by market share in Italy, which at December 31, 2011 places the Generali Group in first position, with the Fondiaria SAI Group falling to sixth position with a market share of just above 8%. Analysing the breakdown, the Fondiaria SAI Group emerges as second in the Non-Life Division (19.17% of market share, 19.81% in 2010), while holding the leadership position in the Motor TPL sector with a market share of over 21%. In the Life sector, the Group in 2011 reports a decrease in premium volumes on 2010 with 2.59% market share (5.09% in 2010) - continuing to occupy 12th 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, 2011, the Fondiaria SAI Group occupies second place, with premiums of Euro 10,813 million, a contraction on 2010 (-16.5%).

Non-Life Insurance Sector

THE NON-LIFE INSURANCE MARKET

The portfolio of gross Non-Life premiums recorded in 2011 of National insurance companies and by the Italian representatives of insurance companies totalled approx. Euro 36.4 billion, an increase of 1.4% on 2010, comprising 33% of the overall portfolio (28.5% in 2010) - (Source: ISVAP – Circular as per Protocol No. 07-12-000109 of April 20, 2012 concerning "Gross premiums written in the fourth quarter of 2011 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 17.8 billion (Euro 17 billion in 2010, +4.7%), comprising 48.9% of total Non-Life premiums (47.4% in 2010) and 16.1% of total premiums (13.5% in 2010).

The largest amount of premiums written in the other Non-Life classes were Land Vehicles with 8% (8.3% in 2010), Accident with 8.4% (8.5% in 2010), General TPL with 8.1% (8.6% in 2010), Other Property Damage with 7.3% (in line with 2010), Health with 6% (6.1% in 2010), and Fire and Natural Elements with 6.4% (6.6% in 2010).

The analysis by distribution channel continues to highlight the large proportion of premiums written through brokerage agencies, although reducing slightly on 2010, amounting to approx. 81.6% of the Non-Life portfolio (82.4% in 2010) and 88% of the Motor TPL division (89.5% in 2010).

OPERATIONAL PERFORMANCE

As outlined in the introduction, the sector result reports a pre-tax profit of Euro 9 million compared to a loss of Euro 25 million in the first quarter of 2011.

The technical balance made a positive contribution and consequently the combined ratio was again under 100, in line with budget forecasts.

The current management performance remained positive with a significant decrease in claims in the Motor TPL Class, a reduction in the claims frequency and a satisfactory maintenance of the prior year claims reserves, although the limited period of observation must be noted.
In relation to the Other Non-Life Classes, the positive performance of the Land Vehicle class continued, while in the Non Motor Classes the cost of claims was impacted by the Fire and Natural Element guarantees following the weather events in February.
The positive financial management performance is also considered.
The sector result was impacted by the risk provision following the bankruptcy ruling of the companies Imco SpA and Sinergia Holding Di Partecipazioni S.p.A.

Premiums

The Fondiaria-SAI Group in the first quarter recorded premiums of Euro 1,635.6 million (-6.1%).
The direct premiums written amounted to Euro 1,634.6 million (-6.1%).
The breakdown by Class is shown below:

(in Euro thousands)	**31/03/2012**	**31/03/2011**	**Cge. %**	**Percentage**	
				31/03/2012	**31/03/2011**
NON-LIFE DIVISION					
Accident & Health	144,576	157,209	(8.04)	8.8	9.0
Marine, aviation and transport insurance	31,347	38,656	(18.91)	1.9	2.2
Fire and other property damage	190,908	197,168	(3.17)	11.7	11.3
General TPL	111,328	118,809	(6.30)	6.8	6.8
Credit & Bonds	22,900	22,729	0.75	1.4	1.3
General pecuniary losses	10,602	15,032	(29.47)	0.6	0.9
Legal expenses	4,190	4,895	(14.40)	0.3	0.3
Assistance	17,823	13,530	31.73	1.1	0.8
TOTAL OTHER NON-LIFE DIVISION	**533,674**	**568,028**	**(6.05)**	**32.6**	**32.6**
Land vehicle TPL	952,244	1,001,010	(4.87)	58.2	57.5
Motor vehicles – other classes	148,639	171,125	(13.14)	9.1	9.8
TOTAL MOTOR	**1,100,883**	**1,172,135**	**(6.08)**	**67.3**	**67.3**
TOTAL DIRECT PREMIUMS	**1,634,557**	**1,740,163**	**(6.07)**	**99.9**	**99.9**
INDIRECT PREMIUMS	**1,084**	**1,290**	**(15.97)**	**0.1**	**0.1**
TOTAL NON-LIFE DIVISION	**1,635,641**	**1,741,453**	**(6.08)**	**100.0**	**100.0**

The premiums ceded amounted to Euro 69 million (Euro 78 million in Q1 2011).

The decrease in direct Motor Vehicle TPL Class premiums of 4.9% follows a slight increase in the 2011 full year which indicate, against a lack of tariff rises, the continuation in a more incisive manner of the multi-claim portfolio reforms and the continued impact from the various “Bersani” regulations which strongly reduced the discriminatory power of the “Bonus Malus” system, allowing the new low class policies to be matured in relation to the “household” and allowing the “Malus” only in case of principal responsibility.

The situation continues to be severely impacted by an ongoing contraction in new vehicle registrations which in the first three months of 2012 decreased by 20.9%, with a reduction of 26.7% in the month of March alone (in 2011 a decrease of 10.8% was recorded with a reduction of 15.3% in December). Internal household demand in fact was impacted by the across the board increases in all costs related to the use of vehicles, in particular fuel and toll fees, in addition to direct taxes, such as registration tax and road tax.

The tariff effect of the Motor TPL class impacted the slight decrease in premiums written (for the Milano, Previdente, Italia, Nuova Maa divisions and for the Parent Company Fondiaria-SAI) in force since September 2011, in addition to a substantially neutral effect, for one month only, of the Motor TPL policy launched in March 2012: both have the objective to recover profitability without neglecting the safeguarding of the portfolio, in order to reduce the tariff mutuality, taking into account regulatory changes (“Bersani” and Direct Indemnity) and competitive dynamics, focusing the analysis on the client risk and on their profitability.
In particular the two tariffs were merged in order to improve significantly the tariff competitivity and the quality and the structure of the portfolio through a greater selective capacity across Italy.

With the objective to implement a more competitive and less mutual Motor TPL policy, the revision was stepped up of the technical-commercial policies relating to fleet agreements, in order to reduce the percentage of the fleet portfolio, and together with a technical policy to redistribute the agency discounts.

The review process continued in a more focussed manner of the technical-commercial policies undertaken in relation to the fleets with particular attention to the recovery of profitability both in the Motor TPL and Land Vehicle classes - of which all of the principal contracts are monitored at least monthly.

The direct Land Vehicle Class premiums continued to contract, reporting in the quarter a decrease of 13.1% due to the continued reduction in new vehicle registrations and due to the further deterioration of the economic crisis which reduced employment levels, with negative impacts on disposable income affecting the take up of the Vehicle guarantees. The reduction is also partly due to the particular policies of the car manufacturers which continue to offer insurance packages with guarantees included, such as fire, theft and assistance, in the purchase price of the vehicle. The Land Vehicle class was impacted also by the reform actions on the multi-risk portfolio by the company.

In relation to the **General Classes**, we note:

Fire and natural events

In the first quarter of the year, against almost unchanged receipts, the claims costs rose significantly, largely due to the Fondiaria division and the Milano division, directly due to the increase in significant claims (> Euro 100,000) which tripled both in number and overall amount compared to the previous year.
In the first two months of the year a series of damage occurred relating to weather events, particularly due to heavy snowfalls, under the guarantee for excessive snowfall established both in the Retail sector contracts and the Corporate sector contracts.
Despite that stated above, the Division continued to post a profit, although lower than the previous year.

General TPL

In the quarter, against a significant reduction in premiums, largely due to the restructuring and reform actions undertaken, a significant cost reduction occurred, resulting in a slight improvement in the technical result.
The new Corporate TPL policy was published for construction companies, which establishes an upward review of the tariff, taking account of the critical issues previously reported for this area, establishing at the same time a specific action for the restructuring of the portfolios with negative performances.
A specific reform action was also established for the TPL coverage of the private healthcare sector, with the completion by the first half year through the carrying out of reform/withdrawal actions on a case by case basis.

Accident

Against a reduction in premiums received in the first quarter, the performance was in line with the previous year.

For the corporate sector, among the actions for the recovery of profitability, for all of the Classes, and based on that established in the “Plan”, a series of actions are being implemented targeting all contracts with negative performances, both in the Public Bodies sector and for the other types of risks.
The writing of policies for the public bodies healthcare sector was discontinued.

Technological risks

The quarterly data was substantially stable in terms of receipts (-0.05%), despite the worsening of the economic and construction crisis in particular, and with a slight decrease in claims (-2.54%).

Claims paid and reported

The gross claims paid (including indirect) amounted to Euro 1,373 million, a decrease of 2.87% on the first quarter of 2011 (Euro 1,414 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		
	31/03/2012	**31/03/2011**	**Cge. %**	**31/03/2012**	**31/03/2011**	**Cge. %**
Accident	54,622	54,951	(0.60)	20,304	22,224	(8.64)
Health	44,956	46,174	(2.64)	78,242	73,055	7.10
Railway	-	1	(100.00)	-	-	-
Aviation	308	146	110.65	7	6	16.67
Maritime	2,792	2,422	15.26	97	139	(30.22)
Merchandise transport	921	2,027	(54.55)	478	370	29.19
Fire and other natural elements	53,832	60,869	(11.56)	18,170	12,792	42.04
Other property damage	68,595	65,126	5.33	40,782	37,801	7.89
Aviation TPL	380	488	(22.19)	24	4	500.00
Maritime TPL	1,195	542	120.38	74	51	45.10
General TPL	105,572	97,549	8.23	24,363	27,210	(10.46)
Credit	123	122	0.51	-	-	-
Bonds	15,974	10,519	51.86	626	489	28.02
Pecuniary losses	3,771	1,696	122.37	540	891	(39.39)
Legal expenses	533	641	(16.84)	438	426	2.82
Assistance	5,409	4,193	29.00	29,786	26,447	12.63
TOTAL OTHER NON-LIFE DIVISION	**358,982**	**347,466**	**3.31**	**213,931**	**201,905**	**5.96**
Motor TPL	812,536	840,747	(3.36)	166,921	197,253	(15.38)
Land vehicles	97,444	106,495	(8.50)	62,461	77,452	(19.36)
TOTAL MOTOR	**909,980**	**947,242**	**(3.93)**	**229,382**	**274,705**	**(16.50)**
TOTAL NON-LIFE DIVISION	**1,268,962**	**1,294,708**	**(1.99)**	**443,313**	**476,610**	**(6.99)**

(*) 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 159,745 (-16.5%).

Technical reserves, gross of reinsurance, amounted to Euro 12,376 million (Euro 12,610 million at 31/12/11).

The table below shows the principal technical indicators respectively in the first quarters of 2012 and 2011:

Data shown in %	**Q1 2012**	**Q1 2011**
Loss ratio	72.0	73.9
Expense ratio	20.4	21.0
Combined operating ratio	**92.4**	**94.9**
OTI ratio (*)	6.7	6.0
Combined ratio	**99.1**	**100.9**

(*) 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** in the first quarter of the year reports a positive technical balance.
The current generation benefited from the reduction in claims reported and therefore the claims frequency. The average costs of accepted current generation claims (paid plus reserved), increased by over 10% on the same period of the previous year, with the total amount increasing on 2011.
In relation to the prior year claims, even incorporating the prudent policy undertaken in the claims reserve estimate at the end of 2011, the operating performance was satisfactory.
The reversals for settlement, both complete and partial, were positive.
The corresponding saving was not recognised to the income statement however, but reused for the revaluation of the residual load, under a particularly prudent approach adopted also in relation to the limited observation time period.
The revaluation of the residual load is a normal and recurring action, to take account of the differences between the forecasts and the actual results over the settlement timeframe.

The **Land Vehicle class** records a positive result, in line with Q1 2011 and 2011 full year.

In the **Other Non-Life Classes** the technical performance was again negative, in particular in the General TPL and Health Classes.
The impact on the income statement was however less pronounced than in Q1 2011, due to the lesser impact of the General TPL class and despite the deterioration of the Fire Class due also to the negative impact from the weather events in February.

With reference to the Parent Company **Fondiaria-SAI** the premiums written in the Motor TPL Class amounted to Euro 496 million (-2%), while the Land Vehicle Class recorded a decrease of 13%.

In relation to **Motor TPL Class** claims caused, the number of claims in the period amounted to 92,517, a decrease of 13.5%; the number of claims paid amounted to 88,036 (-16%).
For the current quarter the claims/premiums ratio, net of the costs for the Guarantee Fund for Road Victims, was 71.4 % and 74.4% at global level.
The speed of settlement of the claims managed (NO CARD Claims + Operator CARD Claims) was 49.5% for the claims in Q1 2011 and 33.3% for the claims in previous years.
On the claims caused, the speed of settlement was 44.6% for the current quarter and 33.5% for the previous years.
In the first quarter of 2012, the claims reported and accepted (including late claims) within the new compensation regime (so-called CARD Managed claims system) amounted to 60,740, of which 33,345 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 60,399 - of which 28,437 gave rise to the full payment of the indemnity and 31,962 resulted in the recording of a reserve.
For accounting purposes, up to 31/03/12 recharges were received for a value of Euro 122.4 million from the clearing house. The amount of the credits received was Euro 108.1 million.

A large reduction in claims was recorded in the **Land Vehicle** Class (-18.4%) and of claims paid (-16.1%), resulting in a decrease in the claim cost of 23.1%.
The technical balance of the class was strongly in positive territory.

With reference to the **Non-Motor Classes of the Parent Company** the direct Italian premiums written amounted to Euro 268 million, a decrease of 2.5% compared to the first quarter of 2011.
The number of claims reported increased (+9.7%), while the number of claims paid decreased (-2.4%).

In the **Fire Class**, the number of claims paid decreased (-6.4%) while the number of claims reported increased (+40.5%).

DDOR Novi Sad ADO

In Q1 2012 the subsidiary DDOR Novi Sad ADO recorded a loss of RSD 48 million. The principal events in the quarter were as follows:

- a decrease of 14.9% of gross premiums compared to the same period of 2011, due principally to the difficult economic environment;
- direct business claims settled of RSD 1,290 million increased by 0.2% following a number of serious claims within the Fire Class;
- the claims reserve increased by RSD 69 million, due to the drop in reinsurance of RSD 59 million;
- the commissions and other sales costs decreased (-10.2%) and amounted to RSD 959 million; measures have been implemented to reduce administration expenses, in relation to which significant improvements are expected.

DIALOGO ASSICURAZIONI S.p.A.

In relation to the telephone and internet channel, the premiums written by Dialogo Assicurazioni in Q1 2012 amount to Euro 8.2 million, decreasing 27.2% on Q1 2011, also as a result of the reduced advertising investment than the past.
The claims reported in the quarter decreased by 15.1% on Q1 2011, but the average cost of accepted claims increased, resulting in a negative technical performance. The settlement of prior year claims did not have a substantial economic impact, confirming the maintenance of the reserves provisioned in the 2011 financial statements.
The contribution of the company to the consolidated result was a loss of Euro 3 million (a loss of Euro 1.6 million in Q1 2011).

LIGURIA SOCIETÀ DI ASSICURAZIONE S.p.A.

Liguria Assicurazioni, with a predominantly multi-mandate sales network, reports direct premiums written of Euro 62.3 million in the quarter, a decrease of 9.4% on Q1 2011. Specifically, the Motor TPL Class recorded premiums of Euro 41.6 million (-12.5%), the Land Vehicle Class premiums of Euro 3.4 million (-20.7%) and the Other Classes reporting premiums of Euro 17.4 million (-2.5%).
In the quarter, the activities focused on a technical rebalance of the Motor TPL Class continued, also through re-establishing the discounts allowed. The greater coordination and control of the agency operations and the discontinuation of portfolios with negative performances also continued. In the Land Vehicle Class, the incentivisation actions are underway in relation to the agency networks concerning the inclusion of fire and theft guarantees in the motor policies and a new Land Vehicle “finished premium” tariff is in an advanced stage of completion and which will be distributed shortly. In the Non-Life Classes, a review of the products which attract greatest interest from clients is being carried out, and in general a particularly prudent underwriting policy continues, with specific attention to risks concerning the General TPL and Bond classes.
The actions undertaken resulted in an improvement in many technical parameters. In particular, in relation to the Motor TPL Class, which represents the majority of the portfolio, the frequency decreased and the current year claims to premium ratio improved significantly. The overall technical performance however remains negative.
The Other classes (excluding motor) report a negative technical performance, due particularly to the Bond Class.
The income statement for Q1 2012 prepared in accordance with IAS/IFRS accounting standards, reports a loss of Euro 4 million, compared to a loss of Euro 3.4 million in Q1 2011.

MILANO ASSICURAZIONI S.p.A.

The Group net loss for Q1 2012 was Euro 18 million (loss of Euro 16.5 million in Q1 2011).
The principal factors affecting the result may be summarised as follows:

- The non-life sector reports a pre-tax loss of Euro 22.6 million, a small deterioration on a loss of Euro 19.5 million in Q1 2011. This result stems from the return to a positive technical performance and increased financial income in the quarter set-off by the Risk Provision following the bankruptcy judgement on Imco and Sinergia. The combined ratio, net of reinsurance, amounts to 98.9% compared to 101.3% in the first quarter of 2011 and 114.1% for the full year 2011;
- The real estate sector reports a loss of Euro 1.4 million (loss of Euro 2.7 million in Q1 2011), principally due to depreciation and operating charges concerning property held by Immobiliare Milano;
- The financial and asset management reports overall net income of Euro 79.4 million compared to Euro 53.9 million in Q1 2011. Interest income amounts to Euro 61.1 million (Euro 53.3 million in Q1 2011), with unrealised net gains of Euro 33.2 million (Euro 18.5 million in Q1 2011) and net valuation losses of Euro 18.7 million (Euro 20.4 million in Q1 2011) and concerning impairments on AFS financial instruments for Euro 12.1 million and depreciation on buildings of Euro 6.6 million.
  Income from financial instruments at fair value recorded to the profit and loss account increased from Euro 2.1 million in Q1 2011 to Euro 8.8 million;
- The management expenses in the non-life insurance sector amounted to Euro 145.6 million, with a percentage on net premiums of 19.6% (18.4% in Q1 2011).

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

The operating performance in Q1 2012 in comparison with the previous period is summarised as follows:

- In relation to the technical component, the overall profit improved slightly;
- Overall administration expenses, before the allocation to the technical segment, report a gradual contraction, principally due to personnel expenses;
- Concerning income and charges from investments (also real estate) a significant increase in income is reported (Euro 1.0 million compared to Euro 0.1 million in Q1 2011); This is essentially due to decreased losses, both from impairments and the sale of properties, in addition to increased profits realised.
- For the other net revenues (costs), an improved negative performance was recorded, due to the provision (non-recurring) for other charges in the first quarter of 2011;
- an insignificant impact from extraordinary items.

The premiums written amounted overall to approx. Euro 35.2 million, a significant contraction on Euro 43.6 million in the same period of the previous year. The above-stated decrease is due to the Hulls sector and largely attributable to the time lag concerning the recognition of premiums of a number of large clients (in particular Fincantieri) and the non renewal of a number of overseas contracts considered technically unremunerative.

In relation to claims paid, the total amount of Euro 32.3 million decreased on the first quarter of 2011 (Euro 40 million) and refers principally to the Hulls class. The change concerns the payment of a number of serious claims, occurring in the first quarter of 2011. At the same time, the claims reserve in the "Transport" sector has not changed significantly.

The income and charges from net investments benefitted from the trading activity result for Euro 0.4 million of profits, compared to Euro 0.2 million of losses in the first quarter of 2011 and the absence of impairments (Euro 0.4 million in Q1 2011).

In a general manner, the international "Transport" insurance market, concerning the "Hulls" sector, continues to feature an excess of underwriting capacity, due to the significant amount of liquidity present in the system. However, after an end of 2011 which saw a relative weakness in premiums, the serious claims stemming from the Costa ships (Concordia and Allegra) at the beginning of 2012 generated a greater unwillingness by companies to reduce prices. This guided also the London market, which is the central hub of this sector. Among other issues, the renewal of the fleet continues, in addition to the ongoing economic crisis and the consequent excess cargo space offered by shipping companies.

Life Insurance Sector

THE LIFE INSURANCE MARKET

In 2011, total premiums in the Life Division decreased by 18% (approx. Euro 73.9 billion), accounting for 67% of the entire Non-Life and Life portfolio (71.5% in 2010) (Source: ISVAP – Circular as per Protocol No. 07-12-000109 of April 20, 2012 concerning "Gross premiums written in the fourth quarter of 2011 by National insurance companies and by the Italian representatives of foreign insurance companies").

In particular, Class I (Insurance on human life) with approx. Euro 56.6 billion (Euro 67.7 billion in 2010) decreased 16.4% on 2010; Class III (Insurance principally related to mutual funds or Internal Funds or indices or other benchmark values) with approx. Euro 12.5 billion (Euro 15.4 billion in 2010) contracted by 18.8% on 2010, and Class V (Securitisation operations) totalled Euro 3.1 billion (Euro 5.1 billion in 2010), decreasing by 39.2%. These classes impact on the total Life premiums respectively for 76.6%, 16.9% and 4.3% (75.2%, 17.1% and 5.7% in 2010).

Premiums written through bank and postal branches accounted for 54.8% of the Life portfolio (60.3% in 2010). These were followed by the financial promoters (18.3% compared to 15.8% in 2010), mandated agents (16.4% compared to 15.2% in 2010), in-house agents (9.2% compared to 7.4% in 2010), brokers (1% in line with 2010) and other forms of direct sales (0.3% in line with 2010).

In March alone, the Class I policies contracted by 14% on the same month of 2011, against premiums of approx. Euro 3.7 billion: in Q1 2012, premiums amounted to approx. Euro 9.4 billion, -30.6% on Q1 2011 (Source: ANIA – New Life Business March 2012).

The amount of new Class V premiums in March alone totalled Euro 86.4 million (-44.1% on March 2011): including also new business from the two previous months, premiums amounted to approx. Euro 251 million, a decrease of 52.5% on the same period of the previous year. In Q1 2012, the linked sector, with approx. Euro 1.3 billion of premiums, grew by 4.2%, while in Q1 2012 new policies amounted to Euro 2.8 billion, a contraction of 6.1% on the same period of 2011.

The agents and in-house agents recorded decreased premiums respectively of 19.9% and 20.2% on 2011, reporting total amounts respectively of Euro 1.4 billion and Euro 0.3 billion, while the financial promoter channel sold Euro 2.5 billion of new premiums (+28.8% on Q1 2011). The bank and postal channels recorded new policies of Euro 8.1 billion, decreasing 36.7% on Q1 2011.

Operational performance

The sector pre-tax profit was Euro 59.8 million (Euro 9.7 million in Q1 2011).
The first three months saw a significant reduction in premiums, also in terms of new business, particularly due to the decrease in single premiums. The data was however in line with 2012 forecasts, considering that the premiums recorded to date represents 25% of the total forecast.
This is due to the difficult economic climate, in addition to the negative impacts from the downgrading of the issuer credit rating. The cash flows both for redemptions and maturity payments report significant amounts, in line with forecasts.
This did not cause liquidity problems or problems concerning future sector yields, as the payments were financed by various own sources, in addition to the liquidity from new business.
The financial management performance was positive with net gains realised of over Euro 22 million compared to Euro 13 million in Q1 2011.
The sector recorded impairments on AFS equities and funds for Euro 4 million (Euro 5 million in Q1 2011).

Premiums

Direct premiums written in the first quarter of 2012 amounted to Euro 859.0 million, a decrease of 31.1%.

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

(in Euro thousands)	Q1 2012	Q1 2011	Cge. %	Percentage Q1 2012	Percentage Q1 2011
LIFE DIVISION					
II – Insurance on human life expectancy	511,408	374,575	36.53	59.5	30.0
III - Insurance as per points I and II					
Investment funds and market indices	278,531	792,802	(64.87)	32.4	63.5
IV - Health insurance	119	124	(4.03)	-	-
V – Securitisation operations	68,703	79,828	(13.94)	8.0	6.4
				99.9	
TOTAL	**858,761**	**1,247,329**	**(31.15)**	**99.9**	**99.9**
INDIRECT PREMIUMS	**229**	**213**	**7.51**	**0.1**	**0.1**
TOTAL	**858,990**	**1,247,542**	**(31.15)**	**100.0**	**100.0**

Total premiums written by bank branches amounted to Euro 585.2 million and represents 68% of the total direct premiums written (approx. 70% in Q1 2011).

The total premiums in the sector also includes Euro 14 million (Euro 15 million in Q1 2011) 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 4.0 million (Euro 3.6 million in Q1 2011).
Charges relating to claims, net of reinsurance, amounted to Euro 1,156.5 million (Euro 1,287.9 million in Q1 2011).

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

(in Euro millions)	**Claims**	**Redemptions**	**Maturity**	**Total Q1 2012**	**Total Q1 2011**
II – Insurance on human life expectancy	21.9	409.2	185.0	616.1	506.5
III - Insurance as per points I and II linked to investment funds	8.6	592.7	70.9	672.2	294.6
IV - Health insurance	-	-	-	-	-
V – Securitisation operations	0.2	239.1	71.8	311.1	70.9
Total	**30.7**	**1.241.0**	**327.7**	**1.599.4**	**872.0**

Management expenses as a percentage of premiums increased (5.8% in the first quarter of 2012 compared to 5.1% in Q1 2011), due to the decrease in premiums from the bancassurance sector.

Gross technical reserves amount to Euro 22,409 million, a decrease of Euro 88 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 2012**	**Q1 2011**	**Cge %**
IAS/IFRS standards	**74.7**	**114.1**	**(34.52)**
Traditional Insurance Companies	17.6	28.6	(38.46)
Bancassurance	57.1	85.5	(33.21)
Local GAAP	**75.2**	**114.8**	**(34.52)**
Traditional Insurance Companies	18.1	29.3	(38.32)
Bancassurance	57.1	85.6	(33.23)

In the first quarter of 2012, the Individual Life policies underwritten by the distribution network was primarily focussed on the Separated Management products characterised by minimum guaranteed returns and capital protection. It is highlighted, among other issues, that from the beginning of the period for the single premium form the mechanism for the application of the minimum guaranteed yield was modified, which is no longer tested and consolidated on a recurring annual basis (“cliquet” mechanism), but recognised only on contractual maturity or in case of death.

- The single premium products, with the usual attention to the capital maturity segment, contracted significantly in terms of new business compared to the same period of the previous year.
- The OPEN GOLD and OPEN RISPARMIO recurring premium products reports significant contractions.
- A substantial decrease was recorded for the constant annual premium forms, with the exception of the Mixed sector, which saw the launch of the new OPEN FULL product in the middle of March resulting in a significant increase both in the number of policies and in the value of annual premiums.

In relation to the Multi-class OPEN DINAMICO product the new business reduced considerably on 2011: no comparison is possible with the first quarter of 2011, in that the product was launched in April.

In March, the agency networks made available a new product with specific assets, VALORE CERTO, which was warmly received by clients and by agents, reaching its underwriting limit in the very first days of sale: the effects from this product will be seen in the second quarter of the present year.

The DEDICATA policy (Term Life product) recorded a slight contraction 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.

In the first quarter of 2012 the “corporate” segment overall reports decreased business on the first three months of the previous year.

Specifically the Pension sector, concerning both the Pre-existing Pension Funds and Open Pension Funds, reported a reduction in volumes compared to the previous year.

The continued unfavourable economic climate, together with the regulatory obligations imposed by the legislature (allocation of employee leaving indemnity to complementary pension forms rather than to the INPS Treasury Fund for companies with over 50 workers), resulted in a decrease in business from products related to the provisioning of post-employment benefits (TFR and TFM).

The continued difficulty of businesses in accessing liquidity resulted in, both for the products related to the management of corporate liquidity and the mixed special securitisation products, a significant contraction in revenues. The continued advanced redemption, particularly by Institutional Clients regarding significant investments, is highlighted.

The risk coverage sector reports stability in terms of premium volumes on the first quarter of the previous year.

- MILANO ASSICURAZIONI S.p.A.

The Life Division reports a pre-tax profit of Euro 18.7 million (profit of Euro 12.3 million in Q1 2011). The improvement was principally from the higher differential between overall income and the portion relating to policyholders, taking account that of a temporary negative impact from deferred liabilities towards policyholders in the first quarter of 2011.

In the first quarter of 2012, direct premiums, calculated according to IAS accounting standards, amounted overall to Euro 85.7 million, a decrease of 9.2% on Q1 2011.

The profitability was supported in any case by a policy portfolio which is characterised principally by traditional type products, whose technical composition is focused on - through the selection of demographic and financial parameters - the guarantee of a satisfying margin. The products offered, for the quality and the wide range offered, satisfy all needs of clients, both in terms of savings (pension and non) and in terms of investments in relation to fulfilling security and protection needs.

In relation to the Class I products, the contraction (-11%) is due in particular to the single premium products which, created essentially to satisfy investment needs, were impacted most by the current generalised liquidity crisis, which unfortunately extended to all types of clients and not just to those with significant disposable funds. Together with the decrease in single premiums, we highlight an improvement in the mix, which was seen in the percentage increase in annual premium new business, comprising approx. 9% of the total and increasing on the previous year. This shift, as seen in previous periods, is in line with the objective to rebalance over the medium term premiums in favour of products which engender loyalty and are more remunerative.

The premiums ceded amounted to Euro 2.8 million compared to Euro 2.9 million in Q1 2011. 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.

In the Life division the management expenses amounted to Euro 7.4 million, with a percentage of net premiums of 8.9%.

POPOLARE VITA S.p.A.

In the first quarter of 2012, the net profit amounted to Euro 3.3 million (approx. Euro 3.6 million in the first quarter of 2011).
Gross premiums writtten in Q1 2012 totalled Euro 305.8 million (Euro 76.5 million in Q1 2011). Premiums in the first three months were concentrated principally in new single premium re-valuable saving products of Class I (approx. 99% in Q1 2012, over 90% in Q1 2011).

The life sums paid in Q1 2012 amounted to Euro 365.9 million (Euro 352.4 million in Q1 2011); the financing was supported both by the shareholder payment made in December 2011 and the sales made on the securities portfolio, without therefore recording a loss with an impact on the income statement.

The management expenses in Q1 2012 amounts to approx. Euro 16.8 million (in Q1 2011 amounting to approx. Euro 11.9 million) and comprise for approx. 52% acquisition expenses and for 48% administration expenses.

At March 31, 2012 the volume of overall investments reached approx. Euro 7,044 million (increase on 31/12/2011 of Euro 6,919 million).
The gross technical reserves amounted to approx. Euro 6,674 million (approx. Euro 6,490 million at 31/12/11).

THE LAWRENCE LIFE ASSURANCE COMPANY LTD

In Q1 2012, the Company reported an IAS compliant net profit for consolidated purposes of Euro 5,353 thousand, an increase of 23% on the IAS compliant result in Q1 2011 (Euro 4,355 thousand).

In the first quarter of 2012, the Company reports premiums of Euro 258,675 thousand, of which insurance contracts Euro 258,726 thousand through the issue of unit-linked products of a duration of 5 years (against premiums in Q1 2011 of Euro 736,283 thousand, of which Euro 736,385 thousand insurance contracts).

At March 31, 2012 total investments of the Insurance Company amounted to Euro 4,260 thousand (Euro 4,983 thousand in 2011), of which Euro 4,183 thousand (Euro 4,905 thousand in 2011) were Class D investments.

Real Estate Sector

In a continually weak economy, the data at the end of 2011 highlights the robustness of the real estate market. The levels reached may be considered as a threshold around which, also in critical conditions, the sector coalesces, even if needs exist to absorb excess production on the one hand and for efficient turnover on the other, with the market at this stage already having spent 3 years at minimum levels. The Real Estate market Report 2012 prepared by Nomisma, highlights that in 13 intermediate-size cities representative of the secondary markets, the 2011 economic environment and that in the first months of 2012 was again poor.

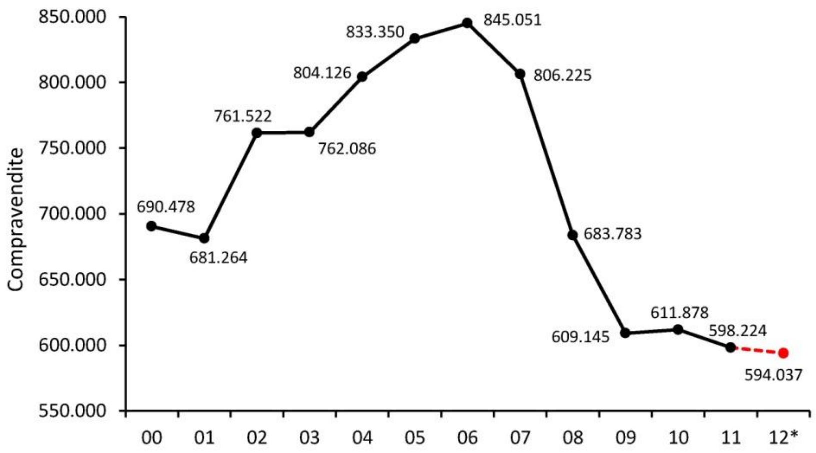
Table 2 – Annual changes in current property prices (%)
Average 13 intermediate cities

	2008	2009	2010	2011	2012
New Residential	5.7	(2.2)	(3.7)	(1.6)	(1.9)
Residential second-hand	5.9	(2.4)	(3.5)	(1.8)	(2.2)
Offices	6.1	(1.5)	(3.3)	(1.8)	(2.3)
Retail	6.0	(2.0)	(4.0)	(1.3)	(1.9)
Box/garage	5.7	0.9	(3.4)	(0.9)	(1.7)

Source: Nomisma (1st Report on the real estate market 2012, March 2012)

Also the average sales and rental periods extended further and, against a growing offer and with asking prices open to review, the need - weakened by the general economic situation – to consider the reduced capacity for expenditure and the contrasting expectations of the counterparties.

Graph 2 – Number of annual residential sales in Italy



Source: Nomisma forecasts on Territory Agency data

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 2012**	**Q1 2011**
Profits realised	4	48
Total revenues	**17,145**	**39,535**
Interest expense	1,478	2,148
Total costs	**22,847**	**35,052**
Profit/(loss) before taxes	(5,702)	4,483

(in Euro thousands)	**31/03/2012**	**31/12/2011**
Investment property	1,260,871	1,267,976
Financial liabilities	193,737	211,958

The pre-tax result of the sector was a loss of Euro 5.7 million (profit of Euro 4.5 million in the first quarter of 2011).
The result in the period was also principally affected by depreciation of approx. Euro 8.2 million (Euro 7.1 million in Q1 2011).
There were no significant operations in the limited period of observation.

Immobiliare Fondiaria-SAI S.r.l.

The activities carried out by the company in the first quarter of 2012 focused principally on the management of the real estate assets and investments. At consolidated level, the result for the period was a loss of approx. Euro 2 million (loss of approx. Euro 1.9 million in Q1 2011), deriving from:

- a positive result relating to Immobiliare Fondiaria-SAI for approx. Euro 0.7 million, due principally to the consolidated gain from the sale of IGLI for Euro 1.1 million and the costs for the depreciation of owned buildings for approx. Euro 0.4 million;

- the loss of Marina di Loano for approx. Euro 2.2 million, due principally to the interest charges on loans and the impairments on property;

- the losses of other subsidiaries for approx. Euro 0.5 million, principally due to operating costs.

Immobiliare Milano Assicurazioni S.r.l.

The activities carried out by the company in the first quarter of 2012 focused principally on the management of the real estate assets and investments. At consolidated level, the result for the period was a loss of approx. Euro 0.2 million (loss of approx. Euro 1.9 million in Q1 2011), deriving from:

- the loss of Immobiliare Milano Assicurazioni of approx. Euro 0.5 million, due principally to the consolidated gain for the sale of IGLI for Euro 1.1 million and the depreciation of buildings for approx. Euro 1.9 million;
- the profit of the subsidiary Seconda for approx. Euro 0.3 million.

Sale of IGLI S.p.A. shares

On December 27, 2011, Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. agreed the acquisition by Argo Finanziaria S.p.A. of 8,040,000 ordinary shares of IGLI S.p.A., held by Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. and comprising 33.33% of the share capital of IGLI S.p.A.. As previously reported, IGLI S.p.A. in turn holds 120,576,293 Impregilo S.p.A. ordinary shares – 29.96% of the share capital with voting rights.
The acquisition price of each IGLI S.p.A. share subject to the agreement was established at Euro 10.89572, based on the forecast balance sheet of IGLI S.p.A. at December 31, 2011, with each ordinary share of Impregilo S.p.A. attributed a value of Euro 3.65.
Argo Finanziaria S.p.A. then designated its subsidiary Autostrada Torino Milano S.p.A. to acquire the IGLI S.p.A. shares held by Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. .
On March 8, 2012, the sale was completed with simultaneous payment of the price of Euro 43,800,794.40 for each seller.
Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. have committed, on their own behalf and on behalf of their affiliates, to abstain from acquiring directly or indirectly, shares, rights and equity instruments of Impregilo S.p.A., financial instruments or debt securities convertible into shares or equity instruments of Impregilo S.p.A., in addition to any option rights concerning the subscription and/or the acquisition of any of the above-stated instruments for a period of 12 months from the execution of the operation.

Castello Area

In relation to the case before the Florence Court in which also the Company Fondiaria-SAI S.p.A. is involved for the offences as per Articles 319 and 320 established also in Articles 5 and 25 of Legislative Decree 231/2001 concerning the urbanisation of the Castello area made by the Florence Municipality, the preliminary trial phase concluded and the Discussion phase has begun.
The two Prosecutors who brought the case made their conclusions and the relative requests at the hearings of March 26 and 28 last. In relation to the charges made against the Company, a penalty of 400 times the value between a minimum of approx. Euro 250 and a maximum of Euro 1,549 was requested.
The accessory penalties of the banning for 2 years from undertaking contracts with the public administration and the confiscation of the lots of the Castello Area for which the construction permits were released were also requested.

The Pubic Prosecutor also requested the maintenance of the sequestration of the entire area.
In relation to the Company or Group Company representatives, sentences were requested for 3 years and 6 months for Mr. Ligresti and 4 years and 4 months for Mr. Rapisarda, 3 years for Mr. Giombini, while 4 years and 6 months was requested for the ex assessor of the Florence Municipality Gianni Biagi and 2 years and 2 months for the Vice Mayor of the Florence Municipality Graziano Cioni.
The Discussion continued with the conclusions of the lawyers on the opposing sides.
In relation to the defence of the Company, clearing of the charges was requested, claiming the non committal of any offence and subordinately therefore the pursuit of only the monetary claim and not also the criminal claim as the Company had adopted an Organisational and Management Model appropriate to prevent offences against the Public Administration as contested. The Florence Court on June 29, 2012 did not issue its sentence but ordered a supplement to the discusssions in order to further consider the case.
Therefore the process was postponed to the hearings of October 4/12 , 2012 and November 9, 2012.
In relation to the defence of the Company, clearing of the charges was requested, claiming the non committal of any offence and subordinately therefore the pursuit of only the monetary claim and not also the criminal claims. The judgement is expected by the summer.
The value of the assets relating to the so-called Castello Area at 31/3/12 amounted to Euro 174.7 million, as per the independent expert's valuation.
This amount is in line with the construction permit and therefore with the operational continuity of the assets and does not reflect the risks related to any legal defeat.

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 10.0 million (loss of Euro 13.0 million in Q1 2011).
The contribution of the Atahotels Group was a loss of Euro 7.4 million (loss of Euro 9 million in Q1 2011).
The Fiorentino Villanova Oncology Centre reported a loss of Euro 3.6 million (Full Year 2011 loss of Euro 13.4 million). The return to profit by BancaSai is noted following the reduction in loans granted at the end of 2011 and continued in the first part of 2012.

The result includes amortisation and depreciation in the period of Euro 7.1 million (Euro 8.6 million in Q1 2011).

- **BANCASAI S.p.A.**

At March 31, 2012, assets managed by the bank, including funds managed by Group companies, amounted to Euro 17,007 million compared to Euro 16,585 million at December 31, 2011.
During the period the number of current accounts increased from 16,414 at December 31, 2011 to 16,577 at March 31.

Total indirect deposits increased to Euro 16,053 million at March 31, 2012 from Euro 15,744 million at December 31, 2011.

During the first quarter of 2012, the Bank continued to contain and reduce loan commitments, begun in 2011, in line with the technical forms and in close collaboration with the clients granted credit under the new credit policy, based on prudent management, a fractioning of risk and close selection of clients.
Net of the exposure to the subsidiary Finitalia, which amounted to Euro 104 million in the technical forms of hot money and current account credit lines, in addition to Euro 76 million of bonds subscribed by BancaSai, the loan commitments to third parties decreased from Euro 679 million in 2011 to Euro 662 million at the end of March 2012.
The level of mortgages at 45.9% of total loans remains high, while there is reduction in the loans to businesses.
The Bank continued to place particular attention on the “fractioning of risk” both in relation to the distribution by economic activity and concentration by individual client. Further selective criteria were also adopted in the management of the receivables portfolio, in order to adjust the size and the quality of the credit lines made available to the client to the effective risk profile of the client.
Bank capital requirements amounted to Euro 106.3 million (Euro 102.5 million at December 31, 2011).
The period reports a profit of approx. Euro 1.9 million, thanks to an interest margin of Euro 4.5 million (growth of 10% on Q1 2011) and an increase of approx. Euro 0.6 million in net commissions.

The net financial management result, a profit of Euro 7.4 million, increased by 42% on the previous year.
In the first quarter of 2012, the operating costs amounted to approx. Euro 5 million (Euro 6.1 million in the preceding period), decreasing by approx. 18%.

FINITALIA S.p.A.

The Q1 2012 net profit amounted to Euro 511 thousand (Euro 306 thousand in Q1 2011).
The number of transactions grew by 22.4%, thanks to the development of receivables/loans. At 31/03/12, financing was provided of Euro 77,949 thousand compared to Euro 64,659 thousand in the same period of 2011, an increase of 20.6%.

Administrative expenses in Q1 2012 amounted to Euro 2.9 million, in line with budget and the 2011 results.

The commercial activities in the first quarter concerned a number of actions such as:

- the provision of premiums payments through loans issued to employees of the ex-Montedison companies, agreements with the companies of the FONSAI Group and adjustment of the IT procedures of the agencies;
- the updating of the IT issuing procedures in the insurance agencies of the FONSAI Group allow, on the annual renewing of the payment loan premiums, the printing of a mailing letter which informs of the availability of personal finance for the household.

In addition in the coming month, the mailing to each policyholder, regularly screened, is scheduled.

A total of 2,534 insurance agencies had agreements in place with Finitalia at March 31, 2012 compared to 2,592 at the end of 2011, following the merger and closure of some agencies.

Atahotels S.p.A.

The Q1 2012 results highlight, compared to the same period of the previous year, an increase in revenues of approx. Euro 0.7 million, while the operating margin gross of amortisation, depreciation, provisions and leasing payments improved by Euro 1 million, thanks to the containment of costs. In fact, the restructuring already begun in previous years is providing significant returns, as is the centralisation of the purchasing department which was operational from the final months of 2011.

Compared to 2012 budget however the operating data relating to the first quarter highlights a contraction in revenues (-8%). The deviation from budget is particularly evident in the Milan area (Executive, Big, Ripamonti Residence), in the mountain area (Golf Hotel and Planibel) and Villa Pamphili.

The decrease in the operating margin gross of amortisation, depreciation, provisions and leasing payments compared to budget was more contained (Euro -1.3 million) thanks to a reduction in the principal operating cost accounts.

The consolidated operating result was however slightly ahead of budget, thanks to the reduction in the ENPAM rent (the budget did not take account of the rent reductions).

The lower financial charges and the reduction in impairments on investments, due to the restructuring carried out in the meantime, resulted in a Q1 2012 loss of Euro 7.5 million compared to Euro 8.7 million in the first quarter of the previous year.

Asset and financial management

INVESTMENTS AND LIQUIDITY

At 31/03/2012, the volume of investments amounted to Euro 34,504 million, an increase of 2.1% on 31/12/2011.

The investments, tangible fixed assets and liquidity at 31/03/2012 compared to the previous year are shown below.

(in Euro thousands)	31/03/2012	Percent. %	31/12/2011	Percent. %	Cge. %
INVESTMENTS					
Investment property	2,695,945	7.52	2,759,245	7.85	(2.29)
Investments in subsidiaries, associates and joint ventures	111,881	0.31	116,558	0.33	(4.01)
Loans and receivables	3,745,475	10.45	3,688,865	10.49	1.53
Investments held to maturity	625,256	1.74	599,713	1.71	4.26
AFS financial assets	19,151,606	53.44	17,598,287	50.03	8.83
Financial assets at fair value through the profit or loss account	8,173,582	22.81	9,026,664	25.67	(9.45)
Total investments	**34,503,745**	**96.27**	**33,789,332**	**96.08**	**2.11**
Tangible fixed assets: buildings and other fixed assets	398,582	1.11	401,744	1.14	(0.79)
Total non-current assets	**34,902,327**	**97.38**	**34,191,076**	**97.22**	**2.08**
Cash and cash equivalents	938,766	2.62	976,582	2.78	(3.87)
Total non-current assets and cash equivalents	**35,841,093**	**100.00**	**35,167,658**	**100.00**	**1.91**

The increase in the period benefitted from the investments recorded at fair value following the recovery of the financial markets in the first quarter.

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

(in Euro thousands)	31/03/2012	31/12/2011	Cge. %
AFS financial assets	**19,151,606**	**17,598,287**	**8.83**
Equity securities	1,237,623	1,171,370	5.66
Fund units	804,300	788,143	2.05
Debt securities	17,107,585	15,636,678	9.41
Other financial investments	2,098	2,096	0.10
Financial assets at fair value through the profit or loss account	**8,173,582**	**9,026,664**	**(9.45)**
Equity securities	40,116	30,599	31.10
Fund units	645,942	636,124	1.54
Debt securities	7,004,029	8,072,935	(13.24)
Other financial investments	483,495	287,006	68.46

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)	31/03/2012	31/03/2011	Change
Net income from financial instruments recorded at fair value through profit or loss	**253,377**	**(37,379)**	**290,756**
Net income from investments in subsidiaries, associates and joint ventures	**(6,910)**	**(908)**	**(6,002)**
Income from other financial instruments and property investments of which:			
Interest income	207,539	191,896	15,643
Other income	38,481	35,276	3,205
Profits realized	81,962	68,219	13,743
Valuation gains	4,598	78	4,520
Total income	**579,047**	**257,182**	**321,865**
Charges from other financial instruments and property investments of which:			
Interest expense	16,959	15,984	975
Other charges	14,864	15,644	(780)
Losses realized	16,068	53,862	(37,794)
Valuation losses	39,601	42,188	(2,587)
Total interest expense and charges	**87,492**	**127,678**	**(40,186)**
TOTAL NET INCOME/(CHARGES)	**491,555**	**129,504**	**362,051**
Net income from financial instruments recorded at fair value through profit or loss whose risk is borne by policyholders (Class D).	**249,626**	**(33,318)**	**282,944**
TOTAL NET INCOME EXCLUDING CLASS D	**241,929**	**162,822**	**79,107**

The net income from financial instruments recorded at fair value through the profit and loss includes net income relating to contracts in the Life sector whose risk is borne by the policyholders for Euro 250 million (charge of Euro 33 million in Q1 2011).

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

The first quarter of 2012 reported overall strong global growth, supported by a significant recovery in the United States which more than offset the slowdown in the Eurozone with the introduction of restrictive fiscal policies in order to improve the public finances, and also in China, which was hit by the drop in exports to Europe and was forced to introduce a new development model more concentrated on internal consumption.
The Federal Reserve continued to exercise prudency in relation to the US recovery, maintaining official interest rates substantially at zero (0-0.25%). The European Central Bank maintained the discount rate at 1% and, with the two Long-Term Refinancing operations with 3-year maturity at 1% (a liquidity option in which the ECB provides loans to requesting banks), significantly reduced the risk of a Credit Crunch and contributed to a significant improvement of the Sovereign Risk for Spain and Italy and a return of trust to the financial system.
In the first quarter of 2012, the easing of strong tensions surrounding the debt within the Eurozone, the modest improvement in the US economy, in addition to a reporting season in line with (although contained) market expectations, also supported a recovery in the principal stock indices.
The bull market benefitted principally the cyclical sectors (Auto +27%, Chemicals +16%, Technology +15%) and the financial sector (Insurance +15%, Banks +11%), with more contained performances in the defensive market sectors (Utilities +1.5%, Healthcare +0.5%, Telecom -1.7%).
In general, the exposure was maintained substantially stable in the first two months, with profit-taking in the above-stated sectors which outperformed in 2011, together with trading activities supporting the asset allocation.

On reaching the set technical thresholds of the indices, expecting the re-emergence of European sovereign debt fears (in particular in relation to Spain) and taking profits at a part of the cycle vulnerable to a Chinese slowdown, the exposure was in part reduced, shifting at the same time the portfolio to more defensive market sectors (such as Utilities, Food, Healthcare).

Also geographically a diversification policy was introduced, through the reduction of exposure to Italy in favour of securities in foreign currencies, in line with the Group risk policy.

Financial operations in the quarter

In relation to the Non-Life sector, the bond operations were focused on Government Securities, slightly increasing the exposure to Corporate securities, through new issues on the primary market.
The strong Italian performance enabled, through trading operations, the realisaiton of value and the diversification to supranational issues (rating AAA) and Core area issues, to achieve at the same time significant gains and an increased exposure towards less volatile bond instruments and with higher credit ratings. The exposure towards Italy remains a concern however which comprises a large proportion of the portfolio.

The overall duration of the Non-Life Portfolio in the quarter was lengthened slightly, also in light of the economic climate which forecasts weak growth and no particular concerns around inflation.
In the Life sector, the bond sector activities were carried out at both a tactical and strategic level. The above stated significant performance on Italian securities enabled tactically an intense activity, allowing the realising of gains, both on previously held positions and new positions opened at the beginning of the quarter.

The market performances enabled the following of two significant strategies.
Firstly, based on the analyses of the Asset Liability Management, the portfolio profiles of the Separated Management in terms of cash flows mismatch were optimised, both in the short-term and medium-long term view. This activity, which had been carried out in the past, involved a process of intensification given the performances of securities in portfolio, which enabled the establishment of greater operational leverage and greater efficacy in the remodelisation of the portfolios of the individual Separated Managements.
The second significant portfolio strategy involves the continued diversification within the government bond sector, decreasing exposure to Italian government securities and increasing that of issuers with higher ratings and supranational securities.

In terms of the composition of the portfolio, the exposure to money market and zero coupon instruments was increased, with a decrease in the fixed rate component and partially of the variable rate component.

The overall duration of the portfolios was reduced, preserving future profit levels against a limited decrease in current profitability.

In relation to the Corporate sector, the exposure was reduced in favour of government securities.

Fondiaria-SAI
The Non-Life Division is composed of 52.6% of fixed income bonds, 41.5% at variable rate and a residual 5.9% in time depsoits.
The total duration of the portfolio is 2.13 years and the return on the Non-Life portfolio is equal to 3.44%.
The Life Division has a higher fixed rate bond allocation (75.2%), compared to the variable quota of the same class (24.6%) and time deposits (0.2%), with a total duration of the portfolio of 4.98 years and a return of 4.92%.

Milano Assicurazioni
The Non-Life Division is composed of 61.2% of fixed income bonds, 36.5% at variable rate and a residual 2.3% in time depsoits.
The total duration of the portfolio is 2.09 years and the return on the Non-Life portfolio is equal to 3.17%.
The Life Division has a higher fixed rate bond allocation (74.1%), compared to the variable quota (24.1%) and time deposits (1.8%), with a total duration of the portfolio of 4.6 years and a return of 4.93%.

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 following table, which highlights a reduction in the debt of over Euro 32 million.

(in Euro millions)	**31/03/2012**	**31/12/2011**	**Change**
Sub-ordinated loans	1,041.0	1,049.5	(8.5)
Banks and other lenders	276.9	300.4	(23.5)
Total debt	**1,317.9**	**1,349.9**	**(32.0)**

The reduction in the debt is principally due to the repayment of Euro 12 million in February 2012, of the bank loans signed with Efibanca by the subsidiary Immobiliare Milano, and the partial repayment of approx. Euro 5 million each by Tikal of its loan and by BancaSAI of its bonds.

The account **Sub-ordinated loans** include the following loans with Mediobanca, with prior ISVAP authorisation:

- A subordianted loan of Euro 400 million undertaken by Fondiaria-SAI, agreed and issued on 23/07/2003. Following some contractual modifications in December 2005, the interest rate is Euribor at 6 months +180 basis points and repayable in five equal annual instalments from the 16th anniversary of the loan. This loan was obtained in order to increase the constituting elements of the solvency margin;

- A sub-ordinated loan of Euro 100 million agreed by Fondiaria-SAI on 20/12/2005 (received on 31/12/2005), with the same sub-ordination characteristics of the previous loan. The interest rate is Euribor at 6 months +180 basis points and is repayable in five equal annual instalments from the 16th anniversary of the loan;

- A subordinated loan of Euro 300 million agreed on 22/06/06 (received on 14/07/06), subscribed 50% by Fondiaria-SAI and the other 50% by Milano Assicurazioni. This loan provides for interest at Euribor at 6 months +180 basis points and is repayable in five equal annual instalments from the 16th anniversary of the loan. In particular, this latter contract contributes to a further improvement in the solvency margin available to the Group for the part provided by the subsidiary Milano Assicurazioni. On 14/07/2008, Milano Assicurazioni made a partial advance repayment of this loan for Euro 100 million;

- A hybrid subordinated loan with a perpetual duration of Euro 250 million agreed and paid on 14/07/2008 by Fondiaria-SAI. The interest rate is Euribor at 6 months +350 basis points for the first 10 years and thereafter 450 basis points. The repayment should be made in one repayment after 10 years. This loan was agreed to increase the constituting elements of the solvency margin;

- A hybrid subordinated loan with a perpetual duration of Euro 100 million agreed and received on 14/07/2008 by Milano Assicurazioni. The interest rate is Euribor at 6 months +350 basis points for the first 10 years and thereafter 450 basis points. The repayment should be made in one repayment after 10 years. This loan was agreed to increase the constituting elements of the solvency margin.

In relation to subordinated bonds, against a nominal Euro 1,050 million, Interest Rate Swaps were subscribed of Euro 1,050 million, in order to neutralise the risk related to the above mentioned loans.

With reference to **Bank and other lenders**, amounting to Euro 276.9 million, the most significant amounts are reported below:

- Euro 111.5 million (Euro 116.5 million at 31/12/2011) relates to the loan signed by the Tikal Closed Real Estate Fund with Mediobanca as the Agent Bank. The loan, originally for an amount of Euro 119 million, was granted for the purchase of property and improvements and at 31/03/2012 has been repaid for slightly more than Euro 5 million. The cost of the loan is Euribor plus a variable credit spread between 60 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 94.0 million (Euro 99 million at 31/12/2011) 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 2012 to 2014;

- Euro 71.3 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 SanPaolo 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 residual amounts relates to other insignificant payable positions.

TREASURY SHARES, SHARES OF THE HOLDING COMPANIES AND ITS SUBSIDIARIES

At 31/03/12 and at 31/12/11, the Parent Company held treasury shares and shares in the parent company Premafin Finanziaria as shown in the table below:

(in Euro thousands)	31/03/2012		31/12/2011	
	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	132,323	9,982,557	132,323
Sai Holding	1,200,000	16,337	1,200,000	16,337
Total	**14,382,557**	**213,026**	**14,382,557**	**213,026**
Shares of the holding company held by:				
Fondiaria-SAI	**18,340,027**	**5,309**	18,340,027	2,289
Milano Assicurazioni	**9,157,710**	**2,651**	9,157,710	1,143
Saifin - Saifinanziaria	**66,588**	**19**	66,588	8
Total	**27,564,325**	**7,979**	**27,564,325**	**3,440**

SHARE PERFORMANCE

The share capital of the Parent Company Fondiaria-SAI S.p.A. at 31/03/2012 amounted to Euro 494,731,136, divided into an equivalent number of shares of a nominal value of Euro 1 (367,047,470 ordinary shares and 127,683,666 saving shares).

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

(in Euro)	**31/03/2012**	**30/12/2011**	**Change %**
Fondiaria SAI ord.	1.0725	0.6195	73.12
Fondiaria SAI sav.	0.5358	0.3405	57.36

The corresponding stock market capitalisation at the period end was Euro 462 million (Euro 271 million at 31/12/2011).

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

(in Euro)	**31/03/2012**	**30/12/2011**	**Change %**
Milano Assicurazioni ord.	0.2418	0.2285	5.82
Milano Assicurazioni sav.	0.2378	0.1864	27.58

The corresponding stock market capitalisation at the period end was Euro 470 million (Euro 440 million at 31/12/2011).

Other information

SOLVENCY MARGIN

In accordance with the provisions of the Supervision Authority in relation to the adjusted solvency margin and the application of the prudency filters, consequent to the introduction of the new IAS/IFRS standard, for Q1 2012 the ratio between the constituting elements and the solvency margin required was 89.6% (78.2% at December 31, 2011).

The Fondiaria SAI Group in the first quarter of 2012, applied, in continuation of the actions concerning the adjusted solvency margin, that established by the so-called "Fast Track Decree" (Legislative Decree No. 216 of December 29, 2011 – coordinated with the conversion law No. 14 of February 24, 2012 enacting the "Extension of terms established by the legislative provisions") with effect from 2012.

For its implementation, reference should be made to Article 29 paragraph 16-*terdecies* of the above-stated decree which establishes that, for the verification of the adjusted solvency margin, insurance companies may take account of the book value in the separate financial statements of the debt securities issued or guaranteed by European Union member states classified as long-term in the balance sheet. A new Regulation in this regard is expected shortly.

The effect of this measure was approx. 7.4% (23.5% at 31/12/2011).

GROUP EMPLOYEES

At 31/03/2012, the number of employees of the Group was 7,523 (7,591 at 31/12/2011), broken down as follows:

Number	**31/03/2012**	**31/12/2011**	**Change**
Italian companies	5,929	5,929	-
Foreign entities	1,594	1,662	(68)
Fondiaria SAI S.p.A. Group	**7,523**	**7,591**	**(68)**

The above table does not include the seasonal personnel of Atahotels, comprising 138 persons at 31/12/11 (88 at 31/03/2012).

The employees of the foreign companies include 572 brokers (620 at 31/12/2011).

AGREEMENT OF UNDERSTANDING SIGNED FOR THE RENEWAL OF THE NON EXECUTIVE EMPLOYEE AGREEMENT

We report that on March 7, 2012 the agreement of understanding was signed for the renewal of the National Work Collective Contract for non executive employees.

The new contract commenced from January 1, 2010 and expires on June 30, 2013.

We highlight that only the economic part was renewed of the above-mentioned agreement and the commencement of work on two National Equality Commissions.

The first concerns flexibility in the workplace, work schedules and variation in duties, while the second relate to social security assistance in the sector, which clearly must take account of the Labour Market reforms which currently involve the Government and the Unions. It will be the Commission's responsibility to identify solutions to be incorporated into the contractual negotiations for the next renewal and the work is expected to be terminated by October 2012.

The economic increase when fully implemented will be 6.57% of which 0.30% from July 1, 2013. Therefore over the contractual period the expected increase will be 6.25%. In overall terms, when fully implemented, the increase will be Euro 131 gross monthly (4^{th} level). In addition, to cover the year 2010, in replacement of the salary table adjustments, a one off payment will be recognised of Euro 650 gross, also for 4^{th} level.
We recall that the understanding agreement must be ratified by the Executive Committee of Ania as well as the workers' assembly of the insurance company.

The probable charges deriving from the renewal of the CCNL trade union agreement, relating to the years 2011 and previous, are covered by adequate provisions in accordance with the principles utilised in the previous financial statements.

STRUCTURE OF THE SALES ORGANISATION

With reference to the first quarter of 2012, the national distribution of the Fondiaria-SAI Agents was as follows:

	Total at 03/31/12	**Total at 12/31/11**
North	610	619
Centre	301	302
South	311	315
TOTAL	1,222	1,236

With reference to the Group it is noted that in the first quarter of 2012 there were 3,165 agencies (3,219 at 31/12/2011), operating through 2,378 sales points (2,521 at 31/12/11) representing the traditional distribution channel.

Fondiaria-SAI S.p.A.: share capital increase

The Board of Directors of Fondiaria-SAI S.p.A. (the "Company"), meeting on January 29, 2012, called the Extraordinary Shareholders' Meeting of the company for March 16, 2012 in first call and March 19, 2012 in second call, to propose to shareholders a rights issue for a maximum total amount of Euro 1,100 million.
The amount proposed to the Shareholders' Meeting is greater than the maximum Euro 750 million announced to the market on 23/12/2011 following the downward revision of preliminary estimates for 2011 from those reviewed by the Board on 23/12/11 and announced to the market.

The binding agreement signed on 29/01/12, announced to the market, between the Unipol Group and Premafin S.p.A. concerning the acquisition of control by the Unipol Group of Premafin, with consequent indirect acquisition of control of the Fondiaria-SAI Group, which is subject to certain conditions, takes place as part of a wider integration which will directly involve the Company and provides for the subsequent merger between Unipol Assicurazioni S.p.A., Premafin, Fondiaria SAI and Milano Assicurazioni.

Consequently, the Board of Directors of Fondiaria-SAI, having noted the signing of the above-mentioned agreement, approved the appropriate actions in relation to the proposed merger in order to formulate the subsequent proposals to be presented to the Shareholders' Meeting.
In particular, the Board appointed – in accordance with the procedures for related party transactions approved by the Board, as Premafin and Milano Assicurazioni will also participate in the proposed merger – a committee of independent directors which will be involved in the negotiations to establish the legal and financial terms of the proposed merger.

The Board also approved the extension of the appointments already mandated to the advisors Goldman Sachs and Studio Legale Carbonetti e Associati within the project for the analysis and execution of the proposed merger.

For complete disclosure we also report that the Board of Directors of the subsidiary Milano Assicurazioni, for its part in the proposed merger, also appointed of a committee of independent directors and appointed their own financial and legal advisors.

Resolutions of Extraordinary and Ordinary Shareholders' Meeting of March 19, 2012

The Shareholders' Meeting of Fondiaria-SAI S.p.A., meeting on March 19, 2012 and chaired by Jonella Ligresti, approved - subject to authorisation by ISVAP - that outlined in the Directors' Report to the Shareholders' Meeting of January 29, 2012, to which reference should be made. The documentation relating to the Shareholders' Meeting was made available to the shareholders, also on the website of the Parent Company, in the section "Extraordinary and Ordinary Shareholders' Meeting 16-19 March 2012."

The rights issue is in the first instance undertaken to strengthen the capital base of the Fondiaria SAI Group, ensuring an increase in the solvency margin to that required by law and guaranteeing the long-term solvency of the Group. This proposal is therefore part of an action plan as per Articles 227 and 228 of Legislative Decree 209/05, requested by ISVAP in communication of January 10, 2012, which noted the significant shortfall in the adjusted solvency margin of the Company. The funds deriving from the capital increase will essentially ensure the stable and long-term solvency of the Company.

On January 29, 2012, on the approval by the Board of Directors of the capital increase proposal, the Company was informed of the agreement reached on the same day between the parent company Premafin and Unipol Gruppo Finanziario (UGF), which establishes, among other issues, the integration of Premafin, Fondiaria SAI, Milano Assicurazioni and Unipol Assicurazioni.

Therefore at the January 29, 2012 meeting, the Board decided to begin the preliminary activities concerning analysis of the integration project. These activities are currently ongoing.

On the same date, Mediobanca – which at the end of December was appointed to organise the underwriting syndicate for the proposed capital increase approved by the Board of Directors on December 23, 2011 for a maximum amount of Euro 750 million - drew up a new proposal for the structuring of the capital increase underwriting syndicate, which in light of the agreement between Premafin and Unipol, considered also the completion of the integration project.

The capital increase proposal is therefore viewed as part of the wider integration project with the Unipol Group, who consider that the integration itself will enable a further capital strengthening of the resulting group. In light of this, in the press release of March 15, 2012, UGF published the first targets of the new entity headed by UGF under the operation. As stated in the above-mentioned press release these estimates have not yet been shared with Fondiaria-SAI and therefore subject to further valuation and analysis together with the management of the Company.

The proposal to shareholders is independent – and subject to approval by ISVAP – of the integration operation as the capital strengthening underlying the share capital increase is necessary even in the absence of the integration, whose execution is subject in any case to the fulfilment of the conditions established in the above-stated agreement. If the integration project should no longer be possible, Fondiaria SAI will without delay seek the necessary authorisation for the capital increase.

The preliminary commitments undertaken by Mediobanca and the banks expressing availability to participate in the capital increase underwriting syndicate are based on the completion of the proposed integration operation and having currently not provided a similar guarantee to the Company on a stand alone basis. Therefore, the availability of the banks is, among other issues, based on the completion of the integration project.

ISVAP has restated the necessity to proceed without delay with the capital strengthening operations, without however identifying a final date for completion. Based on the time periods put forward to date, it is expected that the capital increase will take place in May of this year. This timeline assumes that by this date the conditions of the Premafin and Unipol agreement and the terms and conditions of the integration with Unipol will be satisfied.

Although all the necessary information is not available to precisely measure the pro-forma effects of the share capital increase, it is estimated however that – net of transaction costs – the operation will result in the event of full subscription in:

- a capital strengthening of approx. Euro 1,040 million;
- financial and income effects, depending on the utilisation of financial resources deriving from the capital increase which, taking account of current market conditions, may amount to approx. Euro 40 million, gross of the tax effect.

Based on the preliminary evaluations carried out, with the support of the appointed adviser Goldman Sachs, on January 29 on the first review of the agreements reached between Premafin and UGF, it was established that – from an industrial viewpoint – the integration would create the largest Non-Life insurance provider in Italy with a market share of approx. 30% (2010 data). In the Life sector, the new entity would hold a market share of 7% (2010 data).

More generally, the integration would create one of the largest European insurers with approx. Euro 20 billion of consolidated premiums in 2011, in addition to a potential re-rating of the earnings multiples, following the recapitalisation and simplification of the Group structure.

The preliminary review phase of the industrial profiles and potential synergies stemming from the operation – in addition to the share swap ratio of the integration – is currently underway. The Board to date has not passed any resolutions in this regard.

The Board of Directors of the Company has committed to monitor the fulfilment of the conditions on which the completion of the agreement signed on January 29, 2012 between the parent company Premafin and UGF is based.

In any case, if the Company becomes aware of the existence of issues such as to put at risk the completion of the integration, in a timely manner it will evaluate all appropriate initiatives to ensure completion of the proposed capital increase, considering the possibility to renegotiate the agreements for the organisation of an underwriting syndicate, however within the ambit of a wider rescue plan which conforms with sector regulations.

Complaint to the Board of Statutory Auditors pursuant to Article 2408 of the civil code

On March 19, 2012, the Board of Statutory Auditors of Fondiaria SAI S.p.A. reported of a complaint presented pursuant to Article 2408 second paragraph of the civil code relating to potential actionable matters in the complaint presented on October 17, 2011 by Amber Capital Investment. The complaint requested clarification in relation to the Atahotels operation, some property transactions with related parties and the property consultancy services provided by Mr. Salvatore Ligresti, fees paid for services to companies belonging to the Ligresti family and, finally, fees approved in favour of directors in the years 2008-2010.

The Board of Statutory Auditors – in the shareholders' meeting of March 19, 2012 – presented the report, which was made available to the public, through publication on the internet site of the Company, which provides detailed responses to the matters brought to the attention by the complainant.

The Board of Statutory Auditors in its report, to which reference should be made, included some suggestions to the Board of Directors in relation to some of the operations contained in the complainant's request.

The complaint refers to some matters of a procedural nature and compliance before the undertaking of intercompany transactions and with related parties which, as described, were brought to the attention of the Board of Directors, which will undertake the necessary detailed analysis as well as their evaluations, concerning the aspects more strictly related to the real estate transactions, illustrated within the complainant's report.

It is therefore considered that the matters reported in the Board of Statutory Auditors' report do not have any impact on the valuation processes adopted in the preparation of the financial statements.

Any damages which could arise following the detailed analysis requested by the Board of Statutory Auditors will be evaluated by the Board of Directors.

The Independent Directors' Committee was tasked with the identification of the independent experts which, from an economic, real estate and legal viewpoint, may assist the Company in the analyses.

During the Shareholders' Meeting the Board of Statutory Auditors recalled the contents of the second supplementation to the report pursuant to Article 2408 of the Civil Code relating to the petition presented by the shareholder Amber Capital as well as the contents of the report pursuant to Article 2408 of the Civil Code relating to the petition presented by the shareholder Finleonardo S.p.A. (both documents of the Board of Statutory Auditors were published on June 25, 2012 on the internet site of the Company). The latter report indicated that, "with letter of June 20, 2012, CONSOB contested «the accounting treatment of the TPL claims reserves» with consequent possible non compliance of the consolidated financial statements of the Company at December 31, 2011 in accordance with Article 154-ter of the Consolidated Finance Act". The Chief Executive Officer reported to the shareholders on the above-mentioned matter and read a note to the meeting which, together with the publication of the present press release, is published on the internet site of the Company as a supplementation to the report of the Board of Statutory Auditors.

Resolutions of the Extraordinary and Ordinary Shareholders' Meeting of June 27, 2012

The Extraordinary Shareholders' Meeting of Fondiaria-SAI S.p.A., in a meeting chaired by Mr. Cosimo Rucellai, confirmed - as a precautionary measure also pursuant to Article 2377, paragraph 8, of the Civil Code - the resolutions approved by the Extraordinary Shareholders' Meeting of March 19, 2012. Specifically, the shareholders' meeting approved, subject to authorisation by ISVAP:

1) the cancelling of the indication of the nominal value of ordinary and savings shares of FONDIARIA-SAI, in accordance with Articles 2328 and 2346 of the civil code;

2) the carrying out of a reverse split on the ordinary and savings shares in circulation in the ratio of 1 new ordinary or savings share for every 100 respective ordinary and savings shares;

3) the approval of the issue by the Company of new savings shares (the “Category B Shares”) with the same characteristics as the savings shares already in circulation (the “Category A Shares”) with the exception of:

- the pre-emptive right, following that devolving to Category A shares, of capital repayment up to an amount per share equal to the average par value of shares in the same category, i.e. the ratio existing between the total amount of shares allocated on the subscription of the Category B Shares and the total number of Category B Shares existing (the “Category B Par Value”);
- a preference dividend, following payment of Euro 6.50 devolving to Category A Shares, up to an amount of 6.5% of the par value of the Category B Shares;
- a total dividend 5.2% greater than the ordinary shares of the value of the Category B shares;
- the pre-emptive right, following that devolving to Category A Shares, to repayment of capital, in the case of the winding-up of the company, to an amount per share equal to the par value of the Category B Shares;

4) a divisible paid-in share capital increase for a total maximum amount of Euro 1,100,000,000.00, including any share premium, to be carried out by December 31, 2012, through a rights issue of ordinary shares and Category B shares, with full dividend rights, to be offered to holders of ordinary shares and Category A Shares, in accordance with Article 2441, first, second and third paragraphs of the civil code;

5) to amend the by-law provisions concerning the calling of the Shareholders’ Meeting for the approval of the Annual Financial Statements.

The Shareholders’ Meeting also appointed as Director, until the conclusion of the mandate for the entire Board of Directors, Mr. Nicolò Dubini, who was co-opted by the Board on May 10, 2012. Mr. Nicolò Dubini was a candidate at the Shareholders’ Meeting of April 24, 2012, on the re-election of the Board, nominated by the majority slate presented by the shareholders Premafin and Unicredit and was the first candidate not elected. On that occasion Mr. Dubini declared himself an independent director, in accordance with Article 3 of the CFA and of the Self-Governance Code. The Board of Directors verified the independence of the director after his co-optation to the Board on May 10, 2012.

LITIGATION

Actions by shareholders

With regard to the proceedings instituted by shareholders of the subsidiary La Fondiaria Assicurazioni S.p.A. in the carrying out of the obligations of the public purchase offer pursuant to CONSOB regulation of December 2002, there is now only one first level proceeding pending before the Milan Court notified to the Company in February 2012.

Four proceedings initiated by the Company for the reform of four judgements issued by the Court of Milan are pending with the Court of Appeals of Milan. In addition, another proceeding is pending with the Court of Appeals of Florence following the counterparty's appeal of the judgement that was issued by the Court of Florence in favour of the Company.
The Milan Court of Appeals – in the seven second level judgements issued on the matter – has fully reformed the first instant sentences accepting the Company's objections and rejecting the request for compensation made by the claimants.

There are five summary judgements currently before the Court of Cassation brought forth by Promofinan S.p.A. and by Messrs. Marcegaglia, Savelli and Gazzoni Frascara and Promofinan S.r.l. in appeal of the judgement in our favour that was issued by the Milan Court of Appeals. The Company has counter-appealed.
The provisions for risks and charges in the financial statements at 31/12/2011 and at 31/03/2012 are sufficient against the litigation in course.

SIGNIFICANT EVENT AFTER THE PERIOD END

Special Savings Shareholders' Meeting

On April 13, 2012 the Special Savings Shareholders' Meeting of Fondiaria-SAI S.p.A. was held, called on the request of a shareholder and chaired by the Savings Shareholder' Representative.

The Shareholders' Meeting passed resolutions to postpone voting concerning the review of the share capital increase proposal and approval and the review and approval of the Savings Shareholders' Representative Report on the agenda. In addition, a resolution was passed conferring a mandate on the Savings Shareholders' Representative to evaluate, also through appointed advisors, any responsibility devolving to company representatives concerning prior management and any related actions, considering also the Board of Statutory Auditors' Report prepared in accordance with Article 2408, paragraph 2 of the Civil Code. The mandate establishes also that the Savings Shareholders' Representative reports on the verifications at a subsequent Meeting.

It was also decided to constitute an expenses provision for common interests – in accordance with Article 146 of Legs. Decree 58/98 – of Euro 500,000.

CONSOB request for further information

With letter dated April 16, 2012, CONSOB requested the Board of Statutory Auditors of Fondiaria Sai S.p.A., in accordance with Article 114, paragraph 5 of the CFA, to publish the following information:

a) the evaluations underlying the reporting without delay to CONSOB, in accordance with Article 149, paragraph 3 of the CFA, irregularities in relation to the issues subject to the complaint by the shareholder Amber Capital LP of October 17, 2011;
b) a summary of the critical issues reported by the Board of Statutory Auditors and the outcome of the investigations carried out following the above-mentioned complaint;
c) any further activities that the Board of Statutory Auditors have carried out and intends to carry out, in accordance with Article 151 of the CFA, in relation to the issues highlighted by the shareholder Amber Capital LP;
d) the indications drawn up by the Board of Directors on the time periods to be complied with for the carrying out of the assessments requested following the complaint of the above stated shareholder;
e) the considerations concerning the observation by the directors over time – and in particular for the years which relate to the significant events highlighted by the shareholder Amber Capital LP – of the disclosure obligations established by Article 150, paragraph 1 of the CFA;
f) information on other transactions with related parties which the Board of Statutory Auditors considered appropriate to examine further and on the results (or on the state of advancement) of the investigations carried out on these operations, also with regard to the propriety of the procedures carried out and the appropriateness for the Company of such operations;
g) a summary of the significant issues notified by ISVAP on September 29, 2011 and of the corrective measures put in place in this regard by the Company or in the course of implementation, with an evaluation of the Board on the efficacy of these measures;

h) the reasons under which, although in the presence of the critical issues at the previous point b) and the significant issues noted by ISVAP at the previous point g), the Board of Statutory Auditors maintained an evaluation of reliability of the internal Control System of the Company;
i) information on the introduction of powers established by Article 238 of Legislative Decree No. 209/2005 and evaluations on the implementation of the powers established by Article 2393 of the civil code.

CONSOB also established that "The above stated information, together with the present request, must be made available to the public by 8 PM on April 19, 2012, in an attachment to the Relevant report.

In the manner established by Part III, Section II, Heading I of the Issuers' Regulations, a press release must also be published which communicates to the market the necessary supplementation and the present requests, indicating the manner with which this information is made available to the public.

In fulfilment of the Consob request, on April 19, 2012 a supplementation was filed to the Board of Statutory Auditors' report to the Shareholders' Meeting on the results of the Fondiaria-SAIi S.p.A. Financial Statements at December 31, 2011 and on the activities carried out, together with the following attachments: 1) Report as per Article 2408 of the civil code; 2) Supplementary Report as per Article 2408 of the civil code; 3) Arepo and Palladio Finanziaria letter of April 16, 2012; 4) Board of Statutory Auditors' letter of April 18, 2012 with attached letter of April 12, 2012 of the Board of Statutory Auditors to the Board of Directors of the Company.

The above-listed documentation is available on the internet site of the Company in the section Shareholders' Meeting April 23/24, 2012.

Supplementations required by CONSOB to the Directors' Report at December 31, 2011

On the request of CONSOB on April 16, 2012 in accordance with Article 114, paragraph 5 of Legislative Decree 58/98 (the "CFA"), the Board of Directors of Fondiaria-SAI S.p.A. on April 19, 2012 approved a number of supplementations to the Directors' Report at December 31, 2011 published on March 31, 2012 in accordance with Article 154-*ter* of the CFA and to the Remuneration Report published on March 31, 2012 in accordance with Article 123-*ter* of the CFA.
The above stated supplementations and the relative requests of Consob outlined with communication of April 16, 2012 have been made available to the public. The documentation is available on the internet site of the Company (www.gruppofondiariasai.it), the registered office of the Company (corso Galileo Galilei No. 12, Torino) and at Borsa Italiana S.p.A.

Integration project with the Unipol Group

The Board of Directors of Fondiaria-SAI, in a meeting held on April 19, 2012 chaired by Jonella Ligresti, reviewed the valuations and estimates carried out to date, with the support of advisors, in relation to
(i) the combined industrial plan guidelines and possible synergies from the integration with the Unipol Group and
(ii)the pro-forma solvency margin (also projected) of the company formed from the proposed merger.

The Board has, in relation to these issues, approved the viability of the merger.

In relation to the share swap ratio, the Board of Directors reviewed, considering the examinations carried out by their advisors, the proposal of the Unipol Group, and in particular, the condition that establishes a 66.7% stake for Unipol Gruppo Finanziario in the ordinary share capital of Fondiaria-SAI as the incorporated company of the proposed merger.

Although the information available indicates that this condition implies a potential holding for the minority shareholders of Fondiaria-SAI which does not equate with the current valuations made by the financial advisors, the Board of Directors considers that, in light of the current situation for the company and the overall market environment, the proposal of the Unipol Group should be fully explored.

In particular, also based on the opinion of the Committee of Independent Directors, constituted in compliance with the related party transaction procedure, the Board considers that, in order to establish a position in relation to the share swap values, it is necessary to meet with the Unipol Group to jointly draw up possible adjustments, also based on the structure of the operation, which would improve the outcome for the shareholders of Fondiaria-SAI.

Appointment of the corporate boards and the internal committees to the Board of Directors

The Board of Directors of Fondiaria-SAI S.p.A., meeting on April 26, 2012, appointed the corporate officers and the internal committees of the board as reported below.
The Board appointed, for the duration of its mandate, and therefore until the approval of the 2014 annual accounts:

- Cosimo Rucellai as Chairman of the Board of Directors;
- Jonella Ligresti and Massimo Pini as Vice-Chairmen;
- Emanuele Erbetta as Chief Executive Officer.

Piergiorgio Peluso continues in his role as General Manager.

The Board of Directors appointed, for the duration of its mandate and therefore until the approval of the 2014 annual accounts, an Executive Committee comprising 8 directors in the persons of - in addition to the Chairman, Vice Chairmen and the Chief Executive Officer:

- Ranieri de Marchis;
- Vincenzo La Russa;
- Gioacchino Paolo Ligresti;
- Salvatore Militello.

The Board of Directors also appointed the members of the Internal Control Committee as the Directors Salvatore Militello (as lead coordinator), Enzo Mei and Marco Reboa, all of whom independent.

The Board of Directors also appointed the members of the Committee of Independent Directors, set up in accordance with the procedure for transactions with related parties of the Fondiaria-SAI Group in relation to the proposed integration with the UNIPOL GROUP, in addition to exploring the issues concerning the Board of Statutory Auditors' Report as per Article 2408 of the Civil Code, as the Directors Roberto Cappelli, Enzo Mei, Salvatore Militello, Valentina Marocco, Salvatore Bragantini and Marco Reboa.

The Board of Directors also appointed the members of the Remuneration Committee as the Directors Salvatore Militello (as lead coordinator), Valentina Marocco, Enzo Mei, Salvatore Spiniello and Graziano Visentin.

The Remuneration Committee will present proposals to the board of directors on the variable component of the remuneration of the directors within the remuneration policy approved by the shareholders' meeting, and in the determination of the fixed remuneration of the members of the board of directors, with specific offices, taking adequate account, as indicated by Isvap, also of the capitalisation of the Company, as a proportional criteria to be considered between the office undertaken and the measure of remuneration.

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

The Board finally noted the ruling of the Anti-trust Authority in relation to the proposed integration with the Unipol Group, published on the website of the Authority during the Board meeting itself and stated its intention to explore the matter further.

Resolutions of the Shareholders' AGM of April 24, 2012

The Shareholders' AGM of Fondiaria-SAI S.p.A., held on April 24, 2012, chaired by Ms. Jonella Ligresti, firstly approved the 2011 financial statements, whose content has already been communicated to the market, as reported in the Directors' Report previously made public.

The Chief Executive Officer updated on the state of analysis of the events subject to the Report as per Article 2408 of the Civil Code of the Board of Statutory Auditors presented in response to the complaint of the shareholder Amber Capital LP, concerning that announced to the market on April 19, 2012. He also highlighted that recently a bankruptcy petition was presented by the Milan Court in relation to Sinergia Holding di Partecipazioni S.p.A. and IM.CO. Immobiliare Costruzioni S.p.A., with which the Fondiaria-SAI Group signed property contracts which were the subject of the above-mentioned Report as per Article 2408 of the Civil Code, with a value of Euro 141 million.

The Shareholders' AGM also appointed the Board of Directors and the Board of Statutory Auditors for the three years 2012, 2013 and 2014 and therefore until the Shareholders' AGM for the approval of the 2014 annual accounts.

The AGM, on the basis of the slates presented by PREMAFIN FINANZIARIA S.p.A. jointly with UNICREDIT S.p.A., and by AREPO PR S.p.A., established the number of directors at 19, as follows:

- Andrea Broggini
- Roberto Cappelli

- Maurizio Comoli
- Ranieri de Marchis
- Emanuele Erbetta
- Vincenzo La Russa
- Jonella Ligresti
- Gioacchino Paolo Ligresti
- Valentina Marocco
- Enzo Mei
- Salvatore Militello
- Giorgio Oldoini
- Massimo Pini
- Marco Reboa
- Cosimo Rucellai
- Salvatore Spiniello
- Antonio Talarico
- Graziano Visentin
- Salvatore Bragantini

The last director was appointed as the first candidate on the slate presented by AREPO PR S.p.A., receiving the second highest amount of votes.

8 directors out of 19 are independent in accordance with the Self-Governance Code of listed companies and in accordance with Article 148, paragraph 3 of Legislative Decree No. 58/98, specifically: Salvatore Bragantini, Andrea Broggini, Roberto Cappelli, Valentina Marocco, Enzo Mei, Salvatore Militello, Giorgio Oldoini and Marco Reboa. Maurizio Comoli, Ranieri de Marchis and Cosimo Rucellai are considered independent only in accordance with Article 148, paragraph 3 of Legs. Decree No. 58/98.

The meeting thanked the departing Directors.

Salvatore Bragantini, Giorgio Oldoini and Marco Reboa join the Board of Directors of Fondiaria-SAI for the first time.

The Meeting, on the basis of the slates presented by PREMAFIN FINANZIARIA S.p.A. jointly with UNICREDIT S.p.A., and by AREPO PR S.p.A., appointed the Board of Statutory Auditors as follows:

- Giuseppe Angiolini *Chairman*
- Giorgio Loli *Statutory Auditor*
- Antonino D'Ambrosio *Statutory Auditor*
- Sergio Lamonica *Alternate Auditor*
- Maria Luisa Mosconi *Alternate Auditor*
- Giovanni Rizzardi *Alternate Auditor*

Giuseppe Angiolini was appointed Chairman of the Board of Statutory Auditors as the first candidate for the position of Statutory Auditor on the slate presented by AREPO PR S.p.A., receiving the second highest amount of votes. Giovanni Rizzardi was appointed an Alternate Auditor as the first candidate for the position of Alternate Auditor on the slate presented by AREPO PR S.p.A., receiving the second highest amount of votes.

Benito Giovanni Marino, the second candidate for the position of Statutory Auditor on the slate presented by PREMAFIN FINANZIARIA S.p.A. and UNICREDIT S.p.A., communicated before the beginning of the AGM the withdrawal of his candidacy for serious family reasons.

In relation to the other matters on the agenda, for the reasons outlined in the supplementation to the Remuneration Report previously made public on the request of CONSOB, the Remuneration policies contained in Section I of the Report were not put to today's Shareholders' AGM.

The Meeting finally authorised for a further 12 months the purchase/sale of treasury shares, and of shares in the parent company Premafin Finanziaria, with investment limits respectively of Euro 500,000 and Euro 300,000, considering also that the maximum number of shares may not exceed the number of shares sold in the meantime.

Results of the purchase/sale of treasury shares and of shares in the parent company Premafin Finanziaria approved by the Shareholders' Meeting of April 28, 2011

Pursuant to Article 144 *bis* of the Issuers' Regulations, on April 24, 2012 the results were reported of the purchase/sale of treasury shares and of shares in the parent company Premafin Finanziaria approved by the Shareholders' AGM of April 28, 2011.
In the period considered Fondiaria-SAI did not undertake any purchase/sale of ordinary and/or savings shares, nor the purchase/sale of ordinary and/or savings shares of the parent company Premafin Finanziaria.

Resignation of Marco Reboa

On May 3, 2012 Marco Reboa resigned as a director of Fondiaria-SAI S.p.A., considering that his professional and university activities did not permit him to undertake, in line with the necessary diligence of the office and taking into account the issues concerning the Company, his functions with due care.

Initiatives underway concerning the sale of Atahotels.

On May 3, 2012 the Board of Directors of Fondiaria-SAI selected the private equity operator 21 Investimenti for the role of exclusive analysis for the sale of the hotels business comprising the corporate structures headed by Atahotels.

Update on the Integration project with the Unipol Group

A brief summary of the events occurring in June is provided below.
On June 6, 2012, following the complex negotiations between the parties involved in the Integration Project, Unipol sent to Fondiaria Sai, Premafin and Milano Assicurazioni a proposal concerning the percentage holdings in the ordinary share capital of Fondiaria Sai post merger to be allocated to the parties participating in the Integration Project. This proposal establishes the allocation of the following percentage holdings:

- Unipol 61.00%
- Other Shareholdrs of Fondiaria-SAI 27.45%
- Other Shareholders of Milano Assicurazioni 10.70%
- Other Sharehoders of Premafin 0.85%

The Board of Directors of Fondiaria-SAI on June 11, 2012 approved, by majority vote, to communicate to UGF their availability to further establish terms and conditions for the integration operation based on the proposal of June 6, 2012 and specifically on the basis of a 27.45% ordinary share capital holding for the current ordinary shareholders of Fondiaria-SAI other than Premafin.
The resolution was undertaken following the prior majority expression of approval of the Committee of Independent Directors in accordance with the related parties procedure, which based its decision on the consideration that the Unipol counter proposal, although outside the range of values preliminarily established by the financial advisors, is in the interest of shareholders in view of the current extraordinary situation, particularly considering the ISVAP request for an urgent recapitalisation under the sector regulation regarding the adjusted solvency margin.
On June 20, 2012, the Bank of Italy authorised in accordance with Article 19 of Legislative Decree 385/93, Finsoe and Unipol to undertake a majority shareholding in Banca Sai and issued the clearance in accordance with Article 15 of the CFA to undertake control of Sai Mercati Immobiliari SIM, Sai Investimenti SGR and an 18% holding in Hines SGR.
Also on June 20, 2012, ISVAP authorised in accordance with Article 68 of the Private Insurers Code, Finsoe S.p.A. to undertake, through Unipol and within the Integration Project, control of Premafin and of the Fondiaria Sai Group, by establishing a series of commitments to be undertaken by Finsoe S.p.A. and Unipol, respectively, as companies heading the Unipol conglomerate and of the parent company of the insurance group post acquisition.

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

The clearance is subject to the undertaking of a number of measures and commitments by the AGCM Investigation Parties: the Authority in fact decided that the integration between the Unipol Group and the Premafin / Fondiaria-Sai Group could be authorised against stringent measures capable of loosening the ties with Mediobanca (which controls Generali, the principal competitor on the markets impacted by the operation) and to reduce, through the sale of assets, the dominant position acquired in the non-life markets (in particular for Motor TPL policies) at national level and the distribution of policies in 93 provinces.
The measures drawn up may be grouped into three types: (I) measures to guarantee the sale of assets (ii) measures to overcome the equity and financial ties between the new entity and Mediobanca, and (iii) measures to be undertaken by Mediobanca.
On June 25, 2012 Unipol and Premafin communicated to the market the Agreement of:

- in relation to that indicated by Consob, with provision of May 22 and May 24, 2012, concerning the response to the request drawn up by Unipol concerning the granting of an exemption from the obligatory purchase offer of the various phases of the integration process (i) to modify the discharge agreement between Unipol and Premafin of January 29, 2012 to limit such exclusively to Directors and Statutory Auditors of Premafin, Fondiaria-Sai, Milano Assicurazioni and the respective subsidiaries, in office between 2007-2011, which did not hold, directly or indirectly, also through subsidiaries, Premafin shares at January 29 2012;

  (Ii) to limit the right to withdrawal within the context of the merger so that such a right does not extend to the majority Premafin shareholders and does not affect any future valuation concerning the exclusion of the right to withdrawal to all Premafin shareholders within he Merger;
- in relation to the conditions of the Agreement of January 29, 2012, (i) to implement the conditions at Paragraph 3.1, point (vii), letter (y) (redefinition of the agreements with the lending banks of Fondiaria-SAI, Milano Assicurazioni and the other group companies) and (z) (cancellation of the commitments on Fondiaria SAI shares held by Premafin and Finadin by the respective lending banks), point (ix) (approval of the Merger Project) and point (xi) (resignation of at least a majority of Directors of Finadin, Fondiaria SAI, Milano Assicurazioni and their significant subsidiaries) of the Agreement is renounced by the parties, subject to the beginning of the subscription period of the capital increase or, if prior, beginning of the subscription period of the Unipol Capital increase, so that Merger activities may continue without interruption, in order to approve the merger project in the quickest timeframe; (ii) to recognise that indicated in the previous point (i) was accepted by Unipol (a) excluding the commitment in good faith of Premafin, of a non-binding nature, that at least the majority of Directors appointed by the shareholders meeting, even if appointed in 2012, of Finadin S. p. A,, Fondiaria-SAI, Milano Assicurazioni and their significant subsidiaries resign from the offices held and (b) excluding the condition as per article 3.1 point (x) of the Agreement (resignation of at least the majority of Premafin Directors).

On June 27, 2012, the Shareholders' Meeting of Fondiaria-SAI approved the share capital increase through a paid-in capital increase for a total maximum amount of Euro 1,100,000,000.00, including any share premium, to be carried out by December 31, 2012, through a rights issue of ordinary shares and Category B shares, with full dividend rights, to be offered to holders of ordinary shares and Category A Shares, in accordance with Article 2441, first, second and third paragraphs of the civil code.

Bankruptcy of Imco S.p.A. and Sinergia Holding di Partecipazioni S.p.A.

Reference should be made to the chapter “Supplementation of First Quarter Report of July 2, 2012”.

Sale of the building located in Milan, Piazza Santa Maria Beltrade

On June 29, 2012 a sales contract for the property complex in Milan, Piazza Santa Maria Beltrade was signed. The property complex was sold to Carlyle Real Estate SGR S. p. A. at a price of Euro 63 million, with a gain realised of approximately Euro 15 million: This gain will be recognised in the 2012 half year report.

OUTLOOK

In the first months of 2012 the first signs of an improvement in the current management became apparent in the Non-Life Division, which is testament to the initiatives implemented to recover profitability and strengthen the capital base. This trend was confirmed, in addition, by the performance in subsequent months; however these results will be impacted by unforeseeable extraordinary effects, such as the administration procedures involving the related companies Imco and Sinergia, in addition to the earthquakes in the Emilia-Romagna area and in relation to which the Group is carrying out evaluations.
In particular, in the Motor TPL class the number of claims reported continue to contract as a result of the actions implemented in relation to the previous claims portfolio, fight against fraud and concerning tariff changes, undertaken in order to permit a better synthesis of the financial mutuality to the effective client risk, making the guarantees offered more competitive on a national level. In the Non-Life sector, the coming months will see a continuation of the actions taken to recover technical profitability.
The prudent reservation policy carried out at the end of 2011, both by the settlement agencies on the inventory taking and through the updating of the actuarial models, and a more focused management of the settlement activities contributed in the first quarter of 2012 to the overall maintenance of the technical reserves concerning prior year claims.

In the Other Non-Life Classes, the underwriting policy will continue to be prudent and favour the Retail client and the small-medium size business sector, while business in the municipalities and regions with particularly satisfying technical performances will be developed further.
In the Retail sector, the reform actions will be pursued further, while the portfolio mix will be restructured in the Corporate sector (policy discontinuations and reforms), in addition to a review of the underwriting criteria. In general terms, the Group will disengage from non profitable sectors. With the assistance of the sales force, further marketing drives will be focused in the agencies and on a general reorganisation of the distribution platforms, in order to consolidate agencies in terms of volumes and profitability.

In the Life class, the actions to improve the portfolio quality will continue, increasing the level of periodic premium Class I products (annual or recurring), which are more remunerative and engender client loyalty, creating therefore long-term value. The profit forecasts of the life segment for the year will depend however also on the overall performance of redemptions, which at the moment highlight a situation of higher than expected advanced redemptions, both through agency network and the banking channel.
In relation to the Real Estate segment, investments will continue to be reduced, through an extensive review of the asset allocation of the Group and the development and sale of non-core assets.
In the Financial sector, further improvements are expected in line with a gradual stabilisation of the financial markets.
The actions to contain overhead costs will continue through the review of operating models and the simplification (including structurally) of the Group.

Milan, 2/7/2012

For the Board of Directors

Mr. Emanuele Erbetta

Interim Condensed Consolidated Financial Statements and Notes as of and for the three months ended March 31, 2012

Declaration of compliance with international accounting standards and general preparation principles

The interim condensed consolidated financial statements at March 31, 2012 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 as currently in force and their current interpretation by the official accounting organisations.

These interim condensed consolidated financial statements were prepared in accordance with IAS 34 ("Interim Financial Reporting") only for the purpose to be included in our Offering Circular prepared in connection with the capital increase and to be reviewed by the auditors. The level of disclosure is considered extraordinary and non-repeatable in relation to the interim reports for subsequent periods.
These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2011 as they provide an update of previously reported informations.

The interim condensed financial statements, comprising the statement of financial position, the income statement, the statement of comprehensive income, statement of changes in equity and the statement of cash flow) 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.

Interim Condensed Consolidated Financial Statements

STATEMENT OF FINANCIAL POSITION - ASSETS

(in Euro thousands)

		March 31, 2012	December 31, 2011
1	**INTANGIBLE ASSETS**	**1,450,117**	**1,462,890**
1.1	Goodwill	1,362,850	1,367,737
1.2	Other intangible assets	87,267	95,153
2	**PROPERTY, PLANT & EQUIPMENT**	**398,582**	**401,744**
2.1	Buildings	314,629	315,500
2.2	Other tangible assets	83,953	86,244
3	**TECHNICAL RESERVES – REINSURANCE ASSETS**	**703,414**	**701,880**
4	**INVESTMENTS**	**34,503,745**	**33,789,332**
4.1	Investment property	2,695,945	2,759,245
4.2	Investments in subsidiaries, associates and joint ventures	111,881	116,558
4.3	Investments held to maturity	625,256	599,713
4.4	Loans and receivables	3,745,475	3,688,865
4.5	Financial assets available for sale	19,151,606	17,598,287
4.6	Financial assets at fair value through profit & loss	8,173,582	9,026,664
5	**OTHER RECEIVABLES**	**1,812,465**	**2,340,741**
5.1	Receivables from direct insurance operations	1,216,042	1,698,430
5.2	Receivables from reinsurance operations	67,047	78,637
5.3	Other receivables	529,376	563,674
6	**OTHER ASSETS**	**1,709,458**	**1,803,440**
6.1	Non-current assets or disposal group classified as held for sale	49,298	87,151
6.2	Deferred acquisition costs	30,679	30,301
6.3	Deferred tax assets	995,257	1,155,060
6.4	Current tax assets	303,637	316,208
6.5	Other assets	330,587	214,720
7	**CASH AND CASH EQUIVALENTS**	**938,766**	**976,582**
	TOTAL ASSETS	**41,516,547**	**41,476,609**

STATEMENT OF FINANCIAL POSITION – SHAREHOLDERS' EQUITY & LIABILITIES

(in Euro thousands)

		March 31, 2012	December 31, 2011
1	**SHAREHOLDERS' EQUITY**	**2,156,662**	**1,556,708**
1.1	**Shareholders' equity attributable to the Group**	**1,467,241**	**1,036,952**
1.1.1	Share Capital	494,731	494,731
1.1.2	Other equity instruments	0	0
1.1.3	Capital reserves	310,990	315,460
1.1.4	Retained earnings and other reserves	985,831	1,834,570
1.1.5	(Treasury shares)	-213,026	-213,026
1.1.6	Reserve for currency transaltion difference	-64,521	-56,772
1.1.7	Unrealized gain or loss on financial assets available for sale	-65,950	-478,283
1.1.8	Other unrealized gain or losses through equity	-10,722	-7,009
1.1.9	Net profit (loss) for the year	29,908	-852,719
1.2	**Shareholders' equity attributable to non controlling interest**	**689,421**	**519,756**
1.2.1	Non controlling interest capital and reserves	722,600	903,659
1.2.2	Unrealized gains and losses through equity	-32,336	-201,984
1.2.3	Net profit (loss) for the year	-843	-181,919
2	**PROVISIONS**	**376,439**	**322,310**
3	**INSURANCE CONTRACT LIABILITIES**	**34,813,175**	**35,107,505**
4	**FINANCIAL LIABILITIES**	**2,578,068**	**3,143,273**
4.1	Financial liabilities at fair value through profit & loss	748,061	1,303,886
4.2	Other financial liabilities	1,830,007	1,839,387
5	**PAYABLES**	**930,911**	**792,090**
5.1	Payables from direct insurance operations	89,239	78,999
5.2	Payables from reinsurance operations	130,317	84,912
5.3	Other payables	711,355	628,179
6	**OTHER LIABILITIES**	**661,292**	**554,723**
6.1	Liabilities directly associated with non current assets or disposal group classified as held for sale	0	0
6.2	Deferred tax liabilities	186,356	133,452
6.3	Tax liabilities	38,555	16,522
6.4	Other liabilities	436,381	404,749
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**41,516,547**	**41,476,609**

INCOME STATEMENT

(in Euro thousands)

		March 31, 2012	March 31, 2011
1.1	Net premiums	2,574,989	3,024,780
1.1.1	*Gross premiums written*	*2,648,302*	*3,109,359*
1.1.2	*Premiums ceded to re-insurers*	*-73,313*	*-84,579*
1.2	Commission income	4,934	7,423
1.3	Net income from financial instruments recorded at fair value through profit and loss	253,377	-37,379
1.4	Financial income from investments in subsidiaries, associates and joint ventures	151	26
1.5	Financial income from other financial instruments and property investments	332,580	295,469
1.5.1	*Interest income*	*207,539*	*191,896*
1.5.2	*Other income*	*38,481*	*35,276*
1.5.3	*Profits realised*	*81,962*	*68,219*
1.5.4	*Valuation gains*	*4,598*	*78*
1.6	Other income	109,473	174,381
1	**TOTAL REVENUES AND INCOME**	**3,275,504**	**3,464,700**
2.1	Net insurance benefit and claims	-2,395,393	-2,604,195
2.1.2	*Amounts paid and changes in technical provision*	*-2,441,232*	*-2,634,373*
2.1.3	*Quota ceded to reinsurers*	*45,839*	*30,178*
2.2	Fee and commission expenses	-2,807	-4,729
2.3	Fianncial expenses from investments in subsidiaries, associates and joint ventures	-7,061	-934
2.4	Financial expenses from other financial instruments and property investments	-87,492	-127,678
2.4.1	*Interest expenses*	*-16,959*	*-15,984*
2.4.2	*Other expenses*	*-14,864*	*-15,644*
2.4.3	*Losses realised*	*-16,068*	*-53,862*
2.4.4	*Valuation losses*	*-39,601*	*-42,188*
2.5	Management expenses	-424,672	-470,906
2.5.1	*Commissions and other acquisition expenses*	*-314,995*	*-356,023*
2.5.2	*Investment management charges*	*-3,493*	*-3,504*
2.5.3	*Other administration expenses*	*-106,184*	*-111,379*
2.6	Other expenses	-304,779	-279,940
2	**TOTAL COSTS AND EXPENSES**	**-3,222,204**	**-3,488,382**
	LOSS BEFORE TAXES	**53,300**	**-23,682**
3	Income tax	**-26,546**	**-1,244**
	NET LOSS	**26,754**	**-24,926**
4	**PROFIT FROM DISCONTINUED OPERATIONS**	**2,311**	**0**
	CONSOLIDATED LOSS	**29,065**	**-24,926**
	Net Loss attributable to the Group	29,908	-24,863
	Net Loss attributable to non controlling interest	-843	-63

COMPREHENSIVE INCOME STATEMENT

	March 31, 2012	December 31, 2011
CONSOLIDATED LOSS	**29,065**	**-24,926**
Change in reserve for currency transaltion difference	-7,750	4,571
Gain or loss from financial assets available for sale	583,246	96,494
Gain or loss on cash flow hedging instruments	-1,875	13,980
Gain or loss on a net foreign investment hedge		0
Change in net equity of holdings	3,009	-1,486
Change in revaluation reserve of intangible assets		0
Change in revaluation reserve of tangible assets		0
Income/(charges) on non-current assets or disposal group classified as held for sale		0
Actuarial gains and losses and adjustments to employee defined benefit plans	-6,111	-2,662
Other		5,442
TOTAL OTHER COMPREHENSIVE INCOME STATEMENT ITEMS	**570,519**	**116,339**
Total Comprehensive consolidated income	**599,584**	**91,413**
group share	**430,779**	**75,582**
minority share	**168,805**	**15,831**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2012

In relation with the consolidated statement of changes in 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 presented below.
In particular:

- The "Allocation" relates to, among others, the allocation of the result for the year, the allocation of the result for the previous year to the reserves, the increase in share capital and other reserves, and the changes in unrealized gains and losses through equity.
  The "Adjustment due to reclassification to the Income Statement" includes the gains and losses previously recorded through equity which are reclassified to the Income Statement in accordance with international accounting standards;
- The "Transfers" includes, among others, the distribution of dividends and the decrease of share capital and other reserves, including the purchase of treasury shares.

The statement highlights all 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)

		As of December 31, 2010	Change in opening balances	Allocation	Reclassifications to Income Statement	Transfers	As of March 31, 2011
Shareholders' equity attributable to the Group	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			1,911,150
	(Treasury shares)	-321,933					-321,933
		-717,582		692,719			-24,863
	Other comprehensive income items	-76,141		74,867	25,578	0	24,304
	Total Shareholders' equity attributable to the Group	**1,882,127**	**0**	**57,944**	**25,578**	**0**	**1,965,649**
Shareholders' equity attributable to non controlling interest	Share capital and reserves	902,126		-158,256			743,870
	Net profit (loss) for the year	-211,279		211,321		-105	-63
	Other comprehensive income items	-22,869		9,270	6,624		-6,975
	Total Shareholders' equity attributable to non controlling interest	**667,978**	**0**	**62,335**	**6,624**	**-105**	**736,832**
Total		**2,550,105**	**0**	**120,279**	**32,202**	**-105**	**2,702,481**

		As of December 31, 2011	Change in opening balances	Allocation	Reclassifications to Income Statement	Transfers	As of March 31, 2012
Shareholders' equity attributable to the Group	Share Capital	494,731					494,731
	Other equity instruments	0					0
	Capital reserves	315,460		-4,470			310,990
	Retained earnings and other reserves	1,834,570		-848,739		0	985,831
	(Treasury shares)	-213,026					-213,026
		-852,719		882,627		0	29,908
	Other comprehensive income items	-542,064		368,522	32,349	0	-141,193
	Total Shareholders' equity attributable to the Group	**1,036,952**	**0**	**397,940**	**32,349**	**0**	**1,467,241**
Shareholders' equity attributable to non controlling interest	Share capital and reserves	903,659		-181,059		0	722,600
	Net profit (loss) for the year	-181,919		181,076		0	-843
	Other comprehensive income items	-201,984		153,414	16,234		-32,336
	Total Shareholders' equity attributable to non controlling interest	**519,756**	**0**	**153,431**	**16,234**	**0**	**689,421**
Total		**1,556,708**	**0**	**551,371**	**48,583**	**0**	**2,156,662**

CONSOLIDATED STATEMENT OF CASH FLOWS AT MARCH 31, 2012

In relation to the Consolidated Statement of Cash Flows, the attachment as per Regulation No. 7/2007, which complies with IAS 7, is provided; IAS 7 requires that the preparation of the statement satisfies some minimum requirements and that the presentation of the cash flows from operating activities is prepared using the direct method, which indicates the main categories of gross receipts and payments or alternatively the indirect method, which adjusts the results for the period for the effects of non-cash items, for any deferral or accrual of future operating receipts and payments, and for revenues or costs relating to financial cash flows deriving from investments and financial activities.

The following consolidated statement of cash flows, prepared using the indirect method, set forth separately the net cash flows deriving from operating activity and the net cash flows from investing and financial activities.

CASH FLOW STATEMENT (indirect method)

(in Euro thousands)	March 31, 2012	December 31, 2011
Loss before taxes	**53,300**	**-23,682**
Non-cash adjustment to reconcile profit before tax to net cash flows	**-503,397**	**487,685**
Change in non-life unearned premium provision	-155,314	-121,457
Change in claims other non-life insurance technical provisions	-75,495	-7,250
Change in actuarial and other life insurance technical provisions	-326,064	367,647
Change in deferred acquisition costs	-378	9,403
Change in provisions	54,129	13,083
Non-cash income/expenses from financial instruments, property and investments	-56,231	27,537
Other	55,956	198,722
Change in payables and receivables from operating activities	**486,514**	**219,416**
Change in payables and receivables from direct insurance and reinsurance operations	423,065	301,385
Change in other payables and receivables	63,449	-81,969
Income taxes paid	**0**	**0**
Net cash flows from/(used in) investing and financing activities	**220,409**	**-489,848**
Liabilities from financial contracts issued by insurance companies	-610,369	-48,598
Bank and interbank payables	-25,951	-22,107
Loans and receivables from banks and interbank	-97,651	-21,067
Other financial instruments at fair value through profit and loss	954,380	-398,076
NET CASH FLOW FROM OPERATING ACTIVITIES	**256,826**	**193,571**

Net cash flows from/(used in) property investments	20,293	-3,948
Net cash flows from/(used in) investments in subsidiaries, associates and joint ventures	-13,389	-8,791
Net cash flows from/(used in) loans and receivables	45,622	-449,082
Net cash flows from/(used in) investments held to maturity	-25,543	-9,081
Net cash generated/absorbed from AFS financial assets	-432,395	198,629
Net cash flows from/(used in) intangible and tangible assets	-1,848	-12,696
Net cash flows from/(used in) investing activities	87,602	2,186
NET CASH FLOW FROM INVESTNG ACTIVITIES	**-319,658**	**-282,783**

Proceeds from Group equity instruments	0	0
Proceeds from treasury shares	0	0
Group Dividends paid	0	0
Net cash flows from/(used in) non controlling interest capital and reserves	0	53,023
Net cash flows from/(used in) sub-ordinated liabilities and financial instruments in holdings	0	0
Net cash flows from/(used in) other financial liabilities	25,016	-103,344
NET CASH FLOW FROM INVESTNG ACTIVITIES	**25,016**	**-50,321**

Effects of exchange rate changes on cash and cash equivalents	**-1,880**	**877**

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	976,582	625,940
NET INCREASE/(DECREASE) IN CASH AND EQUIVALENTS	-37,816	-139,533
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	938,766	486,407

Notes to the Interim Condensed Consolidated Financial Statements

PART A – Basis of Preparation and Accounting Policies

The accounting standards utilised, the measurement and recognition criteria, in addition to the consolidation methods applied for the preparation of the Interim Condensed consolidated financial statements at March 31 2012, are consistent with those adopted for the Consolidated financial statements at December 31, 2011 - to which reference should be made - and therefore are in compliance with the International Accounting Standards IAS/IFRS as issued by the IASB (International Accounting Standard Board) and endorsed by the European Union.
Reference should therefore be made to the 2011 Consolidated financial statements for detailed illustration of the methods utilised.
The adoption of new standards, amendment to standards and interpretation (including the amendments to IAS 12 – Income Taxes) did not result in significant impacts on the condensed consolidated interim financial statements at March 31, 2012.
The interim condensed consolidated financial statements and the relative Explanatory Notes for the three-months period ended March 31, 2012 have been prepared in accordance with IAS 34 "Interim Financial Reporting", presenting the significant operations and events of the period. The preparation of the interim condensed consolidated financial statements requires the use of estimates and assumptions that affects the amount of assets, liabilities, revenues and expenses. The estimates and assumptions are revised regularly and any changes recorded in the period in which they are carried out.

The main estimates and assumptions used for the preparation of the interim condensed consolidated financial statements at March 31, 2012 are disclosed in the following pragraphs.

Non-Life Claims Reserves

Motor TPL:
With reference to the recent claims, the valuation of the related reserve has been performed taking into account the low maturity level of these claims and the consideration of the average cost of their inception, comparing this value also with similar targets available on the market. In particular the technical reserve, calculated through the application of the statistical average costs previously applied for the 2011 consolidated financial statements (except for specific changes made by the settlement network), has been supplemented in order to obtain an average cost for recent claims consistent with the calculation performed for the 2011 fiscal year, taking into account the forecasts for the average cost for the present year.

For previous year claims, already accrued to reserves at the beginning of the period, the valuation was consistent with the last cost calculated at the end of 2011, based on the same statistical methodology and taking into account the reversals of the reserve occurred in the current quarter.

Other Non-Life Classes:
For both the current and previous generations, the technical estimate performed was supplemented including the parameters already utilised for the 2011 consolidated financial statements, in case of not significant statistical changes compared to the consolidated trends.

Reinsurance

The technical reinsurance reserves are calculated based on the portion ceded of the proportional reinsurance contracts and, in a previsional manner, for reinsurance contracts in excess and stop-loss, on the basis of the information available and with the same criteria utilized for direct premium reserves, taking into account the contractual clauses.
The accounts related to the indirect insurance premiums represent the portion of the results estimated for the full year; in the determination of the amounts, reference was made to the certified data related to mandatory contracts agreed by companies outside the Group, whose technical results refer to the fiscal year 2011.

Valuation and impairment of financial instruments

With regard to the valuation of financial instruments, reference should be made to the explanatory notes included in the consolidated financial statements at 31/12/11.
The “fair value policy” described therein did not change and, therefore, with reference to the financial instruments listed in active markets, the stock exchange price at 31/03/2011 was utilised.

Similarly no changes in the Group impairment policy took place; accordingly, reference should be made to the 2011 Consolidated financial statements.

Currency

The interim condensed consolidated financial statements are presented in Euro which is the Company’s functional currency. It is also reported in the notes whether the amounts reported are in Euro thousands or millions. It should be noted that the translation into Euro of financial statements in currencies other than the Euro is carried out using the exchange rates in force at the reporting date for the statement of financial position items and the average exchange rate for the income statement items.

Consolidation methods

The consolidation methods utilised in the interim report are consistent with those applied for the consolidated financial statements at 31/12/2011. Accordingly, for a detailed description of the accounting principles applied, reference should be made to the consolidated financial statements at 31/12/2011.

For the preparation of the interim condensed consolidated financial statements, the interim financial statemenrs approved by the Boards of Directors of each component were utilised or, alternatively, the quarterly reports reviewed by the component’s management.

GROUP STRUCTURE

Consolidation scope

As of 31/03/2012, the Fondiaria-SAI Group, including the Parent Company, was made up of 106 Companies, of which 17 operate in the insurance sector, one in the banking sector, 45 in the real estate and agricultural sectors and 20 in the financial services sector; the remaining companies are service companies. The foreign companies within the Group are 17.

The fully consolidated companies are 80, those consolidated under the Equity Method are 16, whereas the remaining companies are consolidated following the proportional method or maintained at cost due to limited size or the nature of the activities as they are not significant for the purposes of a true and fair representation of the present financial statements.

There are 84 subsidiary companies, of which 29 are directly controlled by the Parent Company.

In the first quarter of 2012 the Fondiaria SAI Group consolidation scope did not change significantly, except for (i) the exit from the consolidation scope of IGLI S.p.A. and MB Venture Capital and (ii)the merger by incorporation of Sistemi Sanitari S.c.a.r.l. into the Fondiaria-SAI Servizi S.c.a.r.l. Group.

Additionally, in accordance with IAS 27 paragraph 40 d) the associated company Fondiaria-SAI Servizi Tecnologici S.p.A. is valued following the equity method as, even though Fondiaria-SAI owns the majority of the voting rights (51%), the operating control of the company is exercised by the other shareholder Hp Enterprise Services Italia S.r.l. in accordance with governance agreements made.

	Sector	Percentage of control Direct		Indirect	Group holding
SUBSIDIARY COMPANIES					
Companies consolidated line-by-line					
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 15,000,000	Services	51.00	MILANO ASSICURAZIONI S.p.A.	49.00	82.06
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	63.39
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 11,500,000	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	63.39
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
CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA S.r.l. Sesto Fiorentino (FI) Share Capital Euro 182,000	Services	100.00			100.00

	Sector	Percentage of control: Direct	Percentage of control: Indirect		Group holding
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	97.51
CASTELLO CONSORTIUM Florence Share Capital Euro 401,000	Real Estate		NUOVE INIZIATIVE TOSCANE S.r.l.	99.57	98.43
DDOR NOVI SAD ADO Novi Sad (Serbia) Share capital 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	63.29
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
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

	Sector	Percentage of control: Direct		Percentage of control: Indirect	Group holding
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	87.29
			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	
			THE LAWRENCE R.E.	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	
			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	86.88
IMMOBILIARE MILANO ASSICURAZIONI S.r.l. Turin Share Capital Euro 20,000	Real Estate		MILANO ASSICURAZIONI S.p.A.	100.00	63.39
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	82.06
LIGURIA SOCIETÀ DI ASSICURAZIONI S.p.A. Milan Share Capital Euro 36,800,000	Non-Life Insurance		MILANO ASSICURAZIONI S.p.A.	99.97	63.37
LIGURIA VITA S.p.A. Milan Share Capital Euro 6,000,000	Life Insurance		LIGURIA SOC. DI ASSICURAZIONI S.p.A.	100.00	63.37
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

	Sector	Percentage of control Direct		Indirect	Group holding
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 373,682,600.42	Mixed Insurance	61.10	FONDIARIA-SAI NEDERLAND B.V. POPOLARE VITA S.p.A. PRONTO ASSISTANCE S.p.A. SAI HOLDING ITALIA S.p.A. SAINTERNATIONAL S.A.	1.51 0.02 0.06 0.51 0.20	63.39
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	98.86
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
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

	Sector	Direct	Percentage of control	Indirect	Group holding
PRONTO ASSISTANCE SERVIZI S.c.a.r.l. Turin Share Capital Euro 516,000	Services	37.40	MILANO ASSICURAZIONI S.p.A.	28.00	79.92
			DIALOGO ASSICURAZIONI S.p.A.	24.00	
			LIGURIA SOC. DI ASSICURAZIONI S.p.A.	2.20	
			INCONTRA ASSICURAZIONI S.p.A.	0.15	
			SYSTEMA COMPAGNIA DI ASS.NI S.p.A.	0.35	
			BANCASAI S.p.A.	0.10	
			GRUPPO FONDIARIA-SAI SERVIZI S.c.r.l.	0.10	
			PRONTO ASSISTANCE S.p.A.	7.70	
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	69.38
SAI MERCATI MOBILIARI SIM S.p.A. Milan Share Capital Euro 13,326,395	Real Estate Brokerage	100.00			100.00
SAIAGRICOLA S.p.A. SOCIETÀ AGRICOLA Turin Share Capital Euro 66,000,000	Agriculture	92.01	MILANO ASSICURAZIONI S.p.A.	6.80	97.51
			PRONTO ASSISTANCE S.p.A.	1.19	
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.	99.99	100.00
			FINSAI INTERNATIONAL S.A.	0.01	
SAINT GEORGE CAPITAL MANAGEMENT S.A. Lugano (CH) Share Capital CHF 3,000,000	Financial		SAIFIN-SAIFINANZIARIA S.p.A.	100.00	100.00
SAINTERNATIONAL S.A. Luxembourg Share Capital Euro 154,000,000	Financial	100.00			100.00
SANTA MARIA DEL FICO S.r.l. Umbertide (PG) Share Capital Euro 78,000	Agriculture		SAIAGRICOLA S.p.A. – Società Agricola	100.00	97.51
SERVICE GRUPPO FONDIARIA-SAI S.r.l. Florence Share Capital Euro 104,000	Services	70.00	MILANO ASSICURAZIONI S.p.A.	30.00	89.02
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	100.00			100.00

	Sector	Direct	Percentage of control	Indirect	Group holding
SINTESI SECONDA S.r.l. Milan Share Capital Euro 10,400	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	100.00	63.39
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	63.39
SRP Services S.A. Lugano (CH) Share Capital CHF 1,000,000	Services		SAINTERNATIONAL S.A.	100.00	100.00
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	63.39
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	82.06
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	82.06
DDOR AUTO DOO Novi Sad (Serbia) Share Capital Euro 9,260.97	Services		DDOR NOVI SAID ADO.	100.00	99.99
GLOBAL CARD SERVICE S.r.l. in liquidation Milan Share Capital Euro 98,800	Services		LIGURIA VITA S.p.A. LIGURIA SOC. DI ASSICURAZIONI S.p.A.	51.00 44.00	60.20
HOTEL TERME DI SAINT VINCENT S.r.l. Saint Vincent (AO) Share Capital Euro 15,300	Services		ATAHOTELS S.p.A.	100.00	82.06

	Sector	Percentage of control Direct		Indirect	Group holding
ITAL H & R S.r.l. Pieve Emanuele (MI) Share Capital Euro 50,000	Services		ITALRESIDENCE S.r.l.	100.00	82.06
TOUR EXECUTIVE S.r.l. Milan Share Capital Euro 118,300.08	Services		ATAHOTELS S.p.A.	100.00	82.06
ASSOCIATED COMPANIES					
Companies valued under the equity method:					
A 7 S.r.l. in liquidation Milan Share Capital Euro 200,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	20.00	12.68
BORSETTO S.r.l. Turin Share Capital Euro 2,971,782.3	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	44.93	28.48
BUTTERFLY AM S.a.r.l. Luxembourg Share Capital Euro 29,165	Financial		IMMOBILIARE FONDIARIA-SAI S.r.l.	28.57	28.57
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	20.28
ISOLA S.C.A. Luxembourg Share Capital Euro 31,000	Financial		MILANO ASSICURAZIONI S.p.A.	29.56	18.74
METROPOLIS S.p.A. Florence Share Capital Euro 1,120,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	29.73	18.85
PENTA DOMUS S.p.A. Turin Share Capital Euro 120,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	20.00	12.68
PROGETTO ALFIERE S.p.A. Rome Share Capital Euro 120,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	19.00	19.00

	Sector	Percentage of control: Direct		Percentage of control: Indirect	Group holding
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	12.68
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
SVILUPPO CENTRO EST S.r.l. Rome Share Capital Euro 10,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	40.00	25.36
VALORE IMMOBILIARE S.r.l. Milan Share Capital Euro 10,000	Real Estate		MILANO ASSICURAZIONI S.p.A.	50.00	31.69

Companies valued at cost:

	Sector	Direct		Indirect	Group holding
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
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 liquididation Rome Share Capital Euro 47,664,600	Financial	14.91	MILANO ASSICURAZIONI S.p.A.	7.50	19.66
SOAIMPIANTI - ORGANISMI DI ATTESTAZIONE S.r.l. in liquidation 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	14.1358	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.	0.0948 10.9752 0.3093 0.0002 0.0001 0.0024	21.38

PART B - Information on the Consolidated Statement of Financial Position

Statement of Financial Position - Assets

1. INTANGIBLE ASSETS

The following table sets forth the breakdown:

(in Euro thousands)	As of March 31, 2012	As of December 31, 2011	Change
Goodwill	1,362,850	1,367,737	(4,887)
Other intangible assets	87,267	95,153	(7,886)
TOTAL	**1,450,117**	**1,462,890**	**(12,773)**

Goodwill

The table below sets forth a summary of the Goodwill as originated:

(in Euro thousands)	As of March 31,2012	As of December 31, 2011	Change
Goodwill from the incorporation of La Fondiaria	504,763	504,763	-
Goodwill related to the subsidiary Milano Assicurazioni	167,379	167,379	-
Other goodwill	530	530	-
Consolidation difference	690,178	695,065	(4,887)
TOTAL	**1,362,850**	**1,367,737**	**(4,887)**

The Group assesses the recoverability of the goodwill allocated to the Cash Generating Units (CGU's) at least on an annual basis or a shorter period where events or circumstances indicate the existence of a permanent loss in value.
Reference should be made to the financial statements as of 31/12/11 for a detailed description of the methods utilised for the measurement of the recoverable amount of the goodwill.

The decrease in the "Consolidation differences" for DDOR NOVI SAD is due to the appreciation of Euro against the Serbian Dinar.

In the first quarter of the year, no impairment indicators were were identified leading to a reduction in value of goodwill compared to the amount as at 31/12/2011, when goodwill was subject to impairment test as per IAS 36.

Other Intangible Assets

The other intangible assets amount to Euro 87,267 thousand (Euro 95,153 thousand at 31/12/11) and are composed of:

(in Euro thousands)	Gross carrying value	Amortisation and impairment	Net value as of March 31, 2012	Net value as of December 31, 2011
Studies and research expenses	198,786	(174,630)	24,156	25,516
Utilisation rights	20,157	(14,662)	5,495	6,511
Other intangible assets	270,400	(212,784)	57,616	63,126
TOTAL	**489,343**	**(402,076)**	**87,267**	**95,153**

None of the above intangible assets was generated internally.

The above intangible assets have a definite useful life and therefore are amortised over their useful lives. The studies and research expenses relate to the cost incurred for the preparation of IT technology and applications of a long-term nature capitalised in the first quarter of 2012 and in previous years. They are amortised over a period of three or five years based on their characteristics and useful life.

These expenses are mainly incurred by the Consortium Fondiaria SAI Servizi S.c.a.r.l. Group, which manages all the resources, the assets and the services already existing and the new acquisitions relating to Group operations.

The other intangible assets principally include the values related to the client portfolios acquired by some subsidiaries (Value in Force and VOBA) recognized upon the acquisition.

The intangible assets mainly relate to the to the values relating to the customers portfolios acquired by the following companies:

(in Euro thousands)	As of March 31, 2012	As of December 31, 2011	Change
Liguria Assicurazioni S.p.A.	8,280	10,054	(1,774)
DDOR Novi Sad ADO	5,941	8,115	(2,174)
TOTAL	**14,221**	**18,169**	**(3,948)**

Based on the analysis performed, no impairment charges was recorded.

2. PROPERTY, & EQUIPMENT

The account amounts to Euro 398,582 thousand (Euro 401,744 thousand as at December 31, 2011), a decrease of Euro 3 thousand.

The breakdown of the property and equipment is as follows:

(in Euro thousands)		properties		Land		Other tangible assets		Total
	As of							
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Gross carrying value	333,023	333,821	25,832	25,832	210,511	212,950	569,366	572,603
Depreciation and impairment	(44,226)	(44,153)	-	-	(126,558)	(126,706)	(170,784)	(170,859)
Net value	**288,797**	**289,668**	**25,832**	**25,832**	**83,953**	**86,244**	**398,582**	**401,744**

The buildings included in the balance of property and equipment are utilised by the Group in its business operations (so-called "buildings for direct use"). These buildings are recognised at cost upon the acquisition and their components with definite useful life are depreciated over their useful lives.

The balance also includes the properties owned by the subsidiaries of Immobiliare Fondiaria-SAI (except Società Edilizia Immobiliare Sarda S.E.I.S.) which were accounted for as inventories and therefore recognised in accordance with IAS 2.

In the first quarter of 2012, no impairment loss indicators emerged with regard to property and equipment owned by the Group. The Group accrued a specific provision for the risk related to the bankruptcy of Sinergia Holding and Imco.

The residual "other tangible fixed assets" mainly relate to assets of the Group utilised in the exercise of its activities, such as hardware, furniture and fixtures and office equipment, as well as the stock and final inventory of the companies operating in the agricultural sector, valued in accordance with IAS 2.

3. REINSURANCE ASSETS

The account amounts to Euro 703,414 thousand (Euro 701,880 thousand as at December 31, 2011) with an increase of Euro 1,534 thousand. The following table sets forth the breakdown:

(in Euro thousands)	As of March 31, 2012	As of December 31, 2011	Change
Non-life division reinsurance assets attributed to reinsured	614,611	608,617	5,994
Life division reinsurance assets attributed to reinsured	88,803	93,263	(4,460)
Class D reinsurance assets attributed to reinsured	-	-	-
TOTAL	**703,414**	**701,880**	**1,534**

Euro 424 million of the above detailed reinsurance assets are attributable to reinsurance (Euro 423 million as at 31/12/2011), whereas Euro 279 million are attributable to retrocessionaire (Euro 279 million as at 31/12/2011).

4. INVESTMENTS

The breakdown of investments is set forth as follows:

(in Euro thousands)	31/03/2012	31/12/2011	Change
Investment property	2,695,945	2,759,245	(63,300)
Investments in subsidiaries, associates and joint ventures	111,881	116,558	(4,677)
Investments held-to-maturity	625,256	599,713	25,543
Loans and receivables	3,745,475	3,688,865	56,610
Financial assets Available for Sale	19,151,606	17,598,287	1,553,319
Financial assets at fair value recorded through profit or loss	8,173,582	9,026,664	(853,082)
TOTAL	**34,503,745**	**33,789,332**	**714,413**

Investment property

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

The investment properties are recognized at purchase cost upon the acquisition, in accordance with IAS 16 (reference is made to IAS 40 in case of adoption of the cost model).
The buildings included in the investment properties are depreciated on a straight line basis over the useful life of the components therein. Among the significant components, the equipment are depreciated separately.

The table below presents the development of investment property occurred in the period.

(in Euro thousands)	As of March 31, 2012	As of December 31, 2011	Change
Gross carrying value	**3,134,182**	**3,187,016**	**(52,834)**
Depreciation and impairment	(438,237)	(427,771)	(10,466)
Net value	**2,695,945**	**2,759,245**	**(63,300)**

The reduction in investment property is due by Euro 47.3 million to the reclassification to “Discontinued assets” of the building located in Milan - Piazza S. Maria Beltrade owned by the subsidiary Milano Assicurazioni. It should be noted that this building has been sold on June 29, 2012, and a capital gain has been recognized.
During the first quarter of 2012, the income obtained from the rental of investment properties amounted to approx. Euro 22 million (Euro 20 million in Q1 2011).
There are no significant restrictions on the sale of the investment properties due to legal, contractual or any other limitation, except for seven buildings owned by Tikal Fund and Immobiliare Fondiaria-SAI Group on which a mortgage was raised upon the receipt of a loan.

Additionally, is should be considered the legal attachment of the Castello Area owned by the subsidiary Nit. As of March 31, 2012, the inventories related to the Castello Area amounted to Euro 174.7 million, as per external independent appraisal. This amount represents the proper value of the inventories if the permission for building is granted and, therefore, taking into account the going concern of the building notwithstanding the legal attachment risk.

In the first quarter of 2012, no impairment loss indicators emerged with regard to investment properties owned by the Group. The Group accrued a specific provision for the risk related to the bankruptcy of Sinergia Holding and Imco.

Investments in subsidiaries, associates and joint ventures

Fondiaria-SAI fully consolidates all the Companies of the Group, including components with dissimilar business. Therefore this account includes the book value the investmens which are considered not significant in terms of size and nature of their operations to represent a true and fair view of the interim condensed consolidated accounts.
The line “associated companies and joint ventures” includes the interest in companies which are are measured under the equity method.

The following table sets forth the breakdown:

(in Euro thousands)	As of March 31, 2012	As of December 31, 2011	Change
Subsidiary companies	1,323	1,405	(82)
Associates and joint ventures	110,558	115,153	(4,595)
TOTAL	**111,881**	**116,558**	**(4,677)**

The breakdown of the investments in associates and joint ventures is set forth as follows:

(in Euro millions)	As of March 31, 2012	As of December 31, 2011	Change
Garibaldi S.C.A.	54.5	56.1	(1.6)
Fin. Priv.	19.8	20.5	(0.7)
Isola S.C.A.	9.8	11.1	(1.3)
Others	26.5	27.5	(1.0)
Total	**110.6**	**115.2**	**(4.6)**

The Group’s share of the profit or loss of the associates recognized in the interim consolidated income statement amounted to approx. Euro 7 million, related by Euro 4.4 million to Garibaldi S.C.A. and by Euro 1.7 million to Isola S.C.A..

Investments held to maturity

The account amounts to Euro 625,256 thousand (Euro 599,713 thousand at 31/12/11). The following table sets forth the breakdown:

(in Euro thousands)	As of March 31, 2012	As of December 31, 2011	Change

Debt securities	625,256	599,713	25,543
Total	**625,256**	**599,713**	**25,543**

The account includes the amount of financial instruments from the life insurance sector held for policies with specific provisions ad defined with current sector regulations.
This account includes exclusively listed securities whose current value amounts to Euro 675,666 thousand.

Loans and receivables

The account amounts to Euro 3,745,475 thousand (Euro 3,688,865 thousand at 31/12/11). The following table sets forth the breakdown:

(in Euro thousands)	**As of March 31, 2012**	**As of December 31, 2011**	**Change**
Due from banks and interbank	763,113	665,462	97,651
Debt securities	2,423,219	2,465,849	(42,630)
Loans on life insurance policies	42,365	44,140	(1,775)
Deposits held by reinsurers	22,931	24,895	(1,964)
Receivables from sub-agents for indemnities paid to agents terminated	237,821	238,569	(748)
Other loans and receivables	256,026	249,950	6,076
TOTAL	**3,745,475**	**3,688,865**	**56,610**

Due form banks and interbank include the deposit of the subsidiary BancaSai toward other credit institutes for deposits by Euro 144,232 thousand and the receivable toward bank clients by Euro 618,881 thousand. The Group accrued a specific provision for the risk related to the bankruptcy of Sinergia Holding and Imco.

The account debt securities includes:

- the book value of some securities (in particular the securities of the special ANIA placement) measured at amortised cost and not at fair value, due to the lack of an active trading market. The account is related to financial assets for which the fair value cannot be calculated in a reliable manner.
- the book value of Italian sovereign securities, amounting to Euro 1,505 thousand, which aimed to guarantee the stability in Group returns and to eliminate the volatility in the valuation of such instruments, if underwritten in a traditional market. Therefore, the classification in this category is due to the lack of an active trading market.
- securities issued by corporate entities: mainly assisted by subordinated clauses and transferred to this category in 2009. There was no permanent loss in value on any security included in this category and the effect of the amortised cost resulted in the recording in the income statement of gain for Euro 15,020 thousand. The AFS reserve on these securities as of January 1, 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 51,180 thousand.

For further details on the classification refer to the section Accounting Principles.

The debt securities within the “Loans and receivables” category present a book value greater than the fair market value by Euro 35 million.

The receivables from sub-agents for indemnities paid to agents terminated are classified in accordance with the requirements of Isvap Regulation No. 7/2007, taking into account their interest bearing nature, in favour of the Group.

The account "Other loans and receivables” mainly includes Euro 230 million (Euro 222 million as of December 31, 2011) of consumers loans held by the subsidiary Finitalia in respect of customers.

Financial assets available for sale

Financial assets available for sale include debt and equity securities, as well as investment unit funds, not otherwise classified.

The breakdown of the financial assets available for sale is as follows:

(in Euro thousands)	As of March 31, 2012	As of December 31, 2011	Change
Equity securities	1,237,623	1,171,370	66,253
Fund units	804,300	788,143	16,157
Debt securities	17,107,585	15,636,678	1,470,907
Other financial investments	2,098	2,096	2
TOTAL	**19,151,606**	**17,598,287**	**1,553,319**

The variance in the account is principally due to the recovery in stock market values occurred in the first quarter of the year.

Equity securities include listed securities for Euro 977 million, whereas debt securities include listed securities for Euro 17,082 million.

It should be noted that debt and equity securities included in this category are maily valued at fair value.

Among the equity securities, the Group share in Bank of Italy is 2%. No changes in the valuation of these securietes occurred compared to the end of 2011.
During the quarter, no changes in the carrying amountof financial assets available for sale was recognised relating the level 3 of the fair value.

With reference to the reduction in values of the securities available for sale recorded in the Income Statement, the application of the Group “impairment policy” (for a detailed description of the policy refer to the 2011 consoidated accounts) led to an impairment loss of Euro 21.0 million (the amount was equal to Euro 24.3 million as of March 31, 2011). The amount relates by Euro 18.1 million to equity securities and by Euro 2.9 million to investment funds.

With reference to the composition of the financial assets available for sale reserve (for shareholdes’ equity attributable to the Group gross of the fiscal effects, and amounts paid back to Life insurance policyholders in accordance with the shadow accounting technique) it should be noted that the gross amount, negative by Euro 403 million, includes a negative component of Euro 448 million related to debt securities, a positive component of Euro 24 million related to investment funds and a positive amount of Euro 21 million related to equity securities (Euro 104 million related to the investment in the Bank of Italy).

Greek sovereign debt crisis

On February 24, 2012 it was approved the exchange offer on Greek government securities which provides for each Euro 1,000 of nominal value of securities in circulation, the exchange with:

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

The Group companies, as previously reported in the 2011 Financial statements, subscribed for all securities held.
With regard to the Interim Report for the First Quarter of 2012, the Greek sovereign debt securities previously held by the Group are unchanged; the "new" Greek securities from the above described exchange offer were mainly placed subsequent to March 31, 2012.
In addition, a current assessment of the new securities substantially confirms the amount booked in this Interim Report.

Government debt securities issued by Spain, Portugal, Ireland and Italy

The following table breaks down the exposure of the Fondiaria SAI Group to government securities issued by other countries (i.e. the Peripheral countries of the Eurozone) also recognized as financial assets available for sale..

State	Due within 12 months	Maturity from 1 to 5 years	Maturity from 6 to 10 years	Maturity over 10 years	Total Fair value (level 1)	AFS Reserve (gross)	AFS Reserve (net of shadow)
Spain	-	15,593	-	40,563	56,156	(13,291)	(4,675)
Portugal	-	2,979	-	-	2,979	(1,080)	(358)
Ireland	-	1,244	19,606	-	20,850	(2,593)	(747)
Italy	1,683,631	4,874,908	4,329,259	1,705,739	12,593,537	(571,832)	(190,801)

As of March 31, 2012, the Group portfolio includes:

- Euro 1,508.2 million of Italian government debt securities, classified in the Loans & Receivables category (of which Euro 276.1 million with maturity between 1 and 5 years and Euro 1,232.1 million with maturity between 6 and 10 years);

- Euro 73.9 million of Italian government debt securities classified in the Held to Maturity category (of which Euro 18.0 million with maturity within 1 year, Euro 55.8 million with maturity between 1 and 5 years and Euro 0.1 million with maturity beyond 10 years).

Financial assets at Fair Value through profit or loss

The following table sets forth the breakdown of the account:

(in Euro thousands)	As of March 31, 2012	As of December 31, 2011	Change
Equity securities	40,116	30,599	9,517
Fund units	645,942	636,124	9,818
Debt securities	7,004,029	8,072,935	(1,068,906)
Other financial investments	483,495	287,006	196,489
TOTAL	**8,173,582**	**9,026,664**	**(853,082)**

The variance in debt securities is explained by the disposals by the subsidiary Lawrence Life due to the reduction in technical reserves whose investment risk is charged to the policyholders, following their redemption requests.

It should be noted that the component related to the financial assets at fair value through profit or loss amounted to Euro 8,080 million, including the investments where the risk is charged on the policyholders and deriving from the management of pension funds by Euro 8,011 million (Euro 8,900 million as of December 31, 2011).

5. OTHER RECEIVABLES

The following table sets forth the breakdown of the account:

(in Euro thousands)	As of March 31, 2012	As of December 31, 2011	Change
Receivables from direct insurance operations	1,216,042	1,698,430	(482,388)
Receivables from reinsurance operations	67,047	78,637	(11,590)
Other receivables	529,376	563,674	(34,298)
TOTAL	**1,812,465**	**2,340,741**	**(528,276)**

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 table below sets forth the breakdown of the receivables deriving from direct insurance.

(in Euro thousands)	31/03/2012	31/12/2011	Change
Receivables from policyholders for premiums in year	401,080	746,052	(344,972)

Receivables from policyholders for premiums in previous years	145,394	32,656	112,738
Receivables from insurance brokers	459,934	639,447	(179,513)
Receivables from insurance companies	73,380	132,193	(58,8139
Amounts to be recovered from policyholders and third parties	136,254	148,082	(11,828)
TOTAL	**1,216,042**	**1,698,430**	**(482,388)**

The reduction in receivables from policyholders for premiums is explained by a seasonal effect, that lead to a reduction of the contracts the first three months of the year. Otherwise, receivables from policyholders for previous years principally include the positions yet to be paid, mainly from corporate clients, arising at the end of the previous year.

The receivables from reinsurance operations include Euro 64,086 thousand of receivables from insurance and reinsurance companies for reinsurance operations and Euro 2,961 thousand from reinsurance brokers.

The other receivables include:

- trade receivables by Euro 89 million principally including receivables from customers;
- receivables from Tax Authorities by Euro 140 million relating principally to the repayment of VAT receivables;
- receivables due for the sale of the property located in Castel Giubileo - Rome, by Euro 21 million;
- insurance receivables by Euro 9 million;
- personnel receivables by Euro 5 million.

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 account also includes Euro 83 million paid to the counterparties as collateral of the guarantees on the market losses on all derivatives in place (Credit Support Annex) as follows: Mediobanca Euro 32 million, Royal Bank Scotland Euro 17 million, Unicredit Euro 12 million, Soc.Gen. Euro 9 million, Banca IMI Euro 5 million, BNP Paribas Euro 3 million, UBS Euro 3 million and Deutsche Bank Euro 2 million.

6. OTHER ASSETS

The account amounts to Euro 1,709,454 thousand (Euro 1,803,440 thousand as of December 31, 2011). The account decreased by Euro 93,982 thousand compared to previous year.

The following table sets forth the breakdown of the account:

(in Euro thousands)	31/03/2012	31/12/2011	Change
Non-current assets or disposal group classified as held for sale	49,298	87,151	(37,853)
Deferred acquisition costs	30,679	30,301	378
Deferred tax assets	995,257	1,155,060	(176,672)
Current tax assets	303,637	316,208	(12,571)
Other assets	330,587	214,720	115,867
TOTAL	**1,709,454**	**1,803,440**	**(110,851)**

Non-current assets or disposal group classified as held for sale

As of March 31, 2012, the non current assets or disposal group classified as held for sale amounted to Euro 49,298 thousand (Euro 87,151 thousand as of December 31, 2011).

The amount includes:

- Euro 47.3 million concerning the bulding located in Milan - Piazza S. Maria Beltrade - owned by Milano Assicurazioni, for which a preliminary sales contract was already signed;
- Euro 1.9 million related to the investment in Penta Domus S.p.A., held by Immobiliare Milano.

Deferred acquisition costs

The deferred acquisition costs, amounting to Euro 30,679 thousand (Euro 30,301 thousand as of December 31, 2011), principally refer to the acquisition commissions to be amortised on the long-term contracts of the Life Insurance sector. These amounts are deferred and amortised over six years for the life insurance classes in accordance with analysis on the average duration of the contracts in portfolio. The amortisation period for the bancassurance vehicles is performed over an average period of three years. This is in accordance with the accruals principle.

Deferred tax assets

Deferred tax assets amount to Euro 995,257 thousand (Euro 1,155,060 thousand as of December 31, 2011) and are calculated on the total amount of the temporary differences between the book value of assets and liabilities in the financial statements and the respective tax value according to the “balance sheet liability method” as per IAS 12 in relation to the probability of their recoverability in connection with the capacity to generate assessable taxable income in the future.

The balance at the end of the period is presented net of the compensation, where possible, of the tax assets with the corresponding deferred tax liabilities as per IAS 12.

Tax receivable assets

The tax receivable assets, amounting to Euro 303,637 thousand (Euro 316,208 thousand at as of December 31, 2011), refer to the financial receivables for payments on account, withholding taxes and income tax credits net of compensation, where permitted, with the corresponding current tax liabilities as per IAS 12.

The account also includes the amounts paid as advance payment pursuant to article 1, paragraph 2 of Legislative Decree No. 209/02, converted into article 1 of Law 265/2002, as supplemented, in accordance with Isvap Provision No. 7/2007, as not in the scope of IAS 12.

Other assets

The other assets amount to Euro 330,587 thousand (Euro 214,720 thousand as of December 31, 2011) and include other accrued assets by Euro 28 million, accruals for the advance payments for the actuarial reserves as per Legislative Decree 209/03 for Euro 53 million, indemnities paid to agents for which the option to claim the reimbursement was not exercised by Euro 25 million and advance payments for guarantee provisions to policyholders, with particular reference to the contribution to the Road Victim Fund by Euro 66 million and receivables for restatement premium reserve of the subsidiary The Lawrence Re by Euro 12 million.

7. CASH AND CASH EQUIVALENTS

This account amounts to Euro 938,766 thousand (Euro 976,582 thousand as of December 31, 2011) and includes the liquidity held by the Group, deposits and bank accounts 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 cash and which are not subject to changes in value.

The book value of these assets closely approximates their fair value. The deposits and bank accounts are rewarded at fixed or variable interest rates which bears interests recognized on a quarterly basis or in relation to the lower duration of the restrictions on the deposits.

Statement of financial position – Shareholders' Equity & Liabilities

1. SHAREHOLDERS' EQUITY

The consolidated shareholders' equity, amounting to Euro 2,156,662 thousand, includes the result for the period and the non controlling interest, and increased by Euro 599,954 thousand compared to the amount as of December 31, 2011.

The table below set forth the changes of the period:

(in Euro thousands)	As of March 31, 2012	As of December 31, 2011	Change
Shareholders' equity attributable to the Group	**1,497,847**	**1,036,952**	**460,895**
Share capital	494,731	494,731	-
Other equity instruments	-	-	-
Capital reserves	310,990	315,460	(4,470)
Retained earnings and other reserves	985,831	1,834,570	(848,739)
Treasury shares	(213,026)	(213,026)	-
Reserve for currency translation difference	(64,521)	(56,772)	(7,749)
Unrealized gain or loss on financial assets available for sale	(65,950)	(478,283)	411,754
Other unrealized gains and losses through equity	(10,722)	(7,009)	(3,713)
Net profit (loss) for the year	29,908	(852,719)	913,233
Shareholders' equity attributable to non-controlling interest	**689,421**	**519,756**	**183,540**
Non controlling interest capital and reserves	722,600	903,659	(181,059)
Unrealized gains and losses recorded through equity	(32,336)	(201,984)	169,648
Net loss for the year	(843)	(181,919)	194,951
TOTAL	**2,156,662**	**1,556,708**	**644,435**

The change in shareholders'equity is detailed in the specific table to which reference should be made.

The table below sets forth the disclosures required by IAS 1.76:

	Ordinary As of March 31, 2012	Savings As of March 31, 2012	Ordinary As of December 31, 2011	Savings As of December 31, 2011
Number of shares issued	367,047,470	127,683,666	367,047,470	127,683,666

The table below sets forth the changes in the share capital of the Parent Company Fondiaria-SAI occurred in the first quarter of the year.

	Ordinary	Savings	Total
Existing Shares as of January 1, 2012	367,047,470	127,683,666	494,731,136
Treasury shares (-)	14,382,557		14,382,557
Shares outstanding: balance as of January 1, 2012	352,664,913	127,683,666	480,348,579
Increases:			
Sale of treasury shares	-	-	-
Exercise of warrants	-	-	-
Decreases:			
Acquisition of treasury shares	-	-	-
Shares outstanding: balance as of March 31, 2012	352,664,913	127,683,666	480,348,579

The issued ordinary and savings shares have both a nominal value of Euro 1.
The capital reserves, amounting to Euro 310,990 thousand, refers to the share premium reserve recorded in the separate financial statements of the Parent Company.

Nature and purpose of the other reserves

Retained earnings and other equity reserves include the other shareholders' equity reserves booked in the separate financial statements of the Parent Company, decreased due to the loss carryforwards from the previous year and due to the distribution of dividends by the Parent Company.

The shareholders' equity attributable to non controlling interest increased by Euro 170 million.

The change in shareholders'equity is detailed in the specific table to which reference should be made.

Treasury shares

This account amounts to Euro 213,026 thousand (Euro 213,026 thousand as of December 31, 2011) and includes the book value of the equity instruments of the Parent Company Fondiaria-SAI (Euro 64.4 million), Milano Assicurazioni S.p.A. (Euro 132.3 million) and Sai Holding S.p.A. (Euro 16.3 million).

The account is negative in accordance with the provisions of IAS 32. Following the disposal/purchase operations undertaken during the period, no gains or losses were recognised in the income statement.

Reserve for currency translation difference

The balance is negative by Euro 64,521 thousand (negative by Euro 56,772 thousand as of December 31, 2011) and includes the currency translation differences due to the traslation of the foreign subsidiaries financial statements, prepared in local currency, into Euro.

Unrealized gain or loss on financial assets available for sale

The account is negative by Euro 65,950 thousand (negative by Euro 478,283 thousand as of December 31, 2011) and includes the gains and losses deriving from the valuation of the financial assets available for sale. The balance is presented net of the related deferred tax liability and of the part attributable to the policyholders and allocated to the insurance liabilities.

In particular the account includes a negative amount of Euro 403 million related to the financial instruments available for sale in portfolio and a positive amount of Euro 264 million related to the application of the shadow accounting technique. Additionally, it is added to this amount Euro 73 million related to the tax effects of the described above matters.

Other unrealized gains and losses through equity

The account presents a negative amount by Euro 10,722 thousand (negative by Euro 7,009 thousand as of December 31, 2011) related to gain or losses realised on the sale of investments by Euro 53.6 million. In fact, the transactions related to the shares of subsidiaries and which do not result in the loss or acquisition of control do not impact on the result of the consolidated financial statements as they are considered only as simple modifications in the ownership structure of the Group. The results in the separated management of the Life Insurance Sector are considered as exceptions.
The amount also includes the gain and losses on cash flow hedging instruments by Euro 36 million (gross of tax effect) whereas the residual amount principally includes the actuarial gain and losses due to the application of IAS 19.

2. PROVISIONS

The provisions amount to Euro 315,089 thousand (Euro 322,310 thousand as of December 31, 2011) and are composed as follows:

(in Euro thousands)	**As of March 31, 2012**	**As of December 31, 2011**	**Change**
Provisions for tax purposes	281	11	270
Other provisions	376,158	322,299	(7,491)
TOTAL	**376,439**	**322,310**	**(7,221)**

Other provisions include amounts for which uncertainty exists regarding the payment date or the amount of future expenses required to meet the obligation.

The amount accrued as of December 31, 2011 with respect of the principal disputes of the Group was not subject to significant changes due to the fact that no changes occurred that require further accruals or release of the existing funds, which are deemed to be adequate.
The provisions included the accrual booked as a consequence of the risk assessment related to the bankruptcy of Sinergia Holding and Imco, amounting to Euro 77 million. The estimated residual risk amounts to Euro 97 million.

3. INSURANCE CONTRACT LIABILITIES

The account amounts to Euro 34,813,175 thousand and increased by Euro 294,330 thousand compared to the amount as of December 31, 2011.

The table below sets forth the breakdown of insurance contract liablities:

(in Euro thousands)	**As of March 31, 2012**	**As of December 31, 2011**	**Change**
Non-Life insurance contract liabilities	12,385,507	12,610,322	(224,815)
Life insurance contract liabilities	15,038,662	14,830,838	207,824
Technical reserves where investment risk on policyholders and from pension fund management	7,389,006	7,666,345	(277,339)
TOTAL TECHNICAL RESERVES	**34,813,175**	**35,107,505**	**(294,330)**

The Non-Life insurance contract liabilities include the unearned premium reserve by Euro 2,586 million (Euro 2,742 million as of December 31, 2011) and the claims reserve of Euro 9,790 million (Euro 9,858 million as of December 31, 2011).

The Life insurance contract liabilities include the actuarial reserve by Euro 14,934 million, the reserves for amount to be paid by Euro 516 million and are reduced by deferred liabilities calculated on insurance liabilities relating to discretionary participation features (IFRS4.IG22f) by Euro 487 million (negative by Euro 772 million as of December 31, 2011).
With regard to this reserve, it should be noted that for the Separated Management, the yields on the market are greater than the minimum guaranteed.

4. FINANCIAL LIABILITIES

(in Euro thousands)	**As of March 31, 2012**	**As of December 2011**	**Change**
Financial liabilities at fair value through profit or loss	748,061	1,303,886	(555,825)
Other financial liabilities	1,830,007	1,839,387	(9,380)
Total	**2,578,068**	**3,143,273**	**(565,205)**

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

Financial liabilities held for trading

Financial liabilities held for trading amount to Euro 9,349 thousand (Euro 7,855 thousand as of December 31, 2011).

Financial liabilities designated at Fair Value through profit or loss

Financial liabilities designated at fair value through profit or loss amount to Euro 738,712 thousand (Euro 1,296,031 thousand as of December 31, 2011). In accordance with IAS 39, the item includes the investment contracts not in scope of IFRS 4 and accounted for in accordance with the Deposit Accounting method. The total amount is equal to Euro 629,240 thousand (Euro 1,239,609 thousand as of December 31, 2011).

Other financial liabilities

Other financial liabilities amount to Euro 1,830,007 thousand (Euro 1,839,387 thousand as of December 31, 2011) and include the financial liabilities defined and governed by IAS 39 not included in the category "Financial liabilities at fair value through profit or loss".

Other financial liablities include deposits as guarantee in relation to risks ceded in reinsurance by Euro 168,511 thousand (Euro 171,542 thousand as of December 31, 2011) and sub-ordinated financial loans by Euro 1,041,022 thousand (Euro 1,049,467 thousand as of December 31, 2011).

In accordance with CONSOB Resolution No. DEM/6064293 of July 28, 2006, the subordinated and/or hybrid loans includes specific covenants safeguarding lenders' rights and interests.

With regard to the subordinated loan agreement amounting to Euro 300 million of June 22, 2006 (half subscribed by Fondiaria-SAI S.p.A. and half by Milano Assicurazioni S.p.A.), Article 6.2.1 letter (e) establishes, as a general obligation, the permanent control (in accordance with Article 2359, paragraph 1, No. 1 of the Civil Code) of the direction and coordination of Milano Assicurazioni S.p.A. by Fondiaria-SAI S.p.A..

With reference to the hybrid loan contract of Euro 250 million of July 14, 2008, the option to convert into shares of the Parent Company is subject to resolutions made by the extraordinary shareholders' meeting of the Parent Company for capital increase to serve the conversion under the contractual terms indicated and to the simultaneous occurrence (for a consecutive three year period) of the following conditions:

(i) the downgrading of the rating by Standard & Poor's (or any other agency to which the Parent Company has voluntarily subjected itself, being no longer subject to the Standard & Poor's rating) of the beneficiary companies to "BBB-" or a lower grade;

(ii) the reduction of the solvency margin of the beneficiary companies, as defined by Article 44 of the Insurance Code, to a level below or equal to 120% of the solvency margin required by Article 1, paragraph hh) of the Insurance Code,

in case that (a) the situations arose from the occurrence of the aforesaid events are not remediated in the subsequent two fiscal years, or (b) the solvency margin is not increased in the following two fiscal years to at least 130% of the requested solvency margin, Fondiaria-SAI and Milano Assicurazioni may, over a period of another two years, to implement measures aimed to comply again with the required covenants.

It should be noted that the Group loan agreements do not include covenants other than those indicated above which limit the use of significant financial resources for the activities of the Parent Company.

The characteristic element of the subordinated and/or hybrid loans is in general not only that they are to be repaid after the payment of any other debts owed by the borrower company on the settlement date, but also due to the need to obtain prior authorisation for repayment by ISVAP.

With reference to the other financial liabilities amounting to Euro 620 million (Euro 618 million as of December 31, 2011), the most significant amounts are reported below:

- Euro 111.5 million relates to the loan entered into by the closed-end Tikal property fund with Mediobanca as Agent Bank;
- Euro 94 million refers to bonds issued in 2009 and 2010 by BancaSai;
- Euro 71.3 million refers to the debt of the subsidiary Immobiliare Fondiaria-SAI.

Additionally, other financial liabilities includes customer deposits of the subsidiary BancaSai by Euro 206 million (Euro 232 million as of December 31, 2011).

5. PAYABLES

The table below sets forth the breakdown of payables amounting to Euro 930,911 thousand:

(in Euro thousands)	As of March 31, 2012	As of December 31, 2011	Change
Payables from direct insurance operations	89,239	78,999	10,240
Payables from reinsurance operations	130,317	84,912	45,405
Other payables	711,355	628,179	83,176
Total	**930,911**	**792,090**	**138,821**

With reference to the payables deriving from the direct insurance operations, they are composed by:

(in Euro thousands)	As of March 31, 2012	As of December 31, 2011	Change
Payables to insurance intermediaries	64,240	60,252	3,988
Payables to insurance companies	18,546	10,590	7,956
Payables for policyholder deposits	1,606	118	1,488
Payables for guarantee provisions for policyholders	4,847	8,039	(3,192)
Total	**89,239**	**78,999**	**10,240**

The payables from reinsurance operations refer to reinsurance companies by Euro 120,390 thousand (Euro 62,733 thousand as of December 31, 2011) and by Euro 9,927 thousand to reinsurance brokers (Euro 22,179 thousand as of December 31, 2011).

The table below sets forth the breakdown of other payables:

(in Euro thousands)	As of March 31, 2012	As of December 31, 2011	Change
Employee leaving indemnity and other employee benefits	67,564	65,262	2,302
Policyholders' tax due	57,012	97,271	(40,259)
Other tax payables	125,557	150,990	(25,433)
Due to social security and welfare institutions	16,382	23,300	(6,918)
Other payables	444,840	291,356	153,484
Total	**711,355**	**628,179**	**83,176**

The other payables include trade payables by Euro 182 million, pension and similar obligations by Euro 40 million, employee payables by Euro 6 million, payables for deposits by Euro 4 million and insurance payables by Euro 4 million.

Employee leaving indemnity and other employee benefits

The main statistical, actuarial and financial assumptions utilised for the post-employment benefit calculation as per IAS 19 are consistent with those utilised in the preparation of the 2011 consolidated financial statements.

The table below sets forth the changes of the period:

(in Euro thousands)	As of March 31, 2012	As of December 31, 2011
Balance at the beginning of the year	**65,262**	**77,588**
Provisions to income statement for Interest Cost	185	1,484
Provisions to income statement for Service Cost	10	63
Actuarial Gains/Losses	5,524	(1,468)
Utilisations	(3,682)	(13,371)
Other changes	264	966
Balance at the end of the period	**67,564**	**65,262**

Health insurance post service

The main statistical, actuarial and financial assumptions utilised for the Health Assistance of employees calculation as per IAS 19 are consistent with those utilised in the preparation of the 2011 consolidated financial statements.
Therefore, reference should be made to the 2011 financial assessment for a detailed description of the assumptions utilised.
As of March 31, 2012, the liabilities related to the Executive Pension Health Coverage amounted to Euro 35,789 thousand (Euro 34,531 thousand as of December 31, 2011).

6. OTHER LIABILITIES

The table below sets forth the breakdown of other liabilities:

(in Euro thousands)	As of March 31, 2012	As of December 31, 2011	Change
Liabilities directly associated with non –current assets or disposal group classified as held for sale	-	-	-
Deferred tax liabilities	186,356	133,452	52,904
Tax liabilities	38,555	16,522	22,033
Other liabilities	436,381	404,749	31,632
Total	**661,292**	**554,723**	**106,569**

Deferred tax liabilities

Deferred tax liabilities, amounting to Euro 186,356 thousand, include all the temporary tax differences, relating to statement of financial position and income statement items, which will be reversed in future periods.

Where permitted, the balance is presented net of compensation with the corresponding deferred tax asset, in accordance with IAS 12.

Tax liabilities

Tax liabilities amount to Euro 38,555 thousand (Euro 16,522 thousand as of December 31, 2011) and refer to total income taxes accrued by the Group at the period-end, net of the tax asset, in accordance with IAS 12.
The income taxes are calculated applying the theoretical tax rates in force at year-end to the taxable income determined on the basis of prudent estimates.

Other liabilities

Other liabilities amount to Euro 436,381 thousand (Euro 404,749 thousand as of December 31, 2011) and are composed by:

(in Euro thousands)	As of March 31, 2012	As of December 31, 2011	Change
Commissions on premium to be collected	74,438	109,753	(35,315)
Deferred commission on contract out of the scope of IFRS 4	632	1,604	(972)
Cheques issued because of claims and amounts to life policyholders after year-end	38,875	40,390	(1,515)
Transitory reinsurance accounts	-	3,850	(3,850)
Other liabilities	322,436	249,152	73,284
TOTAL	**436,381**	**404,749**	**31,632**

Other Liabilities balance includes accruals for charges amounting approx. to Euro 43 million, payments fo claims to be processed by Euro 80 million, bank collection accounts by Euro 44 million, life division payments clearing accounts by Euro 27 million, liabilities toward management by Euro 16 million, over-commissions to be settled by Euro 12 million, insurance sector clearing accounts by Euro 9 million and employee benefits clearing accounts by Euro 1.1 million.

PART C - Information on the Consolidated Income Statement

NET PREMIUMS

Consolidated net premiums consolidated amount to Euro 2,574,989 thousand (Euro 3,024,780 thousand in the first quarter of 2011).
The Group gross premiums written amount to Euro 2,494,631 thousand (a decrease by 16.54% compared to the first quarter of 2011), and are broken down as follows:

	As of March 31,			Total,
(in Euro thousands)	2012	2011	Change	2010
Gross Life Insurance premiums written	858,990	1,247,542	(388,552)	3,753,573
Gross Non-Life insurance premiums written	1,635,641	1,741,453	(105,812)	7,059,924
Change gross premium reserve	(153,671)	(120,364)	(33,307)	(36,761)
Total Non-Life Sector	1,789,312	1,861,817	(72,505)	7,096,685
Gross premiums written	**2,648,302**	**3,109,359**	**(461,057)**	**10,850,258**

Gross premiums written does not include the cancellation of securities issued in previous years, which were recorded as “Other expenses”. The above amounts are presented net of inter-group reinsurance.
For a detailed explanation of the breakdown of the gross premiums written among the different classes and the allotment between direct and indirect business, reference should be made to the tables presented in the Directors’ Report.

The premiums ceded, amounting to Euro 73,388 thousand, represented the 2.9% of the total premiums written (2.7% in the first quarter of 2011).

	As of March 31			Total
(in Euro thousands)	, 2012	2011	Change	2010
Life Sector	4,034	3,613	421	18,285
Non-Life Sector	69,354	78,436	(9,082)	311,829
Change in reinsurers reserves	(75)	2,530	(2,605)	(7,200)
Total Non-Life Sector	69,279	80,966	(11,687)	304,629
Premiums ceded to re-insurers	**73,313**	**84,579**	**(11,266)**	**322,914**

Group reinsurance policy impacted on the consolidated accounts by Euro 8,353 thousand (Euro 7,284 thousand in the Non-Life insurance sector).

For further details on the Non-Life and Life Sectors of Net Premiums refer the annex reported at the end of the quarterly report.

FEE AND COMMISSION INCOME

The fee and commission income in the first quarter of 2012 amounted to Euro 4,934 thousand, a decrease Euro 2,489 thousand compared to the firs quarter of 2011.

(in Euro thousands)	As of March 31, 2012	2011	Change	As of December 31, 2011
Fee and Commission income	4,934	7,423	(2,489)	24,433

This account includes both the explicit and implicit loading related to the investment contracts issued by the Group insurance companies and, as such, are out of scope for IFRS 4, and the commissions for the management of internal funds.

In particular Euro 1 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

This account amount to Euro 253,377 thousand, an increase by Euro 290,756 thousand compared to the first quarter of 2011.

The table sets forth the break down of the account:

(in Euro thousands)	Interest	Other net income	Profits realised	Losses realised	Valuation gains and recovery in values	Valuation losses and adjust. in values	Total as of March 31, 2012	Total as of March 31, 2011	Change	Total 2011
Result of investments from:										
Financial assets held for trading	365	(14)	2,367	(305)	42,623	(329)	44,707	5,401	39,306	3,103
Financial assets designated at fair value recorded through profit and loss	34,966	24,247	53,736	(9,043)	164,350	(18,756)	249,500	(41,368)	290,868	321,280
Financial liabilities held for trading	-	-	-	-	-	(40,830)	(40,830)	(1,412)	(39,418)	(2,684)
TOTAL	**35,331**	**24,233**	**56,103**	**(9,348)**	**206,973**	**(59,915)**	**253,377**	**(37,379)**	**290,756**	**321,699**

The result of the investments deriving from financial assets designated at fair value through profit and loss include Euro 249,626 thousand relating to investments in class D, offset by similar decreases in the commitments to policyholders.

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

The amount is broken down as follows:

(in Euro thousands)	Net interest	Other Net income/loss	Gains realised	Losses realised	Valuation gains and recovery in values	Valuation losses and adjustment in values	Total as of March31, 2012	Total as of March 31, 2011	Change	Total 2011
Result from:										
Investment property	-	9,928	1,017	-	-	(18,566)	(7,621)	(8,690)	1,069	(252,042)
Investments in subsidiaries, associates and joint ventures	-	(6,940)	110	-	-	(80)	(6,910)	(908)	(6,002)	(21,306)
Investments held to maturity	8,745	24	-	-	-	-	8,769	9,336	(567)	35,554
Loans and receivables	44,312		326	(1,557)	4,598	(18)	47,661	35,507	12,154	141,797
Financial assets available for sale	149,331	14,020	80,619	(14,511)	-	(21,017)	208,442	144,895	63,547	321,171
Other receivables	1,610	8	-	-	-	-	1,618	1,897	(279	13,803
Cash and cash equivalents	3,541	(169)	-	-	-	-	3,372	1,054	2,318	11,124
Other financial liabilities and other payables	(16,959)	(194)	-	-	-	-	(17,153)	(16,208)	(945)	(77,395)
TOTAL	**190,580**	**16,677**	**82,072**	**(16,068)**	**4,598**	**(39,681)**	**238,178**	**166,883**	**71,295**	**172,706**

Gains and losses realised are related to the sale of different financial instruments.
The reductions on investment property is explained by the depreciation of the period.
The valuation lossess and adjustments in value of financial assets available for sale include the impairments made in accordance with Group impairment policy: among the others, Euro 18.1 million refers to shares, whereas the residual amount relates to investment funds.
Interest expense includes the Group debt charges on financial liabilities.

In relation to Attachment 11, refer to the annex at the end of the explanatory notes

OTHER INCOME

Other income amounts to Euro 109,473 thousand (Euro 174,381 thousand as of March 31, 2011) and are detailed in the table below:

(in Euro thousands)	As of March 31, 2012	As of March 31, 2011	Change	Total 2011
Gains realized on non-current assets	7	-	7	16,523
Other technical income	26,481	38,628	(12,147)	54,291
Utilisation of provisions	22,059	18,213	3,846	164,768
Exchange differences	1,099	183	916	4,731
Non recurring income	1,853	4,175	(2,322)	38,030
Gains realised on property and equipment	6	5	1	271
Other income	57,968	113,177	(55,209)	388,106
Total	**109,473**	**174,381**	**(64,908)**	**666,720**

Other income includes the following amounts:

- Euro 22 million (Euro 22 million as of March 31, 2011) related Atahotels Group revenues;
- Euro 16 million (Euro 15 million as of March 31, 2011) related to Auto Presto&Bene revenues;
- Euro 13 million (Euro 11 million as of March 31, 2011) related to the revenues from the Group's retirement home subsidiaries;
- Euro 4 million (Euro 18 million as of March 31, 2011) related to Immobiliare Lombarda, Immobiliare Fondiaria-SAI and Immobiliare Milano Groups revenues;
- Euro 2 million (Euro 2 million as of March 31, 2011) related to agricultural business revenues.

NET INSURANCE BENEFIT AND CLAIMS

Claims paid, sum of the Life insurance Classes and related expenses, gross of the quota ceded to reinsurers, amount to Euro 2,972,677 thousand, an increase of 30.02% compared to previous year period.

Insurance claims, amounts paid in insurance contract liabilities

(in Euro thousands)	As of March 31, 2012	As of March 31, 2011	Change	Total 2011
Non-Life Insurance Sector				
Amounts paid	1,373,168	1,413,801	(40,633)	5,488,355
Change in recoveries	(24,436)	(46,175)	21,739	(167,944)
Change in other technical provision	(336)	(609)	273	(269)
Change in claims provision	(66,356)	(25,759)	(40,597)	751,863
Total Non-Life Insurance	**1,282,040**	**1,341,258**	**(59,218)**	**6,072,005**
Life Insurance Sector				
Amounts paid	1,599,509	872,607	726,902	4,393,334
Change in actuarial provisions and other technical provisions	(228,984)	(79,999)	(148,985)	(918,433)
Change in technical provisions where investment risk is on	(281,784)	434,658	(716,442)	721,290

policyholders and from pension fund management				
Change in amounts to be paid	70,451	65,849	4,602	138,661
Total Life Insurance	**1,159,192**	**1,293,115**	**(133,923)**	**4,334,852**
Total Non-Life Insurance + Life Insurance	***2,441,232***	***2,634,373***	***(193,141)***	***10,406,857***
Amount paid	**2,948,241**	**2,240,233**	**708,008**	**9,713,745**
Change in provision	**(507,009)**	**394,140**	**(901,149)**	**693,112**

Insurance claims: quota ceded to reinsurers

(in Euro thousands)	**As of March 31, 2012**	**As of March 31, 2011**	**Change**	**Total 2011**
Non-Life Insurance Sector				
Amounts paid	35,880	34,593	1,287	166,130
Change in recoveries	4,098	7,087	(2,989)	4,970
Change in other technical provision	-	-	-	-
Change in claims provision	3,164	(16,733)	19,897	(23,912)
Total Non-Life Insurance	**43,142**	**24,947**	**18,195**	**147,188**
Life Insurance sector				
Amounts paid	5,395	6,991	(1,596)	24,226
Change in actuarial provisions and other technical provisions	(2,672)	(1,816)	(856)	(6,319)
Change in amounts to be paid	(26)	56	(82)	992
Total Life Insurance	**2,697**	**5,231**	**(2,534)**	**18,899**
Total Non-Life Insurance + Life Insurance	***45,839***	***30,178***	***15,661***	***166,087***
Amounts paid	**45,373**	**48,671**	**(3,298)**	**195,326**
Change in provisions	**466**	**(18,493)**	**18,959**	**(29,239)**

The decrease in Non-Life insurance contract liabilities amounts to Euro 69,856 thousand, a reduction by Euro 60,221 thousand compared to March 31, 2011.

Life insurance contract liablities, including the provisions for amounts to be paid, decreased by Euro 437,619 thousand (Euro 422,268 thousand as of March 31, 2011).

For further details on on net insurance benefit and claims related to Non-Life insurance and Life insurance sectors, reference should be made to Attachment 10 in the annex at the end of the explanatory notes.

FEE AND COMMISSION EXPENSES

Fees and commission expenses in the first quarter of 2011 amounted to Euro 2,807 thousand, a decreaseby Euro 1,922 thousand compared to the first quarter of 2011.

(in Euro thousands)	**As of March 31, 2012**	**As of March 31, 2011**	**Change**	**Total 2011**
Fee and Commission expenses	2,807	4,729	(1,922)	15,855

Fee and commission expenses include the acquisition costs related to investment contracts which do not fall within the scope of IFRS 4.

OPERATING EXPENSES

(in Euro thousands)	As of March 31, 2012	As of March 31, 2011	Change	Total 2011
Non-Life Insurance Sector				
Acquisition commissions and changes in insurance deferred acquisition costs	244,557	269,459	(24,902)	1,108,433
Other acquisition costs	49,378	52,312	(2,934)	213,502
Collection commissions	8,441	9,085	(644)	36,140
Reinsurers commissions and profit participation	(18,853)	(23,269)	4,416	(80,658)
Total Non-Life Insurance Sector	**283,523**	**307,587**	**(24,064)**	**1,277,417**
Life Insurance Sector				
Acquisition commissions and changes in insurance deferred acquisition costs	23,685	41,166	(17,481)	97,982
Other acquisition costs	6,623	5,869	754	24,485
Collection commissions	1,432	1,476	(44)	7,921
Reinsurers commissions and profit participation	(268)	(76)	(192)	(1,182)
Total Life Insurance	**31,472**	**48,435**	**(16,963)**	**129,206**
Asset management fees	3,493	3,504	(11)	16,016
Other administration expenses	106,184	111,379	(5,195)	452,674
Total	**424,672**	**470,905**	**(46,233)**	**1,875,313**

OTHER EXPENSES

Other expenses amount to Euro 243,429 thousand (Euro 279,940 thousand in the first quarter of 2011) and are summarised below:

(in Euro thousands)	As of March 31, 2012	As of March 31, 2011	Change	Total 2011
Other technical charges	153,039	152,105	934	247,015
Provisions	80,868	34,732	(15,214)	136,603
Write-downs of receivables	4,931	1,122	3,809	35,831
Non recurring expenses	4,443	10,155	(5,712)	38,523
Depreciation of property & equipment	6,477	3,979	2,498	14,959
Amortisation of intangible assets	6,424	10,606	(4,182)	43,093
Exchange differences	1,019	5,083	(4,064)	2,867
Other expenses	47,578	62,158	(14,580)	519,708
Total	**304,779**	**279,940**	**(36,511)**	**1,038,599**

Other expenses includes the following:

- Euro 16 million (Euro 15 million as of March 31, 2011) related to the expenses of the subsidiary Auto Presto & Bene;
- Euro 14 million (Euro 14 million as of March 31, 2011) related to Atahotels Group operating expenses;
- Euro 10 million (Euro 8 million as of March 31, 2011) related to costs incurred by the retirement home

subsidiaries of the Group for operating and personnel costs;

- Euro 5 million (Euro 19 million as of March 31, 2011) related to the operating expenses of Immobiliare Lombarda, Immobiliare Fondiaria-SAI and Immobiliare Milano Groups;
- Euro 2 million (Euro 1 million as of March 31, 2011) related to operating expenses of the subsidiary Saiagricola.

INCOME TAXES

The table below sets forth the breakdown of income taxes:

(in Euro thousands)	**As of March 31, 2012**	**As of March 31, 2011**	**Change**	**Total 2011**
Current taxes	(80,724)	(14,185)	(66,539)	(138,815)
Deferred taxes	54,178	12,941	24,368	530,962
Total	**(26,546)**	**(1,244)**	**(42,171)**	**392,147**

Income taxes for the period amounted to Euro 26,546 thousand (Euro 1,244 thousand as of March 31, 2011), including current taxes by Euro 80,724 thousand and deferred taxes by Euro 54,178 thousand.

Italian income taxes (IRES income tax and IRAP regional tax) and foreign income taxes are determined based on the theoretical tax rates in force at reporting date in each country.
The tax rate usedto calculate the tax charge for the period was comparable to the the tax rate used for the tax charge in the same period of the previous year.

Income tax charge is higher than the theoretical tax charge, determined on the basis of theoretical tax rates, due to the deferred tax assets on tax loss carry-forwards not accounted for by the subsidiaries Lawrence RE and Sainternational SA.
The income tax charge of the period was additionally impacted by the write-downs and by the realized capital losses on securities available for sale, in particular performed by the subsidiary Milano Assicurazioni, under PEXin possession of the PEX regulation.

COMPREHENSIVE INCOME STATEMENT

The Comprehensive Income Statement results, detailed in specific statements, had been significantly impacted by the volatility of the prices of the financial assets available for sale.

The most significant component of the Comprehensive Income Statement is represented by Euro 583 million (Euro 96 million in the first quarter of 2011) related to the financial assets available for sale, presented net of the portion due to policyholders and related tax charges.

PART D – Segment Information

In accordance with IFRS 8, segment information is provided to the readers of the financial statements with an additional tool for a better understanding of the Group's operating and financial results.
The underlying rational of the principle is to provide information on the manner in which the Group results are determined and consequently providing information on the overall operations of the Group, particularly on the areas where profits and risks are concentrated.

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

Real Estate sector rents offices, buildings and residential homes which exceed the coverage requirements of insurance contract liabilities of the Group and actively operates in managing investment properties.

Other Activities Sector, residual by nature, offers inter alia products and services in fund management, asset management, hotellerie and agricultural sectors. The identification of this residual segment is based on a discretional valuation in order to illustrate the primary sources of risks and benefits for the Group.
The inter-sector transactions are generally carried out under arm's length conditions.

The following tables set forth the statement of financial position and the income statement by segment.

Balance sheet by business segment

(in Euro thousands)

		Non-Life Insurance Sector		Life Insurance Sector		Real Estate Sector		Other Activities Sector		Inter-segment Eliminations		Total	
		March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
1	**INTANGIBLE ASSETS**	**794,394**	**803,797**	**587,741**	**587,761**	**1,158**	**1,204**	**66,824**	**70,128**			**1,450,117**	**1,462,890**
2	**PROPERTY, PLANT & EQUIPMENT**	**90,327**	**94,632**	**9,430**	**7,030**	**197,209**	**197,552**	**101,642**	**102,556**	**-26**	**-26**	**398,582**	**401,744**
3	**TECHNICAL RESERVES – REINSURANCE ASSETS**	**614,611**	**608,617**	**88,803**	**93,263**							**703,414**	**701,880**
4	**INVESTMENTS**	**8,451,823**	**7,974,622**	**23,601,119**	**23,525,365**	**1,369,238**	**1,382,478**	**1,442,455**	**1,287,925**	**-360,890**	**-381,058**	**34,503,745**	**33,789,332**
4.1	Investment property	1,406,891	1,463,160	4,309	4,434	1,260,871	1,267,976	23,874	23,675			2,695,945	2,759,245
4.2	Investments in subsidiaries, associates and joint ventures	96,027	79,448	0	21,135	14,689	14,760	1,165	1,215			111,881	116,558
4.3	Investments held to maturity	0	0	627,316	601,755	0	0	0	0	-2,060	-2,042	625,256	599,713
4.4	Loans and receivables	683,815	716,893	2,102,655	2,118,511	27,162	41,286	1,227,589	1,128,490	-295,746	-316,315	3,745,475	3,688,865
4.5	Financial assets available for sale	6,230,890	5,689,702	12,790,506	11,793,990	63,641	55,581	123,186	115,565	-56,617	-56,551	19,151,606	17,598,287
4.6	Financial assets at fair value through profit & loss	34,200	25,419	8,076,333	8,985,540	2,875	2,875	66,641	18,980	-6,467	-6,150	8,173,582	9,026,664
5	**OTHER RECEIVABLES**	**1,724,070**	**2,307,378**	**197,810**	**282,888**	**59,505**	**59,572**	**162,064**	**308,975**	**-330,984**	**-618,072**	**1,812,465**	**2,340,741**
6	**OTHER ASSETS**	**1,189,413**	**1,091,564**	**393,320**	**559,961**	**61,272**	**136,346**	**74,630**	**78,518**	**-9,177**	**-62,949**	**1,709,458**	**1,803,440**
6.1	Deferred acquisition costs			30,679	30,301							30,679	30,301
6.2	Other assets	1,189,413	1,091,564	362,641	529,660	61,272	136,346	74,630	78,518	-9,177	-62,949	1,678,779	1,773,139
7	**CASH AND CASH EQUIVALENTS**	**700,123**	**965,478**	**554,595**	**279,784**	**133,152**	**42,391**	**95,026**	**73,102**	**-544,130**	**-384,173**	**938,766**	**976,582**
	TOTAL ASSETS	**13,564,761**	**13,846,088**	**25,432,818**	**25,336,052**	**1,821,534**	**1,819,543**	**1,942,641**	**1,921,204**	**-1,245,207**	**-1,446,278**	**41,516,547**	**41,476,609**
1	**SHAREHOLDERS' EQUITY**											**2,156,662**	**1,556,708**
2	**PROVISIONS**	**310,139**	**252,102**	**30,094**	**30,417**	**16,534**	**16,661**	**19,672**	**23,130**			**376,439**	**322,310**
3	**INSURANCE CONTRACT LIABILITIES**	**12,385,507**	**12,610,322**	**22,427,668**	**22,497,183**							**34,813,175**	**35,107,505**
4	**FINANCIAL LIABILITIES**	**1,115,390**	**1,090,310**	**1,082,020**	**1,684,858**	**193,737**	**211,958**	**1,087,074**	**911,113**	**-900,153**	**-754,966**	**2,578,068**	**3,143,273**
4.1	Financial liabilities at fair value through profit & loss	83,784	39,725	658,302	1,257,930	5,085	4,743	890	1,488			748,061	1,303,886
4.2	Other financial liabilities	1,031,606	1,050,585	423,718	426,928	188,652	207,215	1,086,184	909,625	-900,153	-754,966	1,830,007	1,839,387
5	**PAYABLES**	**843,206**	**833,971**	**143,598**	**132,350**	**33,983**	**38,200**	**243,659**	**413,563**	**-333,535**	**-625,994**	**930,911**	**792,090**
6	**OTHER LIABILITIES**	**326,440**	**386,719**	**281,619**	**172,418**	**31,533**	**31,169**	**33,376**	**29,893**	**-11,676**	**-65,476**	**661,292**	**554,723**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	0	0	0	0	0	0	0	0	0	0	**41,516,547**	**41,476,609**

Segment Income Statement

(in Euro thousands)

		Non-Life Insurance Sector		Life Insurance Sector		Real Estate Sector		Other Activities Sector		Inter-segment Eliminations		Total	
		March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
1.1	Net premiums	1,720,033	1,780,851	854,956	1,243,929	0	0	0	0	0	0	2,574,989	3,024,780
1.1.1	*Gross premiums written*	*1,789,312*	*1,861,817*	*858,990*	*1,247,542*							2,648,302	3,109,359
1.1.2	*Premiums ceded to re-insurers*	*-69,279*	*-80,966*	*-4,034*	*-3,613*							-73,313	-84,579
1.2	Commission income			1,203	2,744			6,291	5,922	-2,560	-1,243	4,934	7,423
1.3	Net income from financial instruments recorded at fair value through profit and loss	*794*	*-3,588*	252,219	-33,847	-317	-126	681	190		-8	253,377	-37,379
1.4	Financial income from investments in subsidiaries, associates and joint ventures	*151*	*0*	0			26	0				151	26
1.5	Financial income from other financial instruments and property investments	122,985	75,791	194,346	204,215	12,604	10,208	15,638	15,444	-12,993	-10,189	332,580	295,469
1.6	Other income	110,936	147,097	8,558	16,215	4,858	29,427	157,164	156,000	-172,043	-174,358	109,473	174,381
1	**TOTAL REVENUES AND INCOME**	**1,954,899**	**2,000,151**	**1,311,282**	**1,433,256**	**17,145**	**39,535**	**179,774**	**177,556**	**-187,596**	**-185,798**	**3,275,504**	**3,464,700**
2.1	Net insurance benefit and claims	-1,238,898	-1,316,311	-1,156,495	-1,287,884	0	0	0	0	0	0	-2,395,393	-2,604,195
2.1.2	*Amounts paid and changes in technical provision*	*-1,282,040*	*-1,341,258*	*-1,159,192*	*-1,293,115*							-2,441,232	-2,634,373
2.1.3	*Quota ceded to reinsurers*	*43,142*	*24,947*	*2,697*	*5,231*							45,839	30,178
2.2	Fee and commission expenses	0		-1,221	-2,530			-1,586	-2,199			-2,807	-4,729
2.3	Fianncial expenses from investments in subsidiaries, associates and joint ventures	-6,909	-7	0		-71		-81	-927			-7,061	-934
2.4	Financial expenses from other financial instruments and property investments	-47,915	-67,995	-19,636	-42,501	-15,746	-15,177	-8,966	-6,629	4,771	4,624	-87,492	-127,678
2.5	Management expenses	-353,872	-381,007	-50,908	-66,399	-51	-49	-77,648	-81,689	57,807	58,238	-424,672	-470,906
2.6	Other expenses	-298,094	-259,676	-23,202	-24,274	-6,979	-19,826	-101,522	-99,100	125,018	122,936	-304,779	-279,940
2	**TOTAL COSTS AND EXPENSES**	**-1,945,688**	**-2,024,996**	**-1,251,462**	**-1,423,588**	**-22,847**	**-35,052**	**-189,803**	**-190,544**	**187,596**	**185,798**	**-3,222,204**	**-3,488,382**
	PROFIT/(LOSS) BEFORE TAXES	**9,211**	**-24,845**	**59,820**	**9,668**	**-5,702**	**4,483**	**-10,029**	**-12,988**	**0**	**0**	**53,300**	**-23,682**

PART E - Information on business combinations and discontinued operations

On December 27, 2011, Immobiliare Fondiaria-SAI S.r.l.,Immobiliare Milano Assicurazioni S.r.l. and Argo Finanziaria S.p.A. entered into a purchase agreement related to 8,040,000 ordinary shares of IGLI S.p.A., a company owned by Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. representing the 33.33% of the share capital of IGLI S.p.A.. As reported above, IGLI S.p.A. in turn holds 120,576,293 Impregilo S.p.A. ordinary shares – representing the 29.96% of the share capital of Impregilo S.p.A. with voting rights.
The acquisition price of each IGLI S.p.A. share subject to the agreement was established at Euro 10.89572, determined on the basis of the forecast statement of financial position of IGLI S.p.A. as of December 31, 2011, including a value of Euro 3.65 attributed to each ordinary share of Impregilo S.p.A..
Argo Finanziaria S.p.A. appointed its subsidiary Autostrada Torino Milano S.p.A. to acquire the IGLI S.p.A. shares held by Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. .
On March 8, 2012, the transaction was completed with simultaneous payment by each seller of the ttransaction price amounting to Euro 43,800,794.40.
Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. have committed themselves and their affiliates, to abstain from acquiring directly or indirectly shares, rights and equity instruments of Impregilo S.p.A., financial instruments or debt securities convertible into shares or equity instruments of Impregilo S.p.A., in addition to any option rights concerning the subscription and/or the acquisition of any of the above-stated instruments for a period of 12 months starting from the execution of the operation.

PART F - Transactions with related parties

Disclosure in the interim condensed consolidated financial statements on “Related Parties” is governed by IAS 24 and by Consob Communications.

The principal equity, financial and economic transactions performed by the Parent Company with its subsidiaries (whether within the scope of article 2497 of the Civil Code or not) are disclosed in the Directors’ Report included in the separate financial statements of the Parent Company.

The transactions between the Parent Company and its subsidiaries were not included in the interim financial statements following the consolidation process and are not disclosed in these selected explanatory notes accordingly.

On December 23, 2011, the Board of Directors of Fondiaria-SAI resolved to update the previous version of the procedure “Code of conduct for significant transactions and procedures for transactions with related parties”, in compliance CONSOB resolution No. 17221 of March 12, 2010 (“CONSOB Regulation”). Approving this resolution, the Board of Directors considered the unanimous consensus by the special committee composed exclusively by independent directors. The new procedures were available on the Company website starting from December 23, 2011 and become enforceable starting from January 1, 2012. For the 2011 and previous fiscal years, the existing procedure remained effectively in force. In addition , the Board of Directors resolved to update the guidelines for transactions with related parties, in accordance with ISVAP Regulation No. 25 of May 27, 2010; this guidelines includes reference to the the Code of conduct for the procedural aspects regarding the transactions with related parties.

The tables below set forth the the statement of financial position, the income statement and other financial informations concerning transactions with related parties occurred in the first quarter of 2012 or related to the real estate operations started in previous years and not yet completed.

The table below sets forth the details of the operations between Group and other related parties:

Financial statements accounts

(in Euro thousands)	As of March 31, 2012		As of December 31, 2011	
RELATED PARTY	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Holding	329	625	181	1,770
Associates	105,376	837	106,131	837
Group companies	7	8	7	8
Other related parties	476,718	18,961	460,221	18,572
TOTAL	**582,430**	**20,431**	**566,540**	**21,187**

(in Euro thousands)	As of March 31, 2012		As of December 31, 2011	
NATURE OF THE TRANSACTION	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Real estate transactions	267,532	3,462	272,123	7,827
Insurance trasactions	419	8,129	199	3,988
Financial transactions	313,278	7,259	293,198	5,349
Service provided	1,195	-	949	-
Services received	6	1,016	63	2,319
Compensation of key corporate personnel		565	8	1,704
Compensation of key management	-	-	-	-
TOTAL	**582,430**	**20,431**	566,540	21,187

(in Euro thousands)	As of March 31, 2012		As of March 31, 2011	
RELATED PARTY	**Income**	**Expenses**	**Income**	**Expenses**
Holding	88	118	57	589
Associates	308	-	10,415	9,288
Group companies	-	-	-	-
Other related parties	16,294	31,226	16,141	22,421
TOTAL	**16,690**	**31,344**	**26,613**	**32,298**

(in Euro thousands)	As of March 31, 2012		As of March 31, 2011	
NATURE OF THE TRANSACTION	**Income**	**Expenses**	**Income**	**Expenses**
Real estate transacions	336	361	13,198	12,467
Insurance transactions	15,750	23,998	13,246	9,940
Financial transactions	485	578	93	493
Service provided	74	-	76	1
Services received	45	1,775	-	4,020
Compensation of key corporate personnel	-	1,791	-	4,271
Compensation of key management	-	2,841	-	1,106
TOTAL	**16,690**	**31,344**	**26,613**	**32,298**

Financial cash flows

(in Euro thousands)	As of March 31, 2012		1.1.1 As of March 31, 2011	
1.1.2 RELATED PARTY	**Cash inflow**	**Cash outflow**	**Cash inflow**	**Cash outflow**
Holding	76	32	69	720
Associates	96	14,180	7,556	11,452
Group companies	-	-	-	-
Other related parties	16,123	45,007	13,874	50,341
TOTAL	**16,295**	**59,219**	**21,499**	**62,513**

(in Euro thousands)	As of March 31, 2012		As of March 31, 2011	
NATURE OF THE TRANSACTION	**Cash inflow**	**Cash outflow**	**Cash inflow**	**Cash outflow**
Real estate transactions	280	9,645	7,774	38,213
Insurance transactions	15,753	26,972	13,246	10,014
Financial transactions	136	15,262	269	4,379
Service provided	126	5	130	-
Services received	-	2,727	80	4,401
Compensation of key corporate personnel	-	2,070	-	4,401
Compensation of key management	-	2,841	-	1,105
TOTAL	**16,295**	**59,522**	**21,499**	**62,513**

The above operations were carried out under arm's length conditions. The receivables are unguaranteed and will be fully settled by cash. In the last three years, no provision was accrued to write-down any receivable towards related parties.

REAL ESTATE TRANSACTIONS

The impact of the real estate transaction on income statement and statement of financial position is detailed in the table below.

(in Euro thousands)	As of March 31, 2012					
RELATED PARTY	**Assets**	**Liabilities**	**Income**	**Expenses**	**Cash inflow**	**Cash outflow**
Holding	114	-	42	-	-	-
Associates	252	147	21	-	28	-
Group companies	-	-	-	-	-	-
Other related parties	267,166	3,315	273	361	252	9,645
TOTAL	**267,532**	**3,462**	**336**	**361**	**280**	**9,645**

The **assets** principally include:

Transactions with **Other Related Parties** are composed by:

- Euro 92.4 million, as amounts recorded under inventory of the real estate project of Loano Tourist Port. The amount accounted for by Immobiliare Fondiaria-SAI S.r.l. through the subsidiary Marina di Loano S.p.A. refers to the cash-out of the current and previous years to Marcora Costruzioni S.p.A. In addition, the amount accounted for as inventory includes Euro 9.6 million incurred towards Sepi 97 S.r.l. for design projects, Euro 2.6 million towards I.C.E.IN. S.p.A. and Euro 1 million towards IM.CO. S.p.A. for construction works;
- Euro 72.6 million, as advance payments to Avvenimenti e Sviluppo Alberghiero S.r.l. made by Milano Assicurazioni S.p.A., with regard to construction contracts for the building located in Rome - Via Fiorentini. The amount recognised for this transaction as *Investment Property* as of March 31, 2012 is unchanged with respect to December 31, 2011, as no further payments were made during the quarter. It should be noted that this transaction, undertaken in 2003, was related to the sale to Avvenimenti e Sviluppo Alberghiero S.r.l. of a site suitable for building in exchange of the real estate property to be build on that site at a price of Euro 110 million, based on the further agreement signed in 2009. The residual commitment as of March 31, 2011 amounts to Euro 8.3 million;
- Euro 60.6 million, as advance payments due by IM.CO.S.p.A. to Milano Assicurazioni S.p.A. for advance payments made in the first quarter of 2012 by Euro 3.6 million and in previous years by Euro 57 million with regard to the transaction concerning the land located in Milan, Via Confalonieri-Via de Castillia (Lunetta dell'Isola). The transaction started in 2005 upon the disposal to IM.CO. S.p.A. of a land in exchange of a building for office to be constructed on that land for a price of Euro 99.1 million, based on further agreement signed in 2011. The residual commitment as of March 31, 2011 amounts to approx. Euro 26.2 million;
- Euro 11.6 million, as advance payments made by Immobiliare Fondiaria-SAI S.r.l. to IM.CO. S.p.A. for the hotel with wellness centre under construction located in S. Pancrazio Parmense (Parma). The company appointed an independent expert to assess the value of the initiative as of December 31, 2011. Following the result of the assessment, the Company wrote down the asset for approx. Euro 11.7 million;

- Euro 7.2 million, as advance payment by the subsidiary Nuove Iniziative Toscane S.r.l. to the company Europrogetti S.r.l. for design project related to the Castello Area (FI). The residual commitment as of March 31, 2012 amounts to Euro 28.8 million;
- Euro 5.8 million, as inventory related to the dismantlement and reconstruction of the area owned by Meridiano Secondo S.r.l. in the current and previous years related to the work performed by IC.E.IN. S.p.A., and Euro 2.2 million for design project performed by MI.PR.AV. S.r.l..

With regard to the above-mentioned real estate transactions, it should be noted that Milano Assicurazioni will become owner of the buildings only once the work is completed and approved.
These agreements expose the companies of the Group, where the selling counterparties (IM.CO. and Avvenimenti e Sviluppo Alberghiero, subsidiaries of Sinergia Holding di Partecipazioni S.p.A.) are unable to meet their obligations, to the risk of losing their right upon the delivery of the assets, remaining creditor for the advance payments, as these transaction does not include any guarantee.
Finally, it should be noted that the above-mentioned related parties have recently requested the payment of further amounts following amendments to the original plans. It is considered that these requests, currently under examination, are ungrounded and therefore rejected.
As of June 14, 2012, the 2nd Section of the Bankruptcy Court issued the bankruptcy judgment against Im.Co. and Sinergia. The estimated charges have already been accrued in a specific provision by the Group. The credit position toward Imco-Sinergia Group amounts to a nominal value of approximately Euro 230 million (equal to a fair value of Euro 176 million, following the allowances booked as of March 31, 2012); as of March 31, 2012, Fondiaria SAI Group accrued a specific provision amounting to Euro 77 million related to the bankruptcy of Sinergia Holding and Imco.

The amount accounted for as assets, although related to previous years initiatives, will be removed upon the completion of the project.
Otherwise, the additions to investments already existing and operating are recognized only in the period in which they are incurred.

The amount recognized as **liabilities** includes mainly the following transactions with **Other Related Parties**:
- trade payables owed by Marina di Loano S.r.l. toward Marcora Costruzioni S.p.A. amounting to Euro 1.2 million related to the construction of Loano tourist port;
- trade payables owed by Immobiliare Lombarda S.p.A. toward SO.GE.PI S.r.l. amounting to Euro 1 million due to invoices to be received.

The cash outflows to **Other Related Parties** refers mainly to:
- Euro 7 million made by Milano Assicurazioni S.p.A. to IM.CO. S.p.A. in relation to real estate transactions related to the land located in Milan - Via Confalonieri - Via de Castillia (Lunetta dell'Isola) - and for the work performed on the building located in Milan - Via Lancetti;
- Euro 1.7 million made by Tikal Re Fund to I.C.E.IN. S.p.A..

INSURANCE TRANSACTIONS

The impact of the insurance estate transaction on income statement and statement of financial position is detailed in the table below.

(in Euro thousands)	**As of March 31, 2012**

Related Party	Assets	Liabilities	Income	Expenses	Cash inflow	Cash outflow
Holding	-	-	-	-	-	-
Associates	-	4	19	-	19	-
Group companies	-	-	-	-	-	-
Other related parties	419	8,125	15,731	23,998	15,734	26,669
TOTAL	**419**	**8,129**	**15,750**	**23,998**	**15,753**	**26,669**

It should be noted that, starting from the fiscal year 2010, the transactions with Group Pension Fund are considered as related party transactions. Accordingly, **income from other related parties for insurance transactions** includes, in addition to Non-Life and Life insurance sectors premiums amounting to Euro 2.9 million, also the premiums paid by Fondiaria SAI Group Employee Pension Fund and the Fondiaria-SAI Executive Pension Fund respectively to Fondiaria-SAI for Euro 8.6 million and Milano Assicurazioni S.p.A. for Euro 4.2 million. These payments are related to the investment in Life policies of the contributions from the policyholders.

Insurance expenses 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;
- settlement of claims, due to redemption or maturity of Life policies for Euro 10.7 million;
- Commissions to insurance brokers for Euro 6 million.

Insurance income from other related parties includes, in addition to Non-Life and Life insurance sector premiums for Euro 2.9 million, also the premiums which the Fondiaria SAI Group Employee Pension Fund and the Fondiaria-SAI Executive Pension Fund paid to Fondiaria-SAI by Euro 8.6 million and Milano Assicurazioni S.p.A. by Euro 4.2 million respectively. These payments are related to the investment of the contributions from the policyholders in Life policies.

Insurance cash outflow to Other Related Parties refer to:

- payment of contributions on behalf of Group companies, in favour of Fondiaria-SAI Group Employee and Executive Pension Funds for Euro 7 million. These payments were performed in accordance with contractual agreements in force;
- settlement of claims, against redemption or maturity of Life Insurance policies for Euro 10.7 million;
- Commissions paid to insurance brokers for Euro 8.4 million.

The amount accounted for as **liabilities** essentially includes the insurance transactions with **Other Related Parties** by Euro 7.6 million related to commission payables to insurance intermediaries.
It should be noted that, among the transactions with Imco-Sinergia Group, there is a risk amounting to Euro 33.5 million related to insurance fidejussory policies as collateral of the commitment of some group components, of which Euro 31.4 million on behalf of Fondiaria SAI and Euro 2.1 million on behalf of Milano Assicurazioni. These transactions have been considered and accounted for in the financial statements as insurance contracts.

FINANCIAL TRANSACTIONS

The effects of financial transactions on income statement and statement of financial position are reported in the table below.

(in Euro thousands)	As of March 31, 2012					
RELATED PARTY	**Assets**	**Liabilities**	**Income**	**Expenses**	**Cash inflow**	**Cash outflow**
Holding	-	349	-	84	-	-
Associates	104,570	685	267	-	49	14,180
Group companies	-	8	-	-	-	-
Other related parties	208,708	6,217	218	494	87	1,082
TOTAL	**313,278**	**7,259**	**485**	**578**	**136**	**15,262**

The amount recognized as **assets** principally include:

Transactions with **Associates** refer to:

- Euro 65.5 million toward Garibaldi S.c.s and Euro 14.8 million toward HEDF Isola S.c.s., following investments made by Milano Assicurazioni S.p.A.;
- Financial assets due to Immobiliare Milano respectively by Borsetto S.r.l. (Euro 7.8 million), Sviluppo Centro Est S.r.l. (Euro 8.2 million), Metropolis S.p.A (Euro 4.1 million) and Penta Domus S.r.l. (Euro 1.2 million);
- loans owned by Immobiliare Fondiaria-SAI amounting to Euro 2.6 million due from Progetto Alfiere S.p.A..

Financial transactions recognized as **assets with Other Related Parties** refer:

- Euro 145.7 million to the bond issued by Unicredit S.p.A., underwritten respectively by Milano Assicurazioni S.p.A. for Euro 85.5 million and Fondiaria-SAI S.p.A. for Euro 60.2 million;
- Euro 24.3 million relates to the credit lines granted by the subsidiary BancaSai. Among these, Euro 11.6 million and Euro 8.8 million are granted respectively to Sinergia Holding S.p.A. and IM.CO. S.p.A. whereas the residual Euro 3.8 million relates to loans granted to individuals. These credit lines are supported by guarantees amounting to Euro 7.9 million from IM.CO. S.p.A. and Euro 12 million from Sinergia Holding S.p.A.. With regard to Sinergia Holding S.p.A., the guarantee supporting the opening of the credit line and the bullet loan amounting to Euro 7 million refers to the investment in the Closed Speculative Real Estate Investment Fund "UNO-FONDO SVILUPPO" managed by Zero SGR S.p.A.;
- Euro 15.5 million relates to bank accounts of the Parent Company and other group components with Unicredit S.p.A.;
- Euro 16 million relates to the receivables respectively owned by Fondiaria-SAI S.p.A. (Euro 12.5 million) and Milano Assicurazioni S.p.A. (Euro 3.5 million) toward Unicredit S.p.A., in relation to the Margin Call Unicredit Bank which was paid to the counterparty against the market changes in the underlying derivative instruments;
- Euro 6.4 million with Unicredit S.p.A. relates to the recognition of the expenses concerning the share capital increase occurred in July 2011, respectively in favour of Milano Assicurazioni S.p.A. by Euro 5.5 million and Fondiaria-SAI S.p.A. by Euro 0.9 million.

Financial transactions recognized as **liabilities to Other Related Parties** refer to:

- credit line with Unicredit S.p.A. ofthe subsidiary Atahotels S.p.A. amounting to Euro 3.8 million;
- bank accounts held by other related parties, both physical and legal persons, with the subsidiary BancaSai, amounting to Euro 2.4 million.

Financial transactions recognized as **cash outflow to Associates** refer to:

- Euro 13.2 million from Gibaldi S.c.a and Euro 0.7 million from HEDF Isola S.c.s., due to investments made by Milano Assicurazioni S.p.A.;

SERVICES PROVIDED

(in Euro thousands)			As of March 31, 2012			
RELATED PARTY	**Assets**	**Liabilities**	**Income**	**Expenes**	**Cash inflow**	**Cash outflow**
Holding	214	-	46	-	76	-
Associates	553	-	-	-	-	-
Group companies	7	-	-	-	-	-
Other related parties	421	-	28	-	50	5
TOTAL	**1,195**	**-**	**74**	**-**	**126**	**5**

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

SERVICES RECEIVED

(in Euro thousands)			March 31, 2012			
RELATED PARTY	**Assets**	**Liabilities**	**Income**	**Expenses**	**Cash inflow**	**Cash outflow**
Holding company	-	277	-	34	-	32
Associated companies	-	-	-	-	-	-
Group companies	-	-	-	-	-	-
Other related parties	6	739	45	1,741	-	2,695
TOTAL	**6**	**1,016**	**45**	**1,775**	**-**	**2,727**

The **liabilities for services received from Other Related Parties** amount to Euro 0.7 million and are related to invoices to be received.

With regard to the **services received from Other Related Parties**, it should be noted that:

- Euro 1.7 million are related principally by Euro 0.5 million to the company Parametrica Consulting for technical consulting services, by Euro 0.3 million to Mr. Rapisarda Fausto for legal consultancy, by Euro 0.24 to SO.GE.PI S.r.l. for technical-real estate consultancy and by Euro 0.16 million to Studio Gismondi & Associati for legal consultancy.

Finally, the expenses include the compensation of members of the Group Company boards by Euro 1.8 million and the compensation of senior managers with strategic responsibility for Euro 2.8 million.

The **residual cash outflow to Other Related Parties** refer to the compensation to Directors for positions held in companies of the Group by Euro 2 million and to the compensation of senior management by Euro 2.8 million.

It should be noted that assets referring to transactions with related parties as of March 31, 2012 (including associates) represent approximately the 1.4% of total group assets reported in the consolidated financial statements, whereas liabilities - excluding shareholders’ equity - represent the 0.05% of total group liabilities. The Cash Flows represents the 16.8% of net liquidity from operating activities as reported in the Consolidated Cash Flow Statement as of March 31, 2012.

It should be noted that Immobiliare Costruzioni 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 considered as related parties because some directors declared to have interests and investments in Sinergia Holding di Partecipazioni S.p.A, which is their holding. Immobiliare Costruzioni IM.CO. S.p.A., I.C.E.IN. S.p.A., Marcora Costruzioni S.p.A., Avvenimenti e Sviluppo Alberghiero S.r.l. and Gilli Comunication S.r.l. are related parties of the Issuer, as Jonella Ligresti, Giulia Maria Ligresti and Gioacchino Paolo Ligresti declared to hold interests in Sinergia Holding di Partecipazioni S.p.A., which control either directly or indirectly these companies. Following the above, Sinergia Holding di Partecipazioni is controlled by Starlife S.A. ("Starlife"), a company with registered office in Luxembourg, whose share capital, based on the information publicly available, is held as follows: 25% by Giulia Maria Ligresti; 25% by Jonella Ligresti; 25% by Gioacchino Paolo Ligresti; 25% by Salvatore Ligresti; nobody controls Starlife in accordance with Article 93 of the CFA.

With regard to the transactions with related parties, there were no significant positions or transactions from atypical and/or unusual transactions.

PART G - Other information

DIVIDENDS

Following the resolution of the Shareholders' Meeting of April 24, 2012, no dividends were distributed.

EARNINGS/LOSS PER SHARE

The earnings/loss per share is 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 throughout the year. It should be noted that the weighted average shares outstanding is reduced by the weighted average treasury shares held by the Fondiaria-SAI Group.

In accordance with IAS 33, the table below presents the calculation of the basic and diluted earnings/loss per share:

(in Euro thousands)	**As of March 31, 2012**	**1.1.3 As of March 31, 2011**
Group result	29,908	(24,863)
Theoretical part of result attributable to savings shareholders	(8,299)	(2,766)
Profit/(loss) attributed to the ordinary shareholders of the parent company	21,609	(27,629)
Weighted average number of ordinary shares to calculate the basis earnings/(loss) per share	352,664,913	110,099,933
Earnings/(loss) per share	0.06	(0.25)
Effect of the dilution:		
Adjusted weighted average number of ordinary shares to calculate the diluted earnings per share	352,664,913	110,099,933
Diluted earnings/(loss) per share	0.06	(0.25)

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 main currencies used for the conversion of the accounts of the statement of financial postion are as follows:

	As of March 31, 2012	As of December 31, 2012	As of March 31, 2011
US Dollar	1.3356	1.2939	1.4207
UK Sterling	0.8339	0.8353	0.8837
Japanese Yen	109.56	100.2	117.61
Swiss Franc	1.2045	1.2156	1.3005
Serbian Dinar	111.554	106.177	103.664

SUBSEQUENT EVENTS AFTER THE END OF THE QUARTER

No significant events occurred after the end of the quarter that would result in adjustment to the present interim condensed consolidated financial statements.

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 have result in a significant impact on the income statement, statement of financial psotion or cash flow statements;
- There are no changes in the estimates made in the current or previous periods that would result in a significant effect on the result for the period.

With reference to the provisions of IAS 37, the Group is not aware of any significant potential assets or liabilities of a significant size acquired since December 31, 2011 for which specific information is required.

Milan, 10/05/12

For the Board of Directors

Mr. Emanuele ERBETTA

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

The undersigned Massimo Dalfelli, 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 at March 31, 2012 corresponds to the underlying accounting documents, records and accounting entries.

Milan, 10/05/12

The Executive Responsible
for the preparation of the corporate accounting documents

Mr. Massimo DALFELLI

Consolidation scope

Order number	Company	State	Method (1)	Activity (2)	Direct Holding %	Total Holding % (3)	Voting % in Ordinary Shareholder Meeting (4)	% consolidated
1	PRONTO ASSISTANCE SPA	086	G	1	100.00	100.00	100.00	100.00
2	SIAT SOCIETA' ITALIANA ASS E RIASS SPA	086	G	1	0.00	94.69	94.69	100.00
3	BIM VITA SPA	086	G	1	50.00	50.00	50.00	100.00
4	EUROSAI FINANZIARIA DI PARTECIPAZIONE SRL	086	G	11	100.00	100.00	100.00	100.00
5	FINSAI INTERNATIONAL SA	092	G	11	19.92	99.99	100.00	100.00
6	SAIAGRICOLA SPA	086	G	11	92.01	97.51	100.00	100.00
7	SAIFIN - SAIFINANZIARIA SPA	086	G	11	100.00	100.00	100.00	100.00
8	SAINTERNATIONAL SA	092	G	11	100.00	100.00	100.00	100.00
9	SAI HOLDING ITALIA SPA	086	G	11	100.00	100.00	100.00	100.00
10	SAILUX SA	092	G	11	0.00	100.00	100.00	100.00
11	SIM ETOILE SA	029	G	10	100.00	100.00	100.00	100.00
12	SRP SERVICES SA	071	G	11	0.00	100.00	100.00	100.00
13	COLPETRONE SRL	086	G	11	0.00	97.51	100.00	100.00
14	CONSORZIO CASTELLO	086	G	10	0.00	98.43	99.57	100.00
15	DIALOGO ASSICURAZIONI SPA	086	G	1	0.00	63.29	99.85	100.00
16	DOMINION INSURANCE HOLDING LTD	031	G	11	0.00	99.99	100.00	100.00
17	EUROPA TUTELA GIUDIZIARIA SPA	086	G	1	100.00	100.00	100.00	100.00
18	FONDIARIA-SAI NEDERLAND B.V.	050	G	11	100.00	100.00	100.00	100.00
19	SERVICE GRUPPO FONDIARIA SRL	086	G	11	70.00	89.02	100.00	100.00
20	MILANO ASSICURAZIONI SPA	086	G	1	61.10	63.39	63.40	100.00
21	NUOVE INIZIATIVE TOSCANE SRL	086	G	10	96.88	98.86	100.00	100.00
22	STIMMA SRL	086	G	10	100.00	100.00	100.00	100.00
23	SYSTEMA COMPAGNIA DI ASS.NI SPA	086	G	1	0.00	63.39	100.00	100.00
24	THE LAWRENCE RE IRELAND LTD	040	G	5	0.00	100.00	100.00	100.00
25	THE LAWRENCE LIFE ASSURANCE CO. LTD	040	G	2	0.00	50.00	100.00	100.00
26	GRUPPO FONDIARIA-SAI SERVIZI SCRL	086	G	11	64.16	87.29	100.00	100.00
27	VILLA RAGIONERI SRL	086	G	10	100.00	100.00	100.00	100.00
28	CASCINE TRENNO SRL	086	G	10	0.00	100.00	100.00	100.00
29	TRENNO OVEST SRL	086	G	10	0.00	100.00	100.00	100.00
30	INSEDIAMENTI AVANZATI NEL TERRITORIO I.A.T. SPA	086	G	10	0.00	100.00	100.00	100.00
31	MERIDIANO BELLARMINO SRL	086	G	10	0.00	100.00	100.00	100.00
32	MERIDIANO BRUZZANO SRL	086	G	10	0.00	100.00	100.00	100.00
33	MERIDIANO PRIMO SRL	086	G	10	0.00	100.00	100.00	100.00
34	MERIDIANO SECONDO SRL	086	G	10	0.00	100.00	100.00	100.00
35	BANCA SAI SPA	086	G	7	100.00	100.00	100.00	100.00
36	BRAMANTE SRL	086	G	10	0.00	100.00	100.00	100.00
37	CAMPO CARLO MAGNO SPA	086	G	10	0.00	63.39	100.00	100.00
38	CARPACCIO SRL	086	G	10	0.00	100.00	100.00	100.00
39	CASA DI CURA VILLA DONATELLO SPA	086	G	11	100.00	100.00	100.00	100.00
40	CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA SRL	086	G	11	100.00	100.00	100.00	100.00
41	PONTORMO SRL	086	G	10	0.00	100.00	100.00	100.00
42	FINITALIA SPA	086	G	11	0.00	100.00	100.00	100.00
43	IMMOBILIARE LITORELLA SRL	086	G	10	0.00	100.00	100.00	100.00
44	IMMOBILIARE LOMBARDA SPA	086	G	10	64.17	86.88	100.00	100.00
45	INIZIATIVE VALORIZZAZ.NI EDILI IN.V.ED. SRL	086	G	10	0.00	100.00	100.00	100.00
46	MASACCIO SRL	086	G	10	0.00	100.00	100.00	100.00
47	APB CAR SERVICE SRL	086	G	11	0.00	100.00	100.00	100.00
48	ATAVALUE SRL	086	G	11	0.00	100.00	100.00	100.00
49	MIZAR SRL	086	G	10	0.00	100.00	100.00	100.00
50	NUOVA IMPRESA EDIFICATRICE MODERNA SRL	086	G	10	0.00	100.00	100.00	100.00
51	MARINA DI LOANO SPA	086	G	10	0.00	100.00	100.00	100.00
52	PROGETTO BICOCCA LA PIAZZA SRL in liquidazione	086	G	10	0.00	74.00	74.00	100.00
53	PRONTO ASSISTANCE SERVIZI SPA	086	G	11	37.40	79.92	100.00	100.00
54	RISTRUTTURAZIONI EDILI MODERNE R.EDIL.MO SRL	086	G	10	0.00	100.00	100.00	100.00
55	SAI INVESTIMENTI SGR SPA	086	G	8	51.00	69.38	80.00	100.00
56	SAI MERCATI MOBILIARI SIM SPA	086	G	11	100.00	100.00	100.00	100.00
57	SANTA MARIA DEL FICO SRL	086	G	11	0.00	97.51	100.00	100.00
58	SOGEINT SRL	086	G	11	0.00	63.39	100.00	100.00
59	TIKAL R.E. FUND	086	G	10	59.65	82.06	95.01	100.00
60	FLORENCE CENTRO DI CHILURGIA AMBULATORIALE SRL	086	G	11	0.00	100.00	100.00	100.00
61	LIGURIA SOCIETA' DI ASSICURAZIONI SPA	086	G	1	0.00	63.37	99.97	100.00
62	LIGURIA VITA SPA	086	G	1	0.00	63.37	100.00	100.00
63	MERIDIANO AURORA	086	G	10	100.00	100.00	100.00	100.00
64	INCONTRA ASSICURAZIONI SPA	086	G	1	51.00	51.00	51.00	100.00
65	POPOLARE VITA SPA	086	G	1	24.39	50.00	50.00	100.00
66	SINTESI SECONDA SRL	086	G	10	0.00	63.39	100.00	100.00
67	SOCIETA' EDILIZIA IMMOBILIARE SARDA S.E.I.S SPA	086	G	10	0.00	51.67	51.67	100.00
68	DDOR NOVI SAD ADO	289	G	3	99.99	99.99	99.99	100.00
69	AUTO PRESTO & BENE SRL	086	G	11	100.00	100.00	100.00	100.00
70	SAINT GEORGE CAPITAL MANAGEMENT SA	071	G	11	0.00	100.00	100.00	100.00
71	ATHENS RE FUND - FONDO SPECULATIVO	086	G	10	0.00	63.39	100.00	100.00
72	CITTA' DELLA SALUTE SCRL	086	G	11	0.00	100.00	100.00	100.00
73	ATAHOTELS COMPAGNIA ITALIANA AZIENDE TURISTICHE ALBERGHIE	086	G	11	51.00	82.06	100.00	100.00
74	DDOR RE JOINT STOCK REINSURANCE COMPANY	289	G	6	0.00	100.00	100.00	100.00
75	DONATELLO DAY SURGERY SRL	086	G	11	0.00	100.00	100.00	100.00
76	IMMOBILIARE FONDIARIA-SAI SRL	086	G	10	100.00	100.00	100.00	100.00
77	IMMOBILIARE MILANO ASSICURAZIONI SRL	086	G	10	0.00	63.39	100.00	100.00
78	ITALRESIDENCE SRL	086	G	11	0.00	82.06	100.00	100.00

(1) Consolidation method: Line-by-line =G, Proportional=P, Line-by-line for man. unit =U
(2) 1= Italian Ins; 2= EU Ins; 3=Other Ins; 4=Holding insurance; 5=EU reins; 6=Reins. other; 7=Banks; 8=SGR; 9=Other holding; 10=Property 11=Other
(3) total shareholding relating to all companies which, through the various holdings, connect the company that prepares the consolidated financial statements and the company held. Where this company is held directly by more than one subsidiary it is necessary to aggregate the holdings
(4) total voting rights in an ordinary shareholders meeting if different from the direct or indirect shareholding

Details of non-consolidated investments

Number	Company	State	Activity (1)	Type (2)	Direct Holding %	Total Holding % (3)	Voting % in Ordinary Shareholder Meeting (4)	Book value
1	FIN. PRIV. SRL	086	11	b	28.57	28.57	28.57	19,823,300.00
2	SOFIGEA SRL in liquidazione	086	11	b	14.91	19.66	22.41	0.00
3	UFFICIO CENTRALE ITALIANO SRL	086	11	b	14.14	21.38	25.52	229,914.97
4	MB VENTURE CAPITAL FUND	050	11	b	30.00	30.00	30.00	0.00
5	FINADIN SPA	086	11	b	0.00	40.00	40.00	0.00
6	SOCIETA' FUNIVIE DEL PICCOLO S. BERNARDO SPA	086	11	b	0.00	27.38	27.38	3,354,846.76
7	BORSETTO SPA	086	10	b	0.00	28.48	44.93	2,820,242.67
8	GARIBALDI SCA	092	11	b	0.00	20.28	32.00	54,492,000.00
9	METROPOLIS SPA	086	10	b	0.00	18.85	29.73	0.00
10	PROGETTO ALFIERE SPA	086	10	b	0.00	19.00	19.00	1,361,656.68
11	SERVIZI IMMOBILIARI MARTINELLI SPA	086	10	b	0.00	12.68	20.00	129,000.00
12	A7 SRL	086	10	b	0.00	12.68	20.00	266,000.00
13	SOAIMPIANTI- ORGANISMI DI ATTESTAZIONE SPA in liquidaz.	086	11	b	21.64	21.64	21.64	317,114.00
14	GLOBAL CARD SERVICE SRL	086	11	a	0.00	60.20	95.00	0.00
15	PENTA DOMUS SPA	086	10	b	0.00	12.68	20.00	0.00
16	FONDIARIA-SAI SERVIZI TECNOLOGICI SRL	086	11	b	51.00	51.00	51.00	3,378,669.00
17	SVILUPPO CENTRO EST SRL	086	10	b	0.00	25.36	40.00	0.00
18	QUINTOGEST SPA	086	11	b	49.00	49.00	49.00	449,667.89
19	DDOR AUTO DOO	289	11	a	0.00	99.99	100.00	12,799.24
20	DDOR GARANT	289	11	b	0.00	40.00	40.00	509,046.92
21	CONSULENZA AZIENDALE PER L'INFORMATICA SCAI SPA	086	11	b	30.07	30.07	30.07	1,574,338.91
22	BUTTERFLY AM SARL	092	11	b	0.00	28.57	28.57	6,757,538.31
23	VALORE IMMOBILIARE SRL	086	10	b	0.00	31.69	50.00	5,333,000.00
24	HOTEL TERME SI SAINT VINCENT SRL	086	11	a	0.00	82.06	100.00	1,194,661.00
25	ITAL H&R SRL	086	11	a	0.00	82.06	100.00	20,686.00
26	TOUR EXCECUTIVE SPA	086	11	a	0.00	82.06	100.00	69,752.35
27	ATA BENESSERE SRL in liquidazione	086	11	a	0.00	82.06	100.00	25,403.00
28	ISOLA SCA	092	11	b	0.00	18.74	29.56	9,761,000.00

(1) 1= Italian Ins; 2= EU Ins; 3=Other Ins; 4=Holding insurance; 5=EU reins; 6=Reins. other; 7=Banks; 8=SGR; 9=Other holding; 10=Property 11=Other

(2) a=subsidiaries (IAS27) ; b=associated companies (IAS28); c=joint venture (IAS 31); indicate with an asterisk (*) the companies classified as held for sale in accordance with IFRS 5 and shown in the key below

(3) total shareholding relating to all companies which, through the various holdings, connect the company that prepares the consolidated financial statements and the company held. Where this company is held directly by more than one subsidiary it is necessary to aggregate the holdings

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

Details of tangible and intangible assets

(in thousands of Euro)

	Book value	Revalued amount or fair value	Total book value
Investment property	2,695,945	0	2,695,945
Other buildings	314,629	0	314,629
Other tangible assets	83,953	0	83,953
Other intangible assets	87,267	0	87,267

Details of financial assets

(in thousands of Euro)

	Investments held to maturity		Loans and receivables		Financial assets Available for sale		Financial assets at fair value through P&L				Total book value	
							Financial assets held for trading		Financial assets at fair value through profit & loss			
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Equity securities and derivatives at cost											0	0
Equity securities at fair value					1,237,623	1,171,370	370	351	39,746	30,248	1,277,739	1,201,969
of which listed securities					976,758	917,963	370	351	39,746	30,248	1,016,874	948,562
Debt securities	625,256	599,713	2,423,219	2,465,849	17,107,585	15,636,678	73,606	34,240	6,930,423	8,038,695	27,160,089	26,775,175
of which listed securities	625,256	599,713	783,804	808,874	17,082,835	15,592,964	70,331	22,102	2,244,056	2,803,184	20,806,282	19,826,837
Fund units					804,300	788,143	19,065	19,015	626,877	617,109	1,450,242	1,424,267
Bank Loans and receivables			618,881	636,315							618,881	636,315
Interbank loans and receivables			144,232	29,147							144,232	29,147
Deposits with reinsurers			22,931	24,895							22,931	24,895
Financial asset components of insurance contracts											0	0
Other loans and receivables			532,705	512,968							532,705	512,968
Non-hedging derivatives							16	28	190,443	236,669	190,459	236,697
Hedging derivatives									21,286	12,328	21,286	12,328
Other financial investments			3,507	19,691	2,098	2,096			271,750	37,981	277,355	59,768
Total	**625,256**	**599,713**	**3,745,475**	**3,688,865**	**19,151,606**	**17,598,287**	**93,057**	**53,634**	**8,080,525**	**8,973,030**	**31,695,919**	**30,913,529**

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

(in thousands of Euro)

	Returns based on performance of investments funds and market indices		Returns related to the management of pension funds		Total	
	March 31, 2012	**December 31, 2011**	**March 31, 2012**	**December 31, 2011**	**March 31, 2012**	**December 31, 2011**
Assets in accounts	7,716,226	8,624,071	295,703	275,932	8,011,929	8,900,003
Inter-group assets*	6,346	6,044			6,346	6,044
Total Assets	**7,722,572**	**8,630,115**	**295,703**	**275,932**	**8,018,275**	**8,906,047**
Financial liabilities in accounts	333,537	963,677	295,703	275,932	629,240	1,239,609
Technical provision in accounts	7,389,006	7,666,345			7,389,006	7,666,345
Inter-group liabilities*					0	0
Total Liabilities	**7,722,543**	**8,630,022**	**295,703**	**275,932**	**8,018,246**	**8,905,954**

* Assets and liabilities eliminated in consolidation

Details of the technical provisions - reinsurance amount

(in thousands of Euro)

	Total book value	
	March 31, 2012	December 31, 2011
Non-Life provisions	***614,611***	***608,617***
Life provisions	***88,803***	***93,263***
Technical provisions where investment risk is borne by policyholders and from pension fund management		*0*
Actuarial provisions and other provisions	*88,803*	*93,263*
Technical provisions attributed to reinsurers	***703,414***	***701,880***

Details of technical provisions

(in thousands of Euro)

	Total book value	
	March 31, 2012	**December 31, 2011**
Non-Life provisions	***12 385 507***	***12 610 322***
Unearned premium provision	*2 586 021*	*2 741 846*
Claims provision	*9 789 629*	*9 858 123*
Other provisions	*9 857*	*10 353*
of which provisions set aside following the liability adequacy test		*0*
Life provisions	***22 427 668***	***22 497 183***
provision for claims to be paid	*515 633*	*360 690*
Actuarial provisions	*14 934 057*	*15 163 237*
Technical provisions where investment risk is borne by policyholders and from pension fund management	7 389 006	7 666 345
Other provisions	*-411 028*	*-693 089*
of which provisions set aside following the liability adequacy test	*0*	*0*
of which deferred liabilities to policyholders	*-486 656*	*-772 473*
Total Technical provisions	***34 813 175***	***35 107 505***

Details of financial liabilities

(in thousands of Euro)

	Financial liabilities at fair value through profit & loss				Other financial liabilities		Total book value	
	Financial liabilities held for trading		Financial liabilities at fair value through profit & loss					
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Equity financial instruments							0	0
Sub-ordinated liabilities					1,041,022	1,049,467	1,041,022	1,049,467
Liabilities from financial contracts issued by insurance companies deriving	0	0	629,240	1,239,609	0	0	629,240	1,239,609
Liabilities from contracts for which the investment risk is borne by policyholders			333,537	963,677			333,537	963,677
Liabilities from the management of pension funds			295,703	275,932			295,703	275,932
Liabilities from other contracts			0				0	0
Deposits received from reinsurers			0		168,511	171,542	168,511	171,542
Financial liability components of insurance contracts			0				0	0
Debt securities issued			0		93,971	99,013	93,971	99,013
Payables to bank clients			0		206,220	232,171	206,220	232,171
Interbank payables			0				0	0
Other loans obtained			0		124,859	130,192	124,859	130,192
Non-hedging derivatives	678	206	5,223	839			5,901	1,045
Hedging derivatives	8,671	7,649	103,008	53,623			111,679	61,272
Other financial liabilities			1,241	1,960	195,424	157,002	196,665	158,962
Total	**9,349**	**7,855**	**738,712**	**1,296,031**	**1,830,007**	**1,839,387**	**2,578,068**	**3,143,273**

Details of insurance technical provisions

(in thousands of Euro)

		March 31, 2012			March 31, 2011		
		Gross amount	reinsurers' share	Net amount	Gross amount	reinsurers' share	Net amount
Non-Life Division							
NET PREMIUMS		**1,789,312**	**-69,279**	**1,720,033**	**1,861,817**	**-80,966**	**1,780,851**
a	Premiums written	1,635,641	-69,354	1,566,287	1,741,453	-78,436	1,663,017
b	Change in unearned premium provision	153,671	75	153,746	120,364	-2,530	117,834
NET CHARGES RELATING TO CLAIMS		**-1,282,040**	**43,142**	**-1,238,898**	**-1,341,258**	**24,947**	**-1,316,311**
a	Amount paid	-1,373,168	35,880	-1,337,288	-1,413,801	34,593	-1,379,208
b	Change in claims provision	66,356	3,164	69,520	25,759	-16,733	9,026
c	Change in recoveries	24,436	4,098	28,534	46,175	7,087	53,262
d	Change in other technical provisions	336	0	336	609	0	609
Life Division							
NET PREMIUMS		**858,990**	**-4,034**	**854,956**	**1,247,542**	**-3,613**	**1,243,929**
NET CHARGES RELATING TO CLAIMS		**-1,159,192**	**2,697**	**-1,156,495**	**-1,293,115**	**5,231**	**-1,287,884**
a	Sums paid	-1,599,509	5,395	-1,594,114	-872,607	6,991	-865,616
b	Change in provision for sums to be paid	-70,451	-26	-70,477	-65,849	56	-65,793
c	Change in actuarial provision	227,043	-2,672	224,371	87,961	-1,816	86,145
d	Change technical provisions where investment risk borne by policyholders and from pension fund management	281,784	0	281,784	-434,658		-434,658
e	Change in other technical provisions	1,941	0	1,941	-7,962		-7,962

Financial income and expenses and from investments

(in thousands of Euro)

		Interest	Other Income	Other Expenses	Gains realised	Losses realised	Total income and expenses realised	Valuation gains		Valuation losses		Total income and expenses not realised	Total income and expenses March 31, 2012	Total income and expenses March 31, 2011
								Valuation gains	Write-back of value	Valuation losses	Impairment			
Investment results		237,719	68,768	-27,503	138,175	-25,416	391,743	206,973	4,598	-37,749	-21,017	152,805	544,548	144,173
a	from property investments	0	21,980	-12,052	1,017	0	10,945	0	0	-18,566	0	-18,566	-7,621	-8,690
b	from investments in subsidiaries, associates and joint ventures	0	40	-6,980	110	0	-6,830	0	0	-80	0	-80	-6,910	-908
c	from investments held-to-maturity:	8,745	25	-1	0	0	8,769	0	0	0	0	0	8,769	9,336
d	from loans and receivables	44,312	0	0	326	-1,557	43,081	0	4,598	-18	0	4,580	47,661	35,507
e	from financial assets available for sale	149,331	16,459	-2,439	80,619	-14,511	229,459	0	0	0	-21,017	-21,017	208,442	144,895
f	from financial assets held for trading	365	0	-14	2,367	-305	2,413	42,623	0	-329	0	42,294	44,707	5,401
g	from financial assets at fair value through profit & loss	34,966	30,264	-6,017	53,736	-9,043	103,906	164,350	0	-18,756	0	145,594	249,500	-41,368
Other receivables results		1,610	17	-9	0	0	1,618	0	0	0	0	0	1,618	1,897
Cash and cash equivalents result		3,541	0	-169	0	0	3,372	0	0	0	0	0	3,372	1,054
Financial liabilities result		-15,564	0	-182	0	0	-15,746	0	0	-40,830	0	-40,830	-56,576	-16,343
a	from financial liabilities held for trading						0			-40,830		-40,830	-40,830	-1,412
b	from financial liabilities at fair value through profit & loss	0	0	0			0					0	0	0
c	from other financial liabilities	-15,564	0	-182			-15,746					0	-15,746	-14,931
Payables result		-1,395	0	-12			-1,407					0	-1,407	-1,277
Total		225,911	68,785	-27,875	138,175	-25,416	379,580	206,973	4,598	-78,579	-21,017	111,975	491,555	129,504

Details of insurance management expenses

(in thousands of Euro)

		Non-Life Division		Life Division	
		March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Gross commissions and other		-302,376	-330,856	-31,740	-48,511
a	Acquisition commissions	-244,557	-263,156	-24,064	-40,593
b	Other acquisition expenses	-49,378	-52,312	-6,623	-5,869
c	Change in deferred acquisition costs	0	-6,303	379	-573
d	Collection commissions	-8,441	-9,085	-1,432	-1,476
Commissions and profit participation		18,853	23,269	268	76
Investment management charges		-2,413	-1,528	-991	-1,878
Other administration expenses		-67,936	-71,892	-18,445	-16,086
Total		**-353,872**	**-381,007**	**-50,908**	**-66,399**

Details of other Comprehensive consolidated income items

	Allocation		Adjustments from reclassifications to Income Statement		Other changes		Total changes		Income tax		Balance	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Currency transaltion reserve	-7,750	4,571					-7,750	4,571			-64,522	-52,027
Gain or loss from financial assets available for sale	534,663	64,292	48,583	32,202			583,246	96,494	-270,676	-14,790	-94,018	40,681
Gain or loss on cash flow hedging instruments	-1,875	13,980					-1,875	13,980	806	-5,404	-38,715	-10,215
Gain or loss on a net foreign investment hedge							0	0				
Change in net equity of holdings	3,009	-1,486					3,009	-1,486			-4,590	2,876
Change in revaluation reserve of intangible assets							0	0				
Change in revaluation reserve of tangible assets							0	0				
Income/(charges) on non-current assets or disposal group classified as held for sale							0	0				
Actuarial gains and losses and adjustments to employee defined benefit plans	-6,111	-2,662					-6,111	-2,662	2,517	1,528	-25,340	-14,637
Other		5,442					0	5,442			53,656	50,651
TOTAL OTHER COMPREHENSIVE INCOME STATEMENT ITEMS	**521,936**	**84,137**	**48,583**	**32,202**	**0**	**0**	**570,519**	**116,339**	**-267,353**	**-18,666**	**-173,529**	**17,329**

Details of financial assets and liabilities by level

		Level 1		Level 2		Level 3		Total	
		March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Financial assets available for sale		18,059,594	16,510,927	736,170	739,565	214,977	214,388	19,010,741	17,464,880
Financial assets at fair value through profit & loss	Financial assets held for trading	70,701	22,453	22,356	31,181			93,057	53,634
	Financial assets at fair value through profit & loss	21,502	20,331	8,059,023	8,952,699			8,080,525	8,973,030
Total		18,151,797	16,553,711	8,817,549	9,723,445	214,977	214,388	27,184,323	26,491,544
Financial liabilities at fair value through profit & loss	Financial liabilities held for trading			9,349	7,855			9,349	7,855
	Financial liabilities at fair value through profit & loss			738,712	1,296,031			738,712	1,296,031
Total		0	0	748,061	1,303,886	0	0	748,061	1,303,886

Details of Level 3 financial assets and liabilities

	Financial assets			Financial liabilities at fair value through profit & loss	
		Financial assets at fair value through the profit & loss			
	Financial assets available for sale	Financial assets held for trading	Financial assets at fair value through profit & loss	Financial liabilities held for trading	Financial liabilities at fair value through profit & loss
Opening balance	**214,388**				
Purchases/Issues					
Sales/Re-purchase					
Reimbursements					
Gain or loss recorded to income statement	589				
Gain or loss recorded to other comprehensive income					
Transfer to level 3					
Transfers to other levels					
Other changes					
Closing balance	**214,977**	**0**	**0**	**0**	**0**

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Auditors' report on review of the quarterly condensed consolidated financial statements (Translation from the original Italian text)

To the Board of Directors
of FONDIARIA-SAI S.p.A.

1. We have reviewed the quarterly condensed consolidated financial statements of FONDIARIA-SAI S.p.A. and its subsidiaries (the "FONDIARIA-SAI Group") as of March 31, 2012 and for the three months then ended, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes. The Directors of FONDIARIA-SAI S.p.A. are responsible for the preparation and presentation of these quarterly condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* (IAS 34) as adopted by the European Union. Our responsibility is to report on these quarterly condensed consolidated financial statements based on our review. These quarterly condensed consolidated financial statements have been prepared for the purposes of inclusion in the documents for the offering and listing of the new shares of FONDIARIA-SAI S.p.A..

2. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). Consequently, it does not enable us to have the assurance of knowing all significant matters that might have been identified with an audit. Accordingly, we do not express an audit opinion.

   With respect to the consolidated financial statements of the prior year and to the quarterly condensed consolidated financial statements of the corresponding period of the prior year, presented for comparative purposes, reference should be made to our reports issued, respectively, on March 31, 2012 and May 16, 2011.

3. Based on our review, nothing has come to our attention that causes us to believe that the quarterly condensed consolidated financial statements of the FONDIARIA-SAI Group at March 31, 2012, prepared for the purposes of inclusion in the offering documents, have not been prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union.

4. We draw your attention to the disclosures contained in the Directors' Report[1] and in the explanatory notes with respect to:

   - the resolution of the shareholders' meeting of FONDIARIA-SAI S.p.A. held on June 27, 2012 with respect to the capital increase which is part of the intervention plan required by the Supervisory Authority. The capital strengthening has the purpose, together with other actions, to restore the Group's solvency margin above the minimum requirement;

   - the financial exposure towards the related parties Im.Co S.p.A. and Sinergia H.d.P. S.p.A. and their subsidiaries, net of related risk provisions representing the Directors' best estimate of the expected losses deriving from the declared insolvency of the two companies by the Milan Court on June 14, 2012.

Turin, July 2, 2012

Reconta Ernst & Young S.p.A.
Signed by: Ambrogio Virgilio, Partner

This report has been translated into the English language solely for the convenience of international readers.

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[1] The Directors' Report is not included in this Offering Circular.