2012 THIRD 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 1,194,572,973.80 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.

CORPORATE BOARDS FONDIARIA-SAI S.p.A.

BOARD OF DIRECTORS

Fabio Cerchiai*	*Chairman*
Pierluigi Stefanini*	*Vice Chairman*
Carlo Cimbri*	*Chief Executive Officer*
Francesco Berardini	
Angelo Busani	
Sergio Costalli	
Ernesto Dalle Rive	
Ethel Frasinetti	
Vanes Galanti	
Guido Galardi*	
Giampaolo Galli	
Oscar Guidetti	
Claudio Levorato	
Maria Lillà Montagnani	
Marco Minella*	
Milo Pacchioni	
Marco Pedroni	
Nicla Picchi	
Barbara Tadolini	
Roberto Giay	*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 CATEGORY "A" SAVINGS SHAREHOLDERS

Dario Trevisan

** Members of the Executive Committee*

GENERAL REPRESENTATIVE OF THE CATEGORY "B" SAVINGS SHAREHOLDERS

Giuseppe Dolcetti

GENERAL MANAGEMENT

Emanuele Erbetta

EXEUCTIVE RESPONSIBLE

for the preparation of the corporate accounting documents
Massimo Dalfelli

The Board of Directors was appointed by the Shareholders' Meeting of October 30, 2012. The Board's mandate concludes with the Shareholders' Meeting for the approval of the 2012 Annual Accounts.

The Shareholders' Meeting appointed Fabio Cerchiai as Chairman of the Company, according to the proposal drawn up by PREMAFIN FINANZIARIA S.p.A..

The Board appointed for the entirety of its mandate:
- Pierluigi Stefanini as Vice Chairman;
- Carlo Cimbri as Chief Executive Officer.

The Board granted the Chief Executive Officer specific powers.

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

The Board of Directors appointed, for the duration of its mandate, an Executive Committee comprising 5 Directors, specifically:
- Fabio Cerchiai – Chairman
- Pierluigi Stefanini
- Carlo Cimbri
- Guido Galardi
- Marco Minella.

The Board of Directors also appointed the members of the Internal Control and Risks Committee as the Directors Nicla Picchi (as lead coordinator),Ethel Frasinetti and Barbara Tadolini, all of whom independent.

The board of directors in addition 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, as the Directors Angelo Busani (as lead coordinator), Barbara Tadolini and Giampaolo Galli, all of whom independent and not related parties.

The Board of Directors then appointed to the Remuneration Committee the Directors Giampaolo Galli (as lead coordinator), Angelo Busani and Ernesto Dalle Rive, the majority of whom independent.

The Board of Directors finally appointed as members of the Appointments and Corporate Governance Committee the Directors Maria Lillà Montagnani (as lead coordinator), Nicla Picchi and Marco Pedroni, the majority of whom independent.

CONTENTS

INTRODUCTION

The Interim Report of the Fondiaria SAI Group at September 30, 2012 was prepared on a consolidated basis in accordance with Article 154-*ter* of Legislative Decree No. 58/98.

In continuance with that previously undertaken and seeking to establish an adequate level of information, in line with the best market practice and the needs of stakeholders, it was decided to maintain the model already in use, with appropriate focus placed also on the principal management indicators.

Specifically:

- in the preparation of the income statement and net financial position, consideration was taken of the instructions for the format of the consolidated financial statements as per Isvap Regulations No. 7/2007;
- all the data and accounting statements are prepared on a consolidated basis. The income statement data is compared with the relative data of the same period of the previous year; the balance sheet and financial position data are compared with the end of the previous quarter and the previous year.

The present report was prepared in accordance with International Accounting Standards IAS/IFRS issued by the IASB, approved by the European Union, and on the current interpretation of the official organisations.
The quarterly financial statements have not been audited.

All of the amounts are reported in millions or thousands of Euro.

Key Group data

(Euro millions)	9M 2012	9M 2011	Q3 2012	Q3 2011
Net loss(*)	(1)	(212)	(26)	(150)
Total Gross premiums written	7,222	8,330	2,228	2,113
of which:				
Gross Non-Life premiums written	4,703	5,088	1,300	1,431
Gross Life premiums written	2,519	3,242	928	682
Investment policies written	30	37	7	10
APE	222	300	84	61
Combined ratio – Non-Life sector	99.3%	103.9%	101.8%	108.0%
Expense ratio of the Non-Life sector	21.2%	21.8%	19.6%	20.3%
Expense ratio of the Life sector	5.8%	4.9%	5.9%	5.7%

(Euro millions)	30/09/2012	30/06/2012	31/12/2011
Investments	33,829	32,330	33,789
Net technical reserves - Non-Life division	11,564	11,652	12,001
Net technical reserves - Life division	20,948	21,124	22,404
Shareholders' equity(*)	3,237	1,850	1,557
Adjusted solvency margin (**)	142.5%	84.3%	78.2%

(*) The result includes the minority interest share. Shareholders' equity includes the minority interest share and the consolidated result.
(**) Calculated based on the required margin at 31/12/2011

ECONOMIC OVERVIEW AND THE INSURANCE MARKET

International economic overview

In October the International Monetary Fund highlighted a sharp downturn in the world economy, lowering growth forecasts for both the advanced and emerging major economies - for the present year and also for 2013.

The countries hit hardest are those of the Eurozone (with flat growth forecast for 2013), whose slowdown principally relates to the sharp contraction in consumption levels (-1.1% and -0.3% respectively in 2012 and in 2013, compared to growth of 0.1% in 2011), and impacted also by reduced investments (-3.1% and +0.2% in 2012 and in 2013, compared to 1.3% in 2011).

The slowdown took hold also in the three principal emerging markets (China, India and Brazil), following a further drop in exports, curtailing the high growth levels established in preceding years.

Table 1 – International Monetary Fund projections

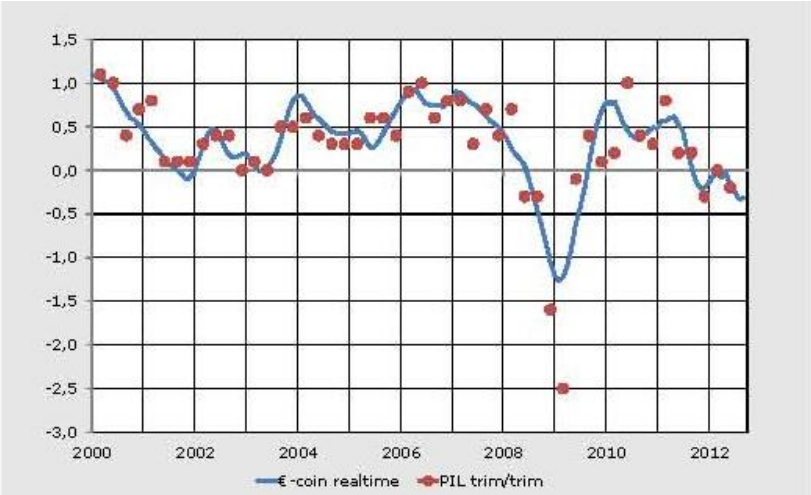
(GDP % change on previous year)			**Diff forecast July 2012**	
	2012	**2013**	**2012**	**2013**
World	3.3	3.6	(0.2)	(0.3)
Emerging economies	5.3	5.6	(0.3)	(0.2)
Advanced economies	1.3	1.5	(0.1)	(0.3)
United States	2.2	2.1	0.1	(0.1)
Euro Area	(0.4)	0.2	(0.1)	(0.5)
China	7.8	8.2	(0.2)	(0.2)
India	4.9	6.0	(1.3)	(0.6)

Source: IMF – World Economic Outlook (WEO October 2012), Aniatrends October 2012

The European and Italian markets

Despite the strong stock market performance and the easing of sovereign debt concerns, the static Eurocoin economic activity index (-0.32, in line with August) follows slightly weakened household and business analysis results.

Graph 1 – Eurocoin index and Eurozone GDP



Source: Center for Economic Policy research – Bank of Italy, Aniatrends October 2012

The unemployment rate in Italy increased by 2.3% in August 2012 compared to August 2011 - to 10.7% (in line with July), while the youth unemployment rate (15–24 year olds) in August stood at 34.5% (-0.5% on July).

International Monetary Fund forecasts for Italy indicate a GDP contraction of 2.3% in 2012 (in line with the Consensus Economic projections) and a 0.7% contraction for 2013. Private consumption in 2012 is forecast to contract by 3.3%, with investments reducing 7.8%

Table 2 – Italy forecasts

	ISTAT	IMF		Consensus
	2011	2012	2013	2012
GDP	0.6	(2.3)	(0.7)	(2.2)
Private consumption	0.1	(3.3)	(1.2)	(2.8)
PA consumption	(0.8)	(1.6)	(2.0)	-
Investments	(1.3)	(7.8)	1.0	(8.1)
Exports	6.7	-	-	-
Imports	1.2	-	-	-
Inflation	2.8	3.0	1.8	3.1
Deficit/GDP	(3.9)	(2.7)	(1.8)	-

Source: IMF – World Economic Outlook (WEO October 2012), Consensus Economics (October 2012), ISTAT and Aniatrends October 2012

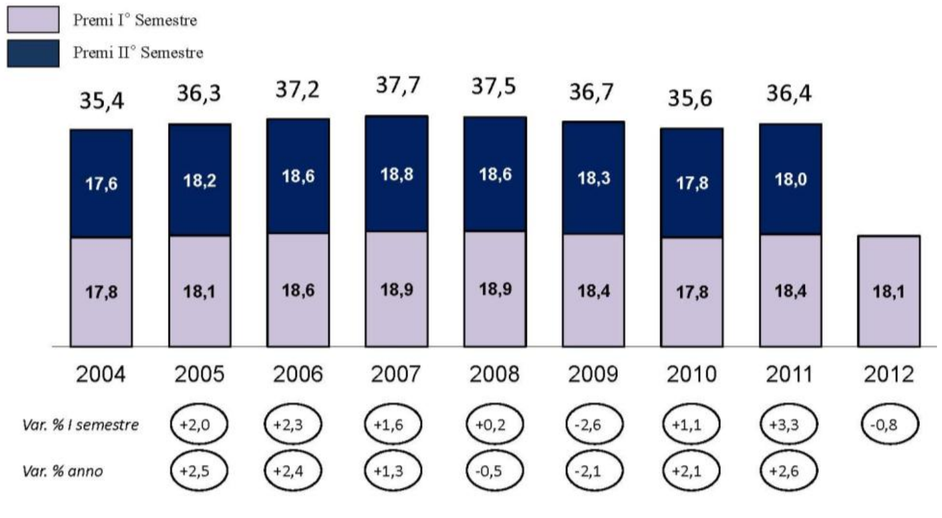
The insurance sector

In the first half of the year, total premiums written in Italy by domestic insurance companies and Italian representatives of the non-European insurance companies amounted to approx. Euro 53.5 billion, a decrease of 8.9% on the same period of the previous year (Euro 58.7 million).
Specifically, the Non-Life portfolio (total of approx. Euro 18.1 billion) contracted by 1.6% (Euro 18.4 billion in H1 2011), accounting for 33.8% of the total portfolio (31.3% in the same period of 2011), while the Life premiums (Euro 35.4 billion) recorded a reduction of 12.2% on the first half year 2011 (Euro 40.3 million), accounting for 66.2% of the total Life and Non-Life portfolio (68.7% in the same period of 2011).

Non-Life Division
In the first half of 2012, the premiums portfolio of the Land Vehicle TPL classes and the Maritime TPL classes totaled approx. Euro 9.2 billion (unchanged on the first half of 2011), comprising 51.1% of total Non-Life Class premiums (50.2% in the same period of 2011) and 17.3% of total premiums (15.7% in the first half of 2011).
The largest amount of premiums written in the other Non-Life classes were: Land Vehicles with 7.7% of the Non-Life classes (8.2% in the first half of 2011), Accident with 8% (unchanged on H1 2011), General TPL with 7.7% (unchanged on 2011), Property with 7% (6.8% in 2011), Health with 5.9% (6% in 2011) and Fire and Natural Events with 5.7% (unchanged on 2011).

An analysis by distribution channel highlights brokerage agencies contributing 81.5% of the Non-Life portfolio - contracting slightly on the preceding period (86% in 2011) - and 87.2% of the Motor TPL division (88.3% in H1 2011). We highlight the growth placed through the other direct sales forms, both in relation to the overall Non-Life portfolio (5.5% compared to 5.1% in the first half 2011) and in the Motor TPL division (7.8% compared to 7.1% in the first half 2011).

Graph 2 – Non-Life business premiums written
(in Euro billions)



Source: Italian insurance market – Insurance Forum 26/9/2012 – Ania presentation
The figures reported concern domestic insurance companies and the representatives of non-European companies with headquarters in countries not within the European Economic Area. Reinsurance companies are excluded. The percentage change is calculated on a comparable companies basis.

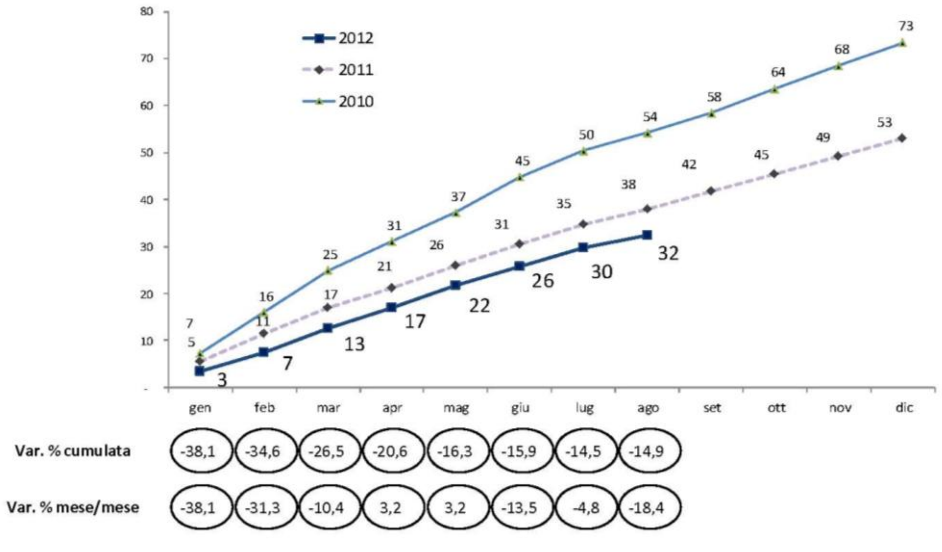
Life Division

In relation to the Life portfolio, Class I premiums (insurance on human life) at Euro 26.1 billion reduced 15.3% on H1 2011 (approx. Euro 30.8 million). Class III (insurance whose value is directly related to investment funds or internal funds or related to indices or other reference values), with approx. Euro 7 billion is in line with H1 2011; Class V premiums (securitisation operations) amounted to approx. Euro 1.5 billion, decreasing approx. 12%. These Classes impact on the total Life premiums respectively for 73.8%, 19.8% and 4.1% (respectively 76.4%, 17.3% and 4.2% in the same period of 2011).
In relation to the remaining Classes, Class VI premiums (Pension Funds: approx. Euro 0.8 billion, in line with the first half of 2011), comprising 2.1% of Life premiums (1.9% in the first half of 2011).

In September, new Life premium policies, including additional single premiums, amounted to approx. Euro 3.2 billion, a decrease of approx. 14% on September 2011.
Since January 2012, the amount of new premiums written was Euro 35.5 billion, a reduction of 14.9% on the same period of the previous year.
In September, the total volumes of new premiums was Euro 3.7 billion (approx. - 11% compared to September 2011), while year to date premiums written amount to Euro 40.9 billion, a decrease of approx. 14% on the previous year.
In relation to the breakdown by distribution channel, the banking and postal branches in 2012 placed 66.6% of the Life portfolio (a decrease of 22.4% on the same period of 2011), the financial promoters 18.6% (+27.8% on the first 9 months of 2011), the mandated agents 11.6% (-14.5% on 9M 2011), in-house agents 2.8% (-10.9% compared to 9M 2011) and the other forms of direct sales 0.4% (approx. +14% compared to 9M 2011).

Graph 3 – New Life Business

(in Euro billions)



Source: Italian insurance market – Insurance Forum 26/9/2012 – Ania presentation
The figures reported concern domestic insurance companies and the representatives of non-European companies with headquarters in countries not within the European Economic Area. Reinsurance companies are excluded
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Changes to the regulatory framework

Creation of the new Insurance Sector Supervisory Body

With the conversion into Law of Decree No. 95 of July 6, 2012, in order to ensure the full integration of insurance sector supervisory activity, also through a closer link-up with banking supervision, in August the Private Insurers Supervisory Institute (ISVAP) was dissolved, replaced by the Insurance Supervisory Institute (IVASS), under the control of the Bank of Italy (Article 13, Law No. 135 of August 2012, the "spending review").

Within 120 days of the entry into force of the Law, the two Directors of IVASS will be appointed and the Board of the Bank of Italy will prepare the By-laws of the new Supervisory Body.

Anti-trust Regulation on preliminary procedures concerning misleading and comparative advertising, improper commercial practices and unconscionable clauses

The Regulation of the Anti-trust Authority on Preliminary Procedures concerning misleading and comparative advertising, improper commercial practices, and unconscionable clauses (resolution No. 23788 of August 8, 2012) was published in the Official Gazette No. 200 of August 28, 2012. The regulation has a dual purpose.

On the one hand the regulation harmonises and simplifies the procedures concerning unlawful advertising and commercial practices considered improper through a single regulation replacing the previous regulations, without amending the procedures contained within, although altering the terms by which the company may propose any commitments to the Anti-trust Authority in order to avoid illegality of the advertisement or of the commercial practice (currently these commitments must be presented within 45 days of the receipt of the communication concerning the beginning of the procedure).

On the other hand the regulation governs the evaluation procedure of any unconscionable clauses according to that established by Article 37-*bis* – Protection against unconscionable clauses of the Consumers Code introduced by Article 5 of Legislative-Decree No. 1 – 2012 (the so-called Liberalisation decree). The above-stated Article in fact granted the Anti-trust Authority the power to declare as unconscionable clauses included in contracts between professionals and consumers established through general contract agreements or through the signing of forms of standard contracts.

New rules on gender discrimination

By the end of 2012, all European insurance companies will have to apply the principle of equal treatment of men and women in terms of premiums and insurance benefits. The Court of Justice of the European Union declared the derogation from EU legislation on equal treatment which authorises member states to retain differences in the individual premiums and benefits offered to men and women to be invalid (with effect from December 21, 2012, and only with regard to new policies issued). It will also be prohibited to transfer a portfolio from one insurer to another.

“PRIPs” regulation proposal

On July 3, 2012 the European Commission adopted a proposal to improve the transparency and comparability of Packaged Retail Investment Products (“PRIPs”) purchased by retail investors, which comprises a far-ranging legislative package which seeks to regain the trust of consumers in the financial markets.

The proposal concerns, in particular, pre-contractual disclosure, leaving the implementation of the placement provisions to the review in progress of the sector directives (in particular, MiFID and the Insurance Brokerage Directive).

The current provision differentiates according to the legal form of the product and the distribution channel, therefore the objective of the Commission is to establish a level of retail investor protection which does not alter based on the legal form of the product or the distribution channel and which resolves the current sector fragmentation.

The provision, whose approval process will begin in September, should be adopted by 2013 and applied within two years from the publication in the Official Gazette of the European Union.

Solvency II: recent regulatory changes

Recent difficulties in the process of drawing up and approving the details of the new Solvency II project regulations have resulted in a deferment of its entry into force, via the issuance of the “Omnibus II” proposal, which includes provisions to make significant amendments to the “Solvency II” 2009/138/EC Directive, including a series of transitional measures, with a view to considering the possibility of a “soft launch” of the new European supervisory framework. As noted, the proposal, which was published on January 19, 2011, also defines the areas in which the European Insurance and Occupational Pensions Authority (EIOPA) will be able to propose technical standards aimed at enhancing convergence between controls, as well as procedures for resolving cross-border disputes between authorities, with a view to developing a single Europe-wide rule book.

On March 21, 2012, the European Parliament’s Economic and Monetary Affairs Committee (ECON) approved a report written by Burkhard Balz on a further amendment to the draft Omnibus II Directive, which introduces a number of measures supported by the European insurance industry to tackle the problems of the volatility of companies’ capital levels and the pro-cyclicality of the new regime, though according to the report the application of such measures would be subject to a series of binding conditions. Specifically, the Balz report provides for the enactment of the Solvency II Directive to be postponed from October 31, 2012 to December 31, 2012, with the implementation date being put back until January 1, 2014. Following approval by ECON, the dialogue between the European Parliament, Commission and Council began with a view to reaching an agreement to be submitted to the Parliament for approval in plenary session, which is currently expected to take place by the end of 2012. However, due to unforeseeable technical and procedural problems, the European Commission decided on May 16, 2012 to propose, as a matter of urgency, the approval by only the European Parliament and Council of a “targeted” directive limited to the amendment of the implementation date for the regulations (January 1, 2014), together with a single additional proposal to change the enactment date of the EU legislation to June 30, 2013, six months prior to the implementation date. Specifically, on September 12, 2012 the EU Parliament and Council issued Directive 2012/23/EU.

Finally, on July 10, 2012 EIOPA published a conclusive report on the public consultations (completed in early 2012) concerning Supervisory Reporting and Disclosure for insurance companies and groups under the future regulatory framework, with regard to the third pillar of Solvency II, which focuses on Supervisory Reporting and Public Disclosure obligations. However, EIOPA has acknowledged that this report is likely to undergo further amendments in order to reflect the final position of the Omnibus II Directive and the level two implementation measures, stating that it expects to be able to make the complete documentation on reporting and disclosure available by the end of 2012 and will formally publish the documentation at a later date.

CONSOLIDATION SCOPE

At 30/9/2012, the Fondiaria-SAI Group, including the Parent Company, was made up of 105 Companies, of which 17 operate in the insurance sector, one in the banking sector, 43 in the real estate and agricultural sectors and 16 in the financial services sector; the remaining companies are various service companies. The foreign companies within the Group are 17.
The fully consolidated companies are 79, those consolidated under the equity method are 16, while the remaining companies are consolidated following the proportional method or maintained at cost due to the limited size or the nature of activities as they are not significant for the purposes of a true and fair representation of the present quarterly financial statements.
There are 84 subsidiary companies, of which 29 are controlled directly by the Parent Company.
During the first nine months of 2012, the consolidation scope of the Fondiaria-SAI Group did not undergo any noteworthy changes, except for the exit from the consolidation scope of IGLI S.p.A., MB Venture Capital and Quintogest S.p.A., as well as the incorporation of Sistemi Sanitari S.c.a.r.l. into the Fondiaria-SAI Servizi S.c.a.r.l. Group.

Finally, in accordance with IAS 27 paragraph 40 d) the associated company Fondiaria-SAI Servizi Tecnologici S.p.A. is valued at net equity in that, although Fondiaria-SAI has a majority shareholding (51%) of the voting rights, the operating control of the company is undertaken by the other shareholder Hp Enterprise Services Italia S.r.l. in accordance with governance agreements made.

ACCOUNTING PRINCIPLES

The consolidated quarterly report applied the accounting standards utilised - consistent with international accounting standards - for the preparation of the last consolidated annual accounts and to which reference should be made.

As the current report is for the quarterly period, the determination of some accounts includes the use of greater estimates and simplifications, whilst ensuring the correct application of the accounting principles.

Non-Life Claims Reserves

Motor TPL

For current claims, the valuation of the reserve also took account of valuations concerning the average cost of the same generation, relating this value also to the available market targets. In particular the technical reserve, established through the application of the statistical average costs previously applied for the 2011 financial statements (except for specific changes made by the settlement networks), was supplemented in order to obtain an average current accepted claims cost in line with that established for 2011, taking account of the forecasts for the average cost for the present year, also due to the effect of the diverse mix of claims reported, which saw a reduction in injury claims.

For previous year claims, already recorded to reserves at the beginning of the period, the valuation was based on the last costs at the end of 2011, utilising the same statistical methodology of the claims cost, taking account of the reversals to the reserve in the period.

Other Non-Life Classes

Both for the current generation and for previous year generations, the estimate of the loss performed by the technical offices was supplemented with the parameters already used for the preparation of the 2011 financial statements, in the case of not significant statistical changes compared to the long-standing trends.

Valuation and impairment of financial instruments

With reference to the valuation of financial instruments, reference should be made to the consolidated financial statements for the year ended December 31, 2011.
The “fair value policy” outlined therein did not incur changes and, therefore, with reference to the listed financial instruments in active markets, the stock exchange price at 30/09/2012 was utilised.
Consequently in these quarterly financial statements, the income statement include impairment losses on AFS financial assets, due to the application of the automatic criteria already described in the consolidated financial statements for the year ended December 31, 2011 and which identified temporal and quantitative limits for the recording of a prolonged or significant reduction of fair value as per paragraph 61 of IAS 39.

For the purposes of the objective recording of the reduction of value, the Group has defined the conditions of a prolonged and significant reduction of fair value, defined alternatively as follows:

1. Reduction in market value greater than 60% of the original cost at the reporting date of the financial statements;

2. A market value continuously lower than the original book value, over a two-year time period.

Reclassification of financial instruments

We recall that in accordance with IAS 39, as enacted in October 2008 through the approval of Regulation (EC) No 1004/2008, a financial asset classified as available for sale may be reclassified in the category "Loans and Receivables" provided that it complies with the requirements contained in the definition of loans and receivables, and that the Group has the intention and the capacity to hold the financial asset for the foreseeable future or until maturity.

The Group decided to avail itself of this option and at January 1, 2009 reclassified to "Loans and Receivables" some debt securities for Euro 808,419 thousand that at December 31, 2008 were recorded within the category "Available for sale". These securities, principally containing subordination clauses and issued by corporate parties, were measured at fair value at December 31, 2008 through mark to model, with the purpose to provide maximum transparency and clarification of the valuations in the accounts.

The value transferred is equal to 2.4% of the total amount of the Investments of the Group at January 1, 2009.

At 30/9/2012 the residual value of the transferred securities was Euro 735,304 thousand and the fair value at that date, determined on the basis of the above-mentioned mark to model method, substantially confirms the book value at the date of the present report. There was no permanent loss in value on any security and the effect of the amortised cost resulted in the recording of income of Euro 9,010 thousand in the Income Statement. The residual negative AFS reserve recorded on these securities at 30/9/2012 amounts to Euro 47,489 thousand (against an original negative reserve at 1/1/2009 of Euro 75,222 thousand) and is amortised in accordance with the provisions of IAS 39.

FINANCIAL HIGHLIGHTS

The operating performance for the quarter and for the first nine months compared to the same periods in the previous year is shown below:

(in Euro thousands)	**9M 2012**	**9M 2011**	**Q3 2012**	**Q3 2011**
Net premiums	7,365,014	8,350,102	2,439,327	2,314,232
Commission income	11,993	18,719	7,006	4,974
Net Income from financial instruments recorded at fair value through profit or loss	451,970	180,614	126,455	96,550
Income from investments in subsidiaries, associates and joint ventures	431	13,795	(236)	(1,226)
Income from other financial instruments and property investments	914,945	882,949	278,427	285,031
- Interest income	607,872	599,665	200,174	209,870
- Other income	130,191	115,581	37,717	32,707
- Profits realised	170,080	167,465	40,488	42,381
- Valuation gains	6,802	238	48	73
Other revenues	225,710	496,461	49,986	179,482
TOTAL REVENUES	**8,970,063**	**9,942,640**	**2,900,965**	**2,879,043**
Net charges relating to claims	(6,804,411)	(7,608,333)	(2,356,868)	(2,267,630)
Commission expenses	(5,789)	(12,724)	(1,371)	(3,619)
Charges from investments in subsidiaries, associates and joint ventures	(11,022)	(11,990)	(2,455)	(4,289)
Charges from other financial instruments and property investments	(305,325)	(472,737)	(79,456)	(209,303)
- Interest expense	*(45,387)*	(54,916)	*(13,452)*	(17,826)
- Other expenses	*(50,664)*	(47,508)	*(16,364)*	(14,284)
- Losses realised	*(68,909)*	(85,697)	*(23,282)*	(18,260)
- Valuation losses	*(140,365)*	(284,616)	*(26,358)*	(158,933)
Management expenses	(1,227,399)	(1,385,490)	(368,792)	(408,609)
- Commissions and other acquisition expenses on insurance contracts	*(910,876)*	(1,026,878)	*(265,122)*	(292,310)
- Investment management charges	*(9,679)*	(10,144)	*(2,594)*	(3,347)
- Other administration expenses	*(306,844)*	(348,468)	*(101,076)*	(112,952)
Other costs	(570,987)	(673,984)	(131,745)	(168,918)
TOTAL COSTS	**(8,924,933)**	**(10,165,258)**	**(2,940,687)**	**(3,062,368)**
PROFIT/(LOSS) BEFORE TAXES	**45,130**	**(222,618)**	**(39,722)**	**(183,325)**
Income tax	(34,741)	(19,896)	14,024	2,360
NET PROFIT/(LOSS)	**10,389**	**(242,514)**	**(25,698)**	**(180,965)**
PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	**(11,509)**	**30,850**	**(365)**	**30,850**
CONSOLIDATED LOSS	**(1,120)**	**(211,664)**	**(26,063)**	**(150,115)**
GROUP NET LOSS	**(20,971)**	**(178,612)**	**(28,536)**	**(116,701)**
MINORITY INTEREST SHARE	**19,851**	**(33,052)**	**2,473**	**(33,414)**

The 2012 first nine months reports a loss of Euro 1 million compared to a loss of Euro 212 million in 9M 2011. The Comprehensive Income Statement reports a profit of Euro 630 million compared to a loss of over Euro 625 million in 9M 2011.

The main factors are analysed below:

- For 9M 2012 the technical performance in the Non-Life Classes was substantially stable, with a combined ratio under 100%.
  The Motor Classes current management performance remains strong, both in terms of claims reported and the average cost.
  In the General Classes, premiums written decreased while the extraordinary events in the first part of the year also impacted. In particular the earthquake in Emilia Romagna, in addition to the weather events of the previous winter, is noted.

- A sharp drop in Life premiums due to the difficult economic climate, accompanied by an increase in redemptions, albeit within financial operations that were satisfactory on the whole.

- Positive financial management during the first part of the year, with a slight reversal of the trend in May due to renewed tensions over the sovereign debt of some eurozone countries. This had the effect of limiting the positive results reported by the trading business during the first quarter of 2012.

- The absorption of the effects of the bankruptcy of Imco S.p.A. and Sinergia Holding di Partecipazioni S.p.A., in relation to receivables due from the two companies and their subsidiaries. Following the bankruptcy declaration, Fondiaria-SAI wrote-down its receivables by a further Euro 85.8 million, in addition to the write-down made at December 31, 2011.

In relation to the main economic indicators:

- The **Non-Life sector** recorded a pre-tax profit of Euro 38.2 million, a significant improvement on the pre-tax loss of Euro 296.7 million in 9M 2011: the strong sector technical performance contributed (Euro 34.6 million compared to a loss of Euro 218.0 million in 9M 2011), due both to the effects of portfolio selection and improvement in portfolio quality, and to external factors in the Motor Class, such as the reduction in insured vehicles and claims reported, and thus in the number of claims paid.
  The result for the sector is also affected by impairments of Euro 47.0 million relating to AFS financial instruments (Euro 123.7 million at 30/9/2011);

- The **Life sector** reports a pre-tax profit of Euro 74.6 million (Euro 111.6 million in 9M 2011).
  The premium performance remained poor (-22.3%), while the profitability indicators were positive, although in a context that saw new premiums written (predominantly in Class I) characterised by smaller margins (such as single premiums rather than recurring premiums). The Bancassurance sector confirms the significant contraction of the first half year.
  The Group has also dealt without difficulty with redemption requests and policies maturing, particularly in the first part of the year, limiting the related liquidity risk following the realisation of the underlying financial assets: in the third quarter the number of redemptions reduced compared to the initial months of 2012, although still of a significant number.
  The results for the sector also reflect, on the Income Statement, not passing on to Life policyholders capital losses on Greek government bonds. The share of the capital losses recorded at the end of 2011 attributable to Life policyholders was partially passed on, in accordance with the guaranteed minimums. As a result of the Greek government bond swap and the resulting allocation of the same outside segregated funds (in accordance with the regulator's guidance), it was no longer possible to pass on these losses.
  The impairment losses on AFS financial instruments are approx. Euro 28.1 million (Euro 94.1 million in 9M 2011);

- The **Real Estate sector** reports a loss before taxes of Euro 35.0 million (compared with a loss of Euro 0.9 million in 9M 2011), adversely affected by impairment losses on investment property of Euro 2.4 million (Euro 5.1 million in 9M 2011) and depreciation of Euro 22.3 million (Euro 20.0 million in 9M 2011). No significant gains were made in the first nine months of the year: operations focused on restructuring and cost control. The sector also suffered from the write-down of the receivable with Imco (for Euro 3.8 million), following the bankruptcy on June 14 relating to the real estate development in S. Pancrazio Parmense and the full write-down of the advances, for Euro 7.2 million, by the subsidiary NIT to Europrogetti on activities linked to the Castello development in Florence.
  The net result for the sector does not include the capital gain from the disposal of the equity investment in IGLI for approx. Euro 2.3 million, which was recognised to profit/(loss) from discontinued operations.

- The **Other Activities sector,** which includes the companies operating in the financial, asset management and diversified sectors, report a pre-tax loss of Euro 32.6 million (loss of Euro 36.6 million in 9M 2011).
  The result does not include the negative contribution from Atahotels, which, from the first half-year, has been reclassified as assets held for sale following the attempts to dispose of Atahotels and thus the withdrawal of the Group from the sector.
  The loss principally related to the healthcare structures whose overhead costs exceeded revenues in the period and the impact on BancaSai of bad debts concerning the Imco-Sinergia Group (Euro 16.7 million).
  The impairment losses on AFS financial instruments amounted to Euro 4.4 million (Euro 0.2 million in 9M 2011);

- **Management expenses** totaled Euro 1,227.4 million, a substantial reduction on the first nine months of 2011 (Euro 1,385.5 million): the reduction (-11.4%) is essentially due to decreased purchase commissions following the contraction in business volumes;

- Excluding the contribution of the financial instruments recorded at fair value through profit or loss, the **total net income from investments** amounted to Euro 599.0 million (Euro 412.0 million in 9M 2011).
  This amount consists of Euro 607.9 million of interest income (Euro 599.7 million in 9M 2011), Euro 79.5 million of other net income (Euro 68.1 million in 9M 2011) and net gains to be realised on real estate and securities of Euro 101.2 million (Euro 81.7 million in 9M 2011).
  Net valuation gains and losses report a loss of approx. Euro 133.6 million (Euro 284.4 million in 9M 2011). Interest expense of Euro 45.4 million (Euro 54.9 million in the first nine months of 2011) refers almost entirely to the financial debt.
  The balance includes Euro 79.5 million of adjustments on AFS financial assets (Euro 218.0 million in 9M 2011) and Euro 2.4 million of impairment losses on investment property (Euro 12.1 million in 9M 2011), in addition to depreciation of Euro 54.3 million (Euro 54.5 million in 9M 2011).
  The contribution of **financial instruments measured at fair value through profit and loss** was positive at Euro 452.0 million (Euro 180.6 million in 9M 2011). This item includes net income from financial activities where the risk is borne by the policyholders (Euro 448.1 million, although offset by the related increase in net benefits and claims paid in the Life sector), and fair value adjustments of financial instruments belonging to the sector;

- **The net income (charge) from investments in subsidiaries, associates and joint ventures** resulted in charges of Euro 11.6 million (income of Euro 1.8 million in 9M 2011), principally relating to the associated companies Garibaldi S.C.A. and Isola S.C.A. in their involvement in a number of property development projects. 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 is due to be reabsorbed once the marketing phase is completed;

- **Other revenues and costs** amounted to a net charge of Euro 345.3 million (net charge of Euro 177.5 million in the first nine months of 2011). The balance includes technical and non-technical income and expenses not classified elsewhere, in addition to depreciation and amortisation other than on investment property, contingent assets and liabilities, and the net change in provisions for risks and charges. This item includes the depreciation and amortisation of property, plant and equipment and intangible assets for Euro 31.8 million. It also includes Euro 85.9 million of write-downs for receivables with the Imco-Sinergia Group;

- The **result from discontinued operations** (loss of Euro 11.5 million) includes a loss of Euro 13.8 million pertaining to the Atahotels Group and a gain of Euro 2.3 million on the sale of the investment in IGLI S.p.A.;

- The **income tax expense** totals Euro 34.7 million and includes the reversal of deferred tax assets following the absorption of some of the tax losses realised in prior periods. This include also the IRES estimate, concerning previous years, for which repayments will be requested under Article 4 of Legislative Decree 16/2012 concerning the deductibility of IRAP due on employee expenses.
  The tax rate for the period is high as based on a positive result, although of a contained amount. The estimated IRAP for the third quarter is particularly affected as these taxes are calculated on an assessable base which is more inclusive and therefore higher than the pre-tax profit.

The table below shows the profit before taxes in each sector.

(in Euro thousands)	Non-Life	Life	Real Estate	Other Activity	IC	Total
Net premiums	4,851,506	2,513,508				7,365,014
Commission income		2,110		17,554	(7,671)	11,993
Income and charges from financial instruments recorded at fair value through profit or loss	1,475	449,435	(628)	1,688		451,970
Income from investments in subsidiaries, associates and jointventures	202		229			431
Income from other financial instruments and property investments	318,145	533,363	39,906	42,930	(19,399)	914,945
Other revenues	297,232	42,188	17,084	402,004	(532,798)	225,710
TOTAL REVENUES AND INCOME	**5,468,560**	**3,540,604**	**56,591**	**464,176**	**(559,868)**	**8,970,063**
Net charges relating to claims	(3,624,886)	(3,179,525)				(6,804,411)
Commission expenses		(1,496)		(4,293)		(5,789)
Charges from investments in subsidiaries, associates and joint ventures	(8,603)		(206)	(2,213)		(11,022)
Charges from other financial instruments and property investments	(182,206)	(63,737)	(52,228)	(18,602)	11,448	(305,325)
Management expenses	(1,034,837)	(150,198)	(149)	(226,540)	184,325	(1,227,399)
Other expenses	(579,842)	(71,094)	(39,017)	(245,129)	364,095	(570,987)
TOTAL COSTS AND CHARGES	**(5,430,374)**	**(3,466,050)**	**(91,600)**	**(496,777)**	**559,868**	**(8,924,933)**
PROFIT (LOSS) BEFORE TAXES	**38,186**	**74,554**	**(35,009)**	**(32,601)**	**0**	**45,130**
Income tax						(34,741)
NET PROFIT						**10,389**
LOSS FROM DISCONTINUED OPERATIONS						**(11,509)**
CONSOLIDATED LOSS						**(1,120)**
Group loss						**(20,971)**
minority share						**19,851**
Pre-tax result 9M 2011	**(296,689)**	**111,559**	**(920)**	**(36,568)**	**0**	**(222,618)**

NON-LIFE INSURANCE SECTOR

The sector result reports a pre-tax profit of Euro 38 million compared to a loss of Euro 297 million in the third quarter of 2011.

The underwriting result was in positive territory and consequently the combined ratio was again under 100. More specifically, the underwriting profit totaled approx. Euro 35 million, compared with an underwriting loss of Euro 218 million in 9M 2011.

The result follows a reduction in the number of claims, affected by the earthquake in Emilia-Romagna which impacted the underwriting result, net of the reinsurance effect for approx. Euro 44 million, and in part relates to the impact of the bankruptcy of Imco-Sinergia on the Group's exposure in the Bond Class in relation to surety policies issued.

The current management performance remained positive with a significant decrease in claims, the consequent reduction in the claims frequency and a satisfactory maintenance of the prior year claims reserves.
In the third quarter, the usual open claims inventory-taking operations commenced: quicker analysis times, together with a more prudent evaluation of older claims remaining open, has already produced benefits in the third quarter.

In addition, we consider the strong financial management performance, with reduced impairments on AFS financial instruments compared to the first nine months of 2011 and increased trading activity.

Premiums

The Fondiaria-SAI Group in the first nine months of 2012 recorded premiums of Euro 4,703 million (-7.6% on the first nine months of 2011). The breakdown by Class is shown in detail in the following table:

(in Euro thousands)	9M 2012	9M 2011	Cge. %	1H 2012
Accident & Health	401,823	432,126	(7.01)	292,574
Marine, aviation and transport insurance	98,924	122,464	(19.22)	70,776
Fire and Property	529,787	558,945	(5.22)	388,400
General TPL	312,924	342,535	(8.64)	235,970
Credit & Bonds	62,357	66,598	(6.37)	44,969
General pecuniary losses	35,686	45,162	(20.98)	26,432
Legal expenses	12,086	13,307	(9.18)	8,780
Assistance	52,302	43,509	20.21	36,938
TOTAL OTHER NON-LIFE DIVISION	**1,505,888**	**1,624,646**	**(7.31)**	**1,104,839**
Motor vehicle TPL	2,772,236	2,980,436	(6.99)	1,989,428
Motor vehicles – other classes	421,902	479,386	(11.99)	307,123
TOTAL MOTOR	**3,194,138**	**3,459,822**	**(7.68)**	**2,296,551**
TOTAL DIRECT PREMIUMS	**4,700,026**	**5,084,468**	**(7.56)**	**3,401,390**
INDIRECT PREMIUMS	**3,102**	**3,807**	**(18.52)**	**1,490**
TOTAL NON-LIFE DIVISION	**4,703,128**	**5,088,275**	**(7.57)**	**3,402,880**

The premiums written in the quarter amounted to Euro 1,300 million and represent 27.6% of all premiums in the first nine months of 2012.
The Parent Company in the first nine months recorded total direct premiums of Euro 2,529 million (-5.9%), of which 1,743 million (-6.3%) in the Motor Classes.

The subsidiary **Milano Assicurazioni S.p.A.** contributed direct premiums at group level of Euro 1,998 million (-7.81%), recording a decrease of 8.6% in the Motor Classes and of 5.6% in the other Non-Life Classes.

The reduction of around 7% in direct premiums from the **Motor Vehicle TPL Class** reflects a stricter implementation of policies to clean up the multi-claims portfolio and the ongoing effects of the various "Bersani" laws, which have considerably reduced the discriminatory power of the no-claims bonus system, both because new policies are subject to low-risk categories assigned on a family basis, and because the no-claims status is infringed only in cases of principal liability.

The situation also continues to be severely affected by a significant decline in new vehicle registrations, which dropped 20.5% in Italy in the first nine months of 2012, and by approx. 25.7% in September alone (19.7% reduction in the first six months with a reduction of 24.4% in June alone). Domestic household demand is being squeezed by increases in almost all car-related costs, but particularly fuel and road tolls, as well as direct taxes such as road tax and provincial vehicle registration tax.

There were no new product launches or restylings in the third quarter of 2012. We highlight however the new Motor TPL tariff becoming operative from September 1, 2012, introduced to foster current client loyalty and to improve the quality of business, through a more accurate establishment of the individual risk profile, together with a closer targeting of profitable sectors.

Premiums written in the **Land Vehicles Class** fell once again (approx. -12%) due to the ongoing economic crisis, which continues to have a negative impact on land vehicle guarantee penetration which in some cases led to the revocation of non-mandatory vehicle coverage, as well as the reduced contribution of agreements with carmakers and the sustained decline in new vehicle registrations.
The reduction was also due partly to the specific sales policies of carmakers, which continue to offer insurance packages with warranties covering such aspects as fire, theft and assistance included in the purchase price of the car. The Group's policy of restructuring its multi-claim portfolio also affected Land Vehicle premiums.

In the **General classes** premiums were impacted by the restructuring of the corporate portfolio, particularly in relation to structurally weak sectors and also the difficulties in the retail sector which, although being the principle objective of the underwriting policy, was impacted by the current extensive crisis which reduces household disposable income for insurance coverage.
In the current difficult economic context, the underwriting policy continues to employ prudent criteria and is principally focused on the retail sector and on small-medium sized enterprises which operate in historically profitable sectors and regions.

Fire and Other Natural Events
Compared to the first half of the year, in the July-September 2012 period further claims and updates were received concerning the earthquake in Emilia, while premiums written reduced on the first half of the year, although the claims/premiums ratio, although remaining negative, improved on the first half year.
In consideration of the particular nature and extent of the event, a new earthquake risk tariff charge and parameter was introduced, which refers particularly to, among others issues, the reclassification by the National Institute of Geophysics and Volcanology (INGV) of the vulnerability of a number of Italian regions to earthquakes.

The reform of poorly performing risks continued, in line with the timelines established at the beginning of the year.

General TPL
Although with a further reduction in premiums on the first half of the year, in part due to the numerous reform and restructuring activities, the underwriting result contracted, although much improved on the same period of the previous year.
The poorly performing risk restructuring activities continued, and for the agencies with greater involvement in the corporate sector particular attention was placed on risks considered of a more sensitive and significant nature (public bodies, healthcare risks, construction companies etc.), in line with the timelines established at the beginning of the year.
In September the complete withdrawal from healthcare coverage for public bodies concluded and therefore the company is no longer present in this sector.
The drawing up of the new product for Construction TPL risks was practically completed, which may be utilised also for the reform activities, in addition to improving the profitability concerning the undertaking of new risks.

Property
The performance in the first nine months was similar to the first half of the year, although the underwriting result improved.
The reform of poorly performing risks activity continued, as did that for the agencies more active in the corporate sector, in line with the timelines established at the beginning of the year.

Accident
Although premiums continue to contract, the situation began to recover after the first half year and the underwriting performance continuing to improve.
The poorly performing risk reform activities continued.

In the Corporate sector the withdrawal actions from the Healthcare and Public Body sectors continued.
The new Retail products launched are described below. The Group also continued to scale back its product catalogue and monitor technically critical areas.

The most important initiatives implemented are as follows:

- **Overhaul of home insurance policies in 2012.** The Group is continuing to restructure its home insurance portfolio in relation to off-catalogue products with a view to encouraging people, by offering promotional guarantees and discounts, to take out its *Retail Più Casa Classic* product, which is currently on the market;

- **Overhaul of accident policies in 2012.** The Group is continuing to restructure the older policies in its portfolio, which involve regulatory/tariff conditions that are no longer in line with current practice; it has promoted its *Retail Più Infortuni Classic* catalogue product by offering special discounts, as well as creating dedicated supplements to update its old, no-excess policies;

- **Withdrawal of professional TPL policies in 2012.** The Group is withdrawing its obsolete professional TPL portfolio (policies taken out prior to January 1, 2005) by writing to customers advising them that their policies will not be renewed upon maturity. Customers will have the option to take out similar insurance via the *Partner RC Professionista* catalogue product.

- **Launch of the new product *Difesa Più Impresa fino a tre***. On September 1 the *Difesa Piu Impresa Fino a tre* product was launched which, based on 6 Guarantee pillars (Fire and Property, Theft and Robbery, Electronic and Electric Accidents, Third Party Liability, Legal Protection and Assistance) provides trades people and businesses which employ up to three persons basic coverage including all necessary guarantees to protect the business and with the option of adding further guarantees.

- **Launch of the new *DIFESAPIU'Professioni Liberali, Tecniche, Sanitarie* products.** On September 1, the three *Difesa Piu Professioni Liberali, Tecniche, Sanitarie* products were launched, providing third party liability coverage in the professionals sector. In addition to professional TPL guarantees, coverage is also provided for employer TPL coverage (coverage of professionals following accidents reported by their employers), Legal Protection and Assistance.

Claims reported and settled

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

	Claims paid (*) (in Euro thousands)			Claims reported by generation (*) Number		
	9M 2012	**9M 2011**	**Cge. %**	**9M 2012**	**9M 2011**	**Cge. %**
Accident	148,079	157,843	(6.19)	53,287	62,296	(14.46)
Health	117,700	142,279	(17.28)	213,300	201,725	5.74
Railway	-	2	(100.00)	-	-	-
Aviation	1,335	644	107.20	81	36	125.00
Maritime	22,757	11,577	96.57	414	521	(20.54)
Merchandise transport	8,281	9,840	(15.84)	1,842	1,680	9.64
Fire and other natural elements	173,646	157,865	10.00	49,789	49,975	(0.37)
Property	189,942	182,364	4.16	114,889	114,601	0.25
Aviation TPL	486	1,093	(55.54)	40	10	300.00
Maritime TPL	2,952	3,291	(10.31)	333	306	8.82
General TPL	320,707	277,345	15.63	67,750	78,336	(13.51)
Credit	524	401	30.50	0	5	(100.00)
Bonds	49,484	32,437	52.55	2,601	1,550	67.81
Pecuniary losses	7,574	4,759	59.18	3,089	2,172	42.22
Legal expenses	1,717	1,709	0.45	1,166	1,113	4.76
Assistance	17,111	14,630	16.95	94,778	88,477	7.12
TOTAL OTHER NON-LIFE DIVISION	**1,062,294**	**998,080**	**6.43**	**603,359**	**602,803**	**0.09**
Motor TPL	2,391,216	2,362,748	1.20	466,152	568,023	(17.93)
Land vehicles	265,371	309,084	(14.14)	184,580	233,635	(21.00)
TOTAL MOTOR	**2,656,587**	**2,671,832**	**(0.57)**	**650,732**	**801,658**	**(18.83)**
TOTAL NON-LIFE DIVISION	**3,718,881**	**3,669,912**	**1.33**	**1,254,091**	**1,404,461**	**(10.71)**

(*) The table excludes DDOR Novi Sad

As regards the Motor TPL Classes, the claims settled also include the expense incurred for the management of the claims as “Manager” (non-fault claims) under the new direct compensation system, net of sums recovered as a flat rate from the CONSAP clearing house.
The Motor TPL claims made listed in the table refer to events in which our policyholder is liable. In relation to claims made in the Motor TPL Division, the so-called “natural” claims were also included as claims caused (those occurring between policyholders of the same company) for comparative purposes.
The number of Motor TPL claims reported managed by the Group totals 447,278 (-18.5%).

Technical reserves, net of reinsurance, amounted to Euro 11,564 million (Euro 12,002 million at 30/9/2011).

Operating expenses were equivalent to 21.2% of premiums, against 21.8% in 9M 2011.

The table below shows the principal technical indicators in the third quarters of 2012 and 2011, calculated net of reinsurance.

Data shown in %	**30/09/2012**	**30/09/2011**
Loss ratio	74.7	79.2
Expense ratio	21.2	21.8
Combined operating ratio	**95.9**	**101.0**
OTI ratio (*)	3.4	2.9
Combined ratio	**99.3**	**103.9**

(*) Includes the balance of the other technical accounts.

In relation to direct business undertaken only, the following principle technical indicators are reported:

Data shown in %	**30/09/2012**	**30/09/2011**
Loss ratio	75.5	78.0
Expense ratio	23.0	23.0
Combined operating ratio	**98.5**	**101.0**
OTI ratio (*)	3.1	2.8
Combined ratio	**101.6**	**103.8**

(*) Includes the balance of the other technical accounts.

In the **Motor TPL Class**, there were encouraging signs from the sharp fall in claims reported (approx. -18%), thanks to both a general positive trend on the market and the measures begun in 2010 to restructure poorly performing portfolios, as well as the constant monitoring of claims carried out by the Group's dedicated anti-fraud unit.
With reference to prior year claims the reserve has maintained in line with amounts paid, requiring at the same time the continuation of prudent criteria in the valuation of the residual reserve.

The **Land Vehicles Class** again saw claims made in the current year fall considerably (by 21% in numeric quantity and by approx. 14% in terms of value), offsetting the decline in premiums, caused largely by the general economic climate and the fall in new vehicle registrations.

In the **Other Non-Life Classes**, the Retail sector showed a reduction in the cost of accepted claims, in contrast to the negative trend in the Corporate sector, for the reasons described above. Overall, the value of claims settled was up by 6.4% compared with 9M 2011, while the number of claims reported by year was in line with 9M 2011.

In the **General TPL Class**, an underwriting loss is reported, essentially due to the poor performance of prior generation claims concerning delegated co-insurance policies and public body subscriptions - a sector with a negative structural performance.

Below is a brief overview of the results of the **Parent Company, Fondiaria-SAI.**

In relation to **the Motor TPL classes** and **Marine TPL classes**, premiums written totaled approx. Euro 1,502 million (-5.5%). The number of claims reported in the period was 256,513 (-16.3%), while the number of claims settled was 237,983 (-16.7%).
The claims/premiums ratio, net of the costs for the Guarantee Fund for Road Victims, was 64.18% and 66.9% at global level.

The speed of settlement of the current generation on the claims managed (NO CARD Claim + Managed CARD Claims) was 70.16% for the claims in the first nine months and 57.08% for the claims in previous years. On claims caused, the settlement speed was 66.10% for the current year.
In the first nine months of 2012, the claims reported and accepted from our policyholders (including late claims) within the new compensation regime (so-called CARD Managed claims system) amounted to 166,358, of which 126,501 were fully paid.
The reported claims from 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 173,626 - of which 112,731 gave rise to the full payment of the indemnity and 48,067 resulted in the recording of a reserve.

For accounting purposes, up to 30/9/2012 recharges were received for a value of Euro 346 million from the clearing house. The amount of the credits received was Euro 308 million.

Premiums collected in the **Land Vehicles Class** totaled Euro 244.3 million (-11%). The amount of claims reported reduced significantly (-20.0%) - as did claims paid (-19.5%). The cost of accepted claims also decreased (-24.5%).
The underwriting performance of the class improved on the same period of 2011.

In relation to the **Non-Motor Classes**, net of the **Marine TPL Class**, direct premiums written in Italy amounted to Euro 783 million, a decrease of 5.1% on the third quarter of 2011. The number of claims reported increased by 4.7%, while the number of claims paid remains in line with the previous period. The cost of accepted claims increased 2.6%. Overall the underwriting performance of the Non-Motor Non-Life Classes was negative and deteriorated on the third quarter of 2011.

In relation to the **Milano Assicurazioni Group**, the non-life business reports a pre-tax loss of Euro 22.5 million, a significant improvement therefore on the first nine months of 2011 (loss of Euro 198.5 million). The improvement relates both to investment income of Euro 78.8 million compared to Euro 47.5 million of net charges in the first nine months of 2011, in addition to the underwriting management which reports a combined ratio of 101.1%, compared to 105.5% in the first nine months of 2011 and 114.1% for the full year 2011. The 2012 result was however impacted by the bankruptcy of Imco and Sinergia, which resulted in write-downs of Euro 61.6 million concerning property operations in place with the above-stated companies and their subsidiaries.
As regards the underwriting performance, in the Motor TPL Class, the measures taken to boost profitability and the improved market saw the recovery in ordinary operations strengthen, as evident already in 2011 and in the first part of 2012: claims reported decreased by 19.7%, with a significant reduction in frequency. However, the prior year claims continued to require prudent settlement criteria, with a negative impact on the technical performance.

The Land Vehicle class also reports a positive underwriting performance and an improvement on the first nine months of 2011 following the greater impact of the initiatives implemented on the tariffs, on the procedures for the sale of the individual guarantees and on the underwriting risk, recently updated in light of market trends.
In the Other non-life classes an underwriting loss was reported in the General TPL class, essentially due to the unfavourable performance of prior generation claims, and in the Property class which was impacted by a significant claim in the SASA division, which however was almost entirely recovered through reinsurance agreements. The recent earthquake in Emilia Romagna impacted the Fire class, although mitigated by reinsurance coverage. Particularly good results were achieved however by the Accident, Legal Protection and Assistance classes.

In relation to the telephone and the Internet channel premiums written by **Dialogo Assicurazioni** totalled Euro 21.6 million, decreasing by 31.8% on 9M 2011, amid a difficult economic environment, lower advertising expenditure and an underwriting policy which, in line with the strategy established in the current year, seeks to balance to the best degree possible the average premium with the frequency and the average claims costs, improving therefore the portfolio quality.

Direct business management expenses, which include marketing costs concerning the first nine months of Euro 1.5 million, amount overall to Euro 8.5 million. This decreased compared to Euro 9.4 million in the first nine months of 2011, but continue to represent a disproportionate amount, although still limited, of the portfolio.
The asset and financial management reports net income of Euro 0.8 million compared to Euro 0.5 million in the first nine months of 2011.
In the first nine months of 2012 a loss of Euro 3.9 million was recorded, compared to a loss of Euro 6.4 million in 9M 2011.

The subsidiary **Liguria Assicurazioni**, with a predominantly multi-mandate sales network, reports direct premiums written of Euro 155.4 million, a decrease of 13.3%: in particular, premiums written in the Motor TPL class amounted to Euro 103.1 million (-15.4%), in the Land Vehicle class totaling Euro 8.2 million (-23.4%) and in the other non-life classes amounted to Euro 43.8 million (-5.6%).
The current generation claims performance was strong: claims reported numbered 28,515 (-23.7%): in the Motor class the reduction was 30.9% (-15.10% in the Land Vehicle Class), while in the Non-Life classes claims reported increased by 13.5%.
In particular, in the Motor TPL class the 2012 claims improved significantly, while the prior year claims continued to report a negative run-off, also due to the prudent adjustments made for claims yet to be settled, resulting in an underwriting loss for the class. The underwriting result of the Land Vehicle Class however reports a profit, in line with the previous year.
In relation to the financial management, the net income totals Euro 7.2 million compared to Euro 2.2 million in the first nine months of 2011, which was impacted by impairments of Euro 4.1 million.
In the first nine months a loss of Euro 10.6 million was recorded, improving on a loss of Euro 4.2 million in 9M 2011.

In relation to the sale of standardised products distributed by the banking partners, **Systema Compagnia di Assicurazioni S.p.A.** recorded premiums of Euro 30.8 million, growth of approx. 7% compared to Euro 28.8 million in 9M 2011.
The underwriting performance improved on the first nine months of 2011, with claims to direct premiums decreasing from 78.5% to 70.6%.
In particular, the current year claims to premiums ratio was 67.9%, a significant reduction on the first nine months of 2011 (79%), which was impacted by a number of significant claims.
The asset and financial management recorded net income of Euro 0.7 million, compared to Euro 0.5 million in 9M 2011.
The operating improvements are reflected in the income statement, which reports a profit of Euro 0.8 million compared to a loss of Euro 1.6 million in the first nine months of 2011.

In relation to the subsidiary **SIAT S.p.A.**, the operating performance for the first nine months of 2012 compared to the same period of the previous year reports a contained reduction in the profit concerning the underwriting component (from approx. Euro 1,970 thousand in the first nine months of 2011 to Euro 1,289 thousand in the first nine months of 2012). This is substantially due to the lower business generated in the period.
In the “Hull” sector, the international market continued to be characterised by excess underwriting capacity as a result of the large degree of liquidity in the system.
However, with 2011 characterised by slightly lower premium rates, the serious accidents suffered by Costa’s ships in early 2012 in particular prompted companies to take a tougher stance with regard to reducing prices.
In the quarter, at market level no significant claims requiring reporting occurred.
No significant changes were recorded in the Goods sector.
Risk underwriting continued to be characterised by almost no changes in the economic and business situation in Italy. However, competition remains strong which, due to the lack of new risks, finds an outlet through an uninhibited underwriting policy.
In addition to the long-standing competitors, companies without any tradition in the sector have now emerged both in the form of new underwriting agencies and foreign competitors who are interested in developing their portfolio - also in the Marine business.
The premiums written amounted overall to Euro 103.3 million, a significant contraction on approx. Euro 123 million in the same period of the previous year.
Volumes were impacted by the down-grade to "B" by Standard & Poor's in December 2011 for the parent company, in addition to the difficulties related to the current economic environment.
The above-stated reduction is principally due to the “Hull” sector, as the rating is particularly important for this class.
The “Transport” Class claims report a very small number of particularly serious claims. The amount of the total claims paid (Euro 96.7 million, of which Euro 7.2 million for indirect premiums), reduced compared to the same period of the previous year (approx. Euro 112 million, of which Euro 9.8 million for indirect premiums) and principally relates to the “Hull" class.

The subsidiary **DDOR NOVI SAD** recorded a net loss of approx. Euro 0.13 million in the period (net profit of approx. Euro 2.3 million in 9M 2011), attributable to:

- a decrease in gross premiums of approx. 16.4% on the same period of 2011, principally due to the portfolio review strategy (concerning both the underwriting quality and the client financial capacity) and ongoing economic weakness following the extensive crisis which is impacting also large corporate clients;
- the seasonal effects, impacting both the premiums reserve calculated according to the “pro-rata temporis” criteria (increase of Euro 3.1 million), and the bad debt write-downs (for an amount of approx. Euro 1.8 million);
- direct claims settled reducing 0.4% on the same period of 2011, despite the settlement of a large claim in the Fire Class, the decrease is particularly significant within the Motor TPL Class (-12.7%) and Property Class (-21.1%);
- the increase in the total claims reserve of approx. Euro 1.5 million (in the same period of 2011, an increase of approx. Euro 0.4 million was reported).

LIFE INSURANCE SECTOR

The Division's pre-tax profit was Euro 75 million compared to Euro 112 million in 9M 2011.

The first nine months indicate a sharp slowdown in premiums written, also in new business following the drop in single premiums. This is as a result of the continued challenging economic and financial environment. The increasing trend in redemption payments is also considered, which remain however in line with forecasts and, in relation to the last three months, slightly against the current market trend.
However, this did not result in any liquidity or future sector profitability tensions, as the amounts were financed without impacting the sector income statement.
Alongside the performance of the sector are trading operations, which have generated net capital gains of Euro 37 million (Euro 59 million in 9M 2011). It should also be noted that the performance of the Life sector is affected by value adjustments of around Euro 28 million to available-for-sale financial instruments (Euro 94 million in 9M 2011).
Lastly, not passing on losses suffered on Greek government bonds to Life policyholders had a negative effect on the income statement of the sector. This is a result of the known restructuring, which, following instructions from the supervisory authority, required the Group to keep Life policyholders immune from these losses.
Premiums written amounted to Euro 2,519 million, a decrease of 22.3% on 9M 2011.

The details by class compared to the first nine months of 2011 are shown in the table below:

(in Euro thousands)	**9M 2012**	**9M 2011**	**Cge. %**	**1H 2012**
II – Insurance on human life expectancy	1,539,771	1,001,649	53.72	1,157,214
III - Insurance as per points I and II linked to investment funds	789,506	2,013,763	(60.79)	299,013
IV - Health insurance as per art. I letter d) EU Dir. 79/267	272	298	(8.72)	267
V - Securitisations as per art. 40, Legislative decree 17/3/95 No.174	189,295	225,829	(16.18)	134,100
TOTAL DIRECT PREMIUMS	**2,518,844**	**3,241,539**	**(22.29)**	**1,590,594**
INDIRECT PREMIUMS	**465**	**633**	**(26.54)**	**281**
TOTAL LIFE DIVISION	**2,519,309**	**3,242,172**	**(22.30)**	**1,590,875**

The premiums written in the quarter amounted to Euro 928,434 thousand and represent 36.9% of all premiums in the first nine months of 2012.
The direct business premiums of the Parent Company for the first nine months of 2012 amounted to Euro 560 million, decreasing compared to the first nine months of 2011 (Euro 713 million).

Premiums written through banks stand at Euro 1,698 million and represent 67% of total direct premiums written (70% at 31/12/2011).
The total premiums in the sector also include Euro 30 million (Euro 37 million in the first nine months of 2011) on investment contracts which do not fall under the ambit of IFRS 4 and therefore not included under premiums written but according to the deposit accounting technique.

Charges relating to claims, net of reinsurance, amounted to Euro 3,180 million (Euro 3,551 million in the first nine months of 2011).

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

(Euro millions)	Claims	Redemptions	Maturity	Total	9M 2011
II – Insurance on human life expectancy	64.5	1,096.2	465.8	1,626.5	1,591.0
III - Insurance as per points I and II linked to investment funds	32.1	2,503.2	218.5	2,753.8	1,104.7
IV - Health insurance as per art. I letter d) EU Dir. 79/267	-	-	-	-	-
V - Securitisations as per art. 40, Legislative decree 17/3/95 No.174	0.8	469.8	170.1	640.7	322.3
TOTAL	97.4	4,069.2	854.4	5,021.0	3,018.0

Operating expenses increased as a percentage of premiums (5.7% in 9M 2012 compared with 4.9% in 9M 2011), connected with the decrease in policies written in the bancassurance channel, where operating expenses are traditionally small.

Net technical reserves amount to Euro 20,948 million, a decrease of Euro 1,456 million on the end of the previous year.

New premiums written, in terms of annual premium equivalent, or APE, are calculated based on the sum of the new business annual premiums and 10% of the single premiums.
The results of the above-mentioned valuations are reported below.

(in Euro thousands)	9M 2012	9M 2011	Cge %
Traditional Insurance Companies	58,461	79,396	(26.37)
Bancassurance	163,702	220,558	(25.78)
Total	**222,163**	**299,954**	**(25.93)**

In the first nine months of 2012, Individual Life business of the agency network was significantly impacted by the difficult domestic economy.

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

The distribution performances of the product categories are summarised as follows:

- for the single premium products, the Segregated fund linked products reported a significant contraction, only partially offset by the success outlined above of *Valore Certo*;

- the recurring premium products *OPEN GOLD* and *OPEN RISPARMIO* also reported a significant reduction;

- for variable annual premium products, there was a substantial decrease with the sole exception of the Mixed sector, where the introduction of the new *OPEN FULL* product midway through March caused a significant increase in both the number of policies and volumes;

- in the term life sector, a slight contraction in volumes and in the number of policies subscribed is reported.

The complementary pension sector, implemented through Individual Pension Plans, saw a slight increase in volumes in the first nine months of the year, thanks in particular to transfers from other companies.

In the first nine months of 2012, the Collective and Pension Funds sector reported a reduction in premiums written compared to the previous year.

In particular, capitalisation contracts reported a significant contraction, both in relation to small-medium size enterprises and clients with significant disposable income.
In relation to this latter client segment, as a result of the ongoing economic difficulties and tightened credit conditions, a lack of interest is evident.

The complementary pensions sector, principally concerning pre-existing pension funds, although with a contraction in premium volumes compared to the same period of the previous year, confirms the substantial stability in the collective pension sector.

The Open Pension Funds report however a significant reduction in subscribers and therefore in contributions.

Strict regulations and the ongoing crisis impacting employers continue to affect revenues from employee leaving indemnity relating products (TFR and TFM), which report a contraction on the previous year.

The sector covering risks resulting from collective bargaining continued to feature a favourable technical performance, while reporting a reduction in revenues.

In relation to the **Milano Assicurazioni Group**, the life business reports a pre-tax profit of Euro 32.1 million, compared to a profit of Euro 29.7 million in the first nine months of 2011. The profitability was supported 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.

The net profit of the subsidiary **Popolare Vita S.p.A.** in the first nine months of 2012 was Euro 27 million (loss of approx. Euro 1.6 million in 9M 2011).
Gross premiums written in the first nine months of 2012 totaled approx. Euro 899 million (Euro 229.4 million in 9M 2011) and relate mainly to Class I products.
Management expenses in 9M 2012 amounted to approx. Euro 42.5 million (in 9M 2011 approx. Euro 25.1 million), of which approximately 63% are acquisition costs.
At September 30, 2012 the volume of overall investments was Euro 6,997 million (decrease on 31/12/2011 of approx. 0.9%).
Gross technical reserves stand at Euro 6,775.6 million (Euro 7,109.1 million at December 31, 2011).

The subsidiary **Lawrence Life** in the first nine months of 2012 reports a profit of approx. Euro 14 million, increasing approx. 7.7% on approx. Euro 13 million in the first nine months of 2011.
In the first nine months of 2012, the Company reports premiums of Euro 724.3 thousand, almost entirely concerning insurance contracts, through the issue of unit-linked products of a duration of 5 years (Euro 1,888 million in 9M 2011).
At September 30, 2012 total investments amounted to Euro 3,216.8 million (Euro 4,983.7 million at December 31, 2011), of which Euro 3,123.5 million (Euro 4,905.5 million at December 31, 2011) were Class D investments.

REAL ESTATE SECTOR

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

The key data for the real estate sector are summarised below:

(in Euro thousands)	**9M 2012**	**9M 2011**
Profits realised	25	30
Total revenues	**56,591**	**111,068**
Interest expense	3,747	6,192
Total costs	**91,600**	**111,988**
Loss before taxes	(35,009)	(920)

(in Euro thousands)	**30/09/2012**	**31/12/2011**
Investment property	1,226,490	1,267,976
Financial liabilities	188,290	211,958

The loss before taxes for the sector is Euro 35 million compared with a loss of Euro 1 million in 9M 2011. It should be noted that the 2011 result benefited from the realisation of inter-company property gains, previously written-off, on the deconsolidation of the Rho Fund, written to other revenues.
The result for the period was also affected by depreciation of real estate investments of Euro 22.3 million (Euro 22.0 million in 9M 2011), by impairments of Euro 2.4 million (Euro 5.1 million in 9M 2011), in addition to the effects from the bankruptcy of Imco-Sinergia for Euro 11 million concerning the initiative in the Castello area carried out by the subsidiary Nit and the real estate initiative of S. Pancrazio Parmese through Immobiliare Fondiaria-SAI.

Revenues in the first nine months of 2012 and corresponding costs also recorded a decrease of approximately Euro 30 million in relation to the cessation of construction activities conducted through the Tre Torri consortium in the City Life area, following the sale of the investment at the end of the previous year.

The reduction in financial liabilities is principally due to the repayment of bank loans undertaken with Efibanca by the subsidiaries Immobiliare Milano and Immobiliare Fondiaria-SAI, respectively in February for Euro 12.7 million and in June for Euro 3.2 million. The partial repayments of loans from Tikal for Euro 5.3 million and Marina di Loano for Euro 2.7 million are also considered.

Real estate operations

In relation to the forecast divestment of real estate assets for over Euro 200 million, at September 30, 2012 sales had been concluded for a value of approx. Euro 78 million, generating capital gains of approx. Euro 20 million.

Real estate investments

Sale of IGLI S.p.A. shares

On December 27, 2011, Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. signed an agreement with Argo Finanziaria S.p.A. for the purchase by the latter of 8,040,000 IGLI S.p.A. ordinary shares all held by Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l., representing a 33.33% stake of the share capital of IGLI S.p.A. As is known, IGLI S.p.A, in turn, owns 120,576,293 Impregilo S.p.A. ordinary shares, representing a 29.96% stake of the share capital with voting rights.

The purchase price of each IGLI S.p.A. share involved in the sale was agreed at Euro 10.89572 and was determined based on an IGLI S.p.A. forecast statement of financial position at December 31, 2011 prepared giving each Impregilo S.p.A. ordinary share owned by IGLI S.p.A. a value of Euro 3.65.

Argo Finanziaria S.p.A. then designated its own subsidiary, Autostrada Torino Milano S.p.A., as the purchaser of the IGLI S.p.A. shares owned by Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l.
On March 8, 2012 the sale was executed with the simultaneous payment of Euro 43,800,794.40 to each vendor.
Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. committed, on their own account and on behalf of their associates, not to purchase, either directly or indirectly, shares, rights or equity instruments of Impregilo S.p.A., financial instruments or debt securities that can be converted into shares or equity instruments of Impregilo S.p.A., as well as any option rights for the subscription and/or purchase of one of the above-mentioned instruments, for a period of 12 months from the date of the transaction.

Castello Area

In relation to the criminal proceedings pending before the Court of Florence in which Fondiaria-SAI S.p.A. is involved for the offences pursuant to Articles 319 and 320 referred to in Articles 5 and 25 of Legislative Decree 231/2001 with regard to the urbanisation of the Castello area in the municipality of Florence, it is reported that the investigation stage of the hearing has been completed and the discussion stage has begun.
The two prosecutors who brought the case before court prepared their conclusions and submitted the relevant requests at the hearings on March 26 and 28. As far as the charges involving the Company are concerned, it has been requested that the Company pay a fine equal to 400 units with a minimum value of approximately Euro 250 and a maximum value of Euro 1,549. It has also been requested that the Company receive a two-year ban from deals with the public sector and that the Castello Area plots for which the building permits were released be confiscated.

The Public Prosecutors have also requested that the entire area should remain under sequestration.

The discussion stage continued with the summings-up of the lawyers for the plaintiffs and the defendants.
With regard to the Company's defence, an application was made for acquittal on the grounds that no crime had been committed and, as a secondary hypothesis, for the imposition of a fine only and not the other sanctions, because the Company adopted a suitable organisational and management model to prevent, among other things, the relevant offences against the public authorities. At the hearing on June 29, 2012, the Court of Florence did not pronounce sentence, but ordered an additional hearing to listen again to the evidence already discussed, pursuant to Article 507 of the Italian Criminal Code.
On November 9, the hearing before the Florence Court took place, during which a number of texts concerning collusive tendering were examined - documents which did not concern the company and its representatives.
The proceedings were postponed to November 19 for testimonial examination.
The value of property pertaining to the "Castello Area" as at 30/9/2012 was approximately Euro 169 million, less than the valuations given by the independent expert at December 31, 2011.
This amount is consistent with the scenario that construction can continue and, therefore, with the assumption of the operational continuity of the asset and does not reflect the risks associated with losing the case.

OTHER SECTORS

The sector includes the Group companies operating in the banking, hotel and diversified sectors, as opposed to the insurance and real estate sectors.
The sector pre-tax result reports a loss of Euro 33 million (Euro 37 million in the first nine months of 2011), with the loss of Banca SAI contributing Euro 15.3 million (loss of Euro 4.5 million in the first nine months of 2011), due principally to a more prudent approach in the valuation of receivables, in particular those concerning the bankrupt Imco-Synergia Group and the loss of Euro 11.2 million of the Centro Oncologico Fiorentino Villanova (loss of Euro 9.9 million in the first nine months of 2011).
The pre-tax result does not include the loss of Euro 13.9 million of the Atahotels Group (loss of Euro 10.3 million in 9M 2011), which has been reclassified under assets held for sale.

BancaSai

At September 30, 2012, assets managed by **BancaSai** (net of funds managed by Group companies) amounted to approx. Euro 1.6 billion compared to Euro 1.5 billion at December 31, 2011.

In the period the number of current accounts decreased from 16,500 at the end of 2011 to 16,094 at 30/9/2012.
At September 30, 2012 bond loans had been placed for a total of Euro 149 million (Euro 165 million in 2011).

Total indirect deposits (net of funds under custody of the Group companies) decreased to approx. Euro 638 million at September 30, 2012 compared to approx. Euro 659 million at the end of 2011.

During the third quarter of 2012, the Bank continued to contain and reduce loan commitments, begun in 2011 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 totaled Euro 103 million in the technical forms of hot money and current account credit lines, in addition to Euro 76 million of bonds undertaken by Banca SAI, the amount of credit undertaken (loans and utilisations of various credit lines, gross of value adjustments) decreased from Euro 679 million in 2011 to Euro 625 million at the end of September 2012.
The level of mortgages at 58% 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.

In relation to financial management, at September 30, 2012 Banca SAI held financial investments in securities, including those classified in the loans and receivables category, for a total of Euro 182 million (Euro 135 million at end of 2011). The increase principally concerns the acquisition of securities to guarantee participation in the ECB tenders.

Funds sourced on the inter-banking market amounted to Euro 242 million compared to Euro 63 million at December 31, 2011.
The securities portfolio of Banca SAI comprises available for sale assets for Euro 79 million, the loans and receivables category comprises only of two Finitalia issues for a total of Euro 76 million, while the trading portfolio amounts to Euro 27 million.
Bank capital requirements amounted to Euro 99.3 million at 30/9/2012 (approx. Euro 102.5 million at the end of 2011).

Atahotels

In the first nine months a loss of approx Euro 14 million was reported, compared to a loss of approx. Euro 11 million in the first nine months of 2011, particularly relating to the increase in rental costs of the Group structures (Euro 1.6 million) and the period results of the two structures: the Tanka (decreasing by Euro 3.3 million on the previous year) and Ripamonti residence (for Euro 1.1 million); these results eroded the improved Headquarters margin which, compared to 2011, reduced costs by over Euro 2 million (approx -20%).

Revenues reduced from Euro 105.3 million in the first nine months of 2011 to Euro 96.8 million in the first nine months of 2012 (approx. -8%).
Operating data indicates that August revenues were under budget by Euro 4.1 million (of which Euro 2.9 million on Tanka), while in September a further contraction was seen of Euro 1.5 million, resulting in revenues coming under budget by Euro 15.7 million from the beginning of the year (-13.9%).

Also in September, particularly the Tanka Village (for the resorts) and the Villa Pamphili and the Executive (for the hotel business) did not achieve revenue targets, impacting therefore operating margins.

As a result of the containment of operating costs, therefore, the operating margin amounts to 25.6% of revenues, in line with the previous year, although reducing Euro 2.5 million in total value.

In September a positive impact was seen from The One, the Expo Fiera and the Capotaormina, improving margins and confirming the results for the first nine months.

Centro Oncologico Fiorentino S.r.l.

In the first nine months of 2012 the Company reports revenues in line with the FY 2012 forecasts.
The absence of contractual increases for the tied activities and the non completion in the development of the private activities and “outside region” activities resulted in a lower result forecast for 2012.
In analysing the result, the significant degree of seasonality in the healthcare sector must be considered and due to the lack of operations in the month of August, the results for the first nine months of the year are always comparatively worse than for the half-year. All overhead costs therefore remain but virtually no revenues are received.
The direct costs substantially maintained in line with forecasts with lower medicine purchase costs but an increase in oncology medicine costs. Personnel costs were stable.

The rent, lease and similar costs concern the rental of the Villa Ragionieri Building, increasing from Euro 2.5 million annually to Euro 3.3 million, which is subject to VAT and therefore impacting the non-deductible amount.
The financial income and charges remain substantially stable. The extraordinary items include the results of an agreement with the Healthcare Authority, under which all of the cases concerning the years 2004-2011 were closed, resulting in prior year income of approx Euro 0.2 million.

For the subsidiary Centro Florence S.r.l., revenues grew on the previous year. The result in the period reports a small loss, although impacted also by the significantly seasonal nature of the sector. In August, the activities of the Centre substantially closed down.
The contract with Healthcare Authority No. 10 of Florence also concluded and was newly extended with a further reduction of 2.8%. The forecast results were met.

The subsidiary Donatello Day Surgery S.r.l. in the first nine months of 2012 reported strong volumes. Revenues exceeded the forecast for the period. The results however reported a small loss, due to an inconvenient location of the company while awaiting transfer to the Villa Victoria Building. In addition to increased operating costs this company was also impacted by a lack of demand in August.

ASSET AND FINANCIAL MANAGEMENT

Investments and liquidity

At 30/9/2012, the volume of investments amounted to Euro 33,829 million, an increase of 0.1% on 31/12/2011.
The increase relates both to funds from the recent share capital increase contributing liquidity of approx. Euro 1,099 million and the significant reduction in fair value assets recognised to the income statement following the large increase in redemptions in the Life business during the current year.

The investments, tangible fixed assets and liquidity at 30/9/2012 compared to 30/6/2012 and 31/12/2011 are shown below.

(in Euro thousands)	**30/09/2012**	**Percent. % 09/12**	**30/06/2012**	**Percent. % 06/12**	**Cge. %**	**31/12/2011**
INVESTMENTS						
Investment property	2,495,763	7.12	2,449,163	7.28	1.90	2,759,245
Investments in subsidiaries, associates and joint ventures	113,144	0.32	107,490	0.32	5.26	116,558
Loans and receivables	3,637,108	10.38	3,873,274	11.51	(6.10)	3,688,865
Investments held to maturity	743,814	2.12	725,783	2.16	2.48	599,713
AFS financial assets	20,126,899	57.43	18,033,249	53.56	11.61	17,598,287
Financial assets at fair value through the profit or loss account	6,711,878	19.15	7,141,422	21.22	(6.01)	9,026,664
Total investments	**33,828,606**	**96.52**	**32,330,381**	**96.05**	**4.63**	**33,789,332**
Tangible fixed assets: buildings and other fixed assets	377,634	1.08	375,925	1.12	0.45	401,744
Total non-current assets	**34,206,240**	**97.60**	**32,706,306**	**97.17**	**4.59**	**34,191,076**
Cash and cash equivalents	842,559	2.40	953,835	2.83	(11.67)	976,582
Total non-current assets and cash equivalents	**35,048,799**	**100.00**	**33,660,141**	**100.00**	**4.13**	**35,167,658**

The financial assets available-for-sale and the financial assets valued at fair value through profit or loss are as follows:

(in Euro thousands)	**30/09/2012**	**30/06/2012**	**Cge. %**	**31/12/2011**
AFS financial assets	**20,126,899**	**18,033,249**	**11.61**	**17,598,287**
Equity securities	1,155,890	1,101,850	4.90	1,171,370
Fund units	764,954	779,500	(1.87)	788,143
Debt securities	18,205,925	16,149,801	12.73	15,636,678
Other financial investments	130	2,098	(93.80)	2,096
Financial assets at fair value through the profit or loss account	**6,711,878**	**7,141,422**	**(6.01)**	**9,026,664**
Equity securities	63,148	44,697	41.28	30,599
Fund units	778,970	756,993	2.90	636,124
Debt securities	5,724,332	6,144,346	(6.84)	8,072,935
Other financial investments	145,428	195,386	(25.57)	287,006

The account **Investment property** includes the buildings held by the Group for rental to third parties or investment purposes. The gross carrying value was Euro 2,964 million (Euro 3,187 million at 31/12/2011), of which Euro 878 million (Euro 825 million at 31/12/2011) related to the land component, while the depreciation provision amounted to Euro 469 million (Euro 428 million at 31/12/2011).

The change on 31/12/2011 in "Investment property" is mainly due to the following:

- As a consequence of the declaration of bankruptcy of the related parties Imco S.p.A. and Sinergia HdP S.p.A. on June 14 the Group reversed the credit positions towards the companies and their subsidiaries for "Assets under construction and advances". At the same time, these positions, amounting to approx. Euro 150 million at December 31, 2011, were recorded as "Other receivables", net of impairments;
- Disposal of the property located in Milan at Piazza S. Maria Beltrade owned by the subsidiary Milano Assicurazioni.
- Recognition of depreciation for approx. Euro 57 million.

During the period, the rental income from investment property amounted to over Euro 83 million.

The account **Investments in Subsidiaries, Associates and Joint Venture Companies** includes the investments in associated companies, which were valued under the equity method, in addition to the carrying value of some investments in subsidiaries which are not fully consolidated, either due to the insignificant value for the purposes of a true and fair presentation of the accounts or as the companies are under restructuring or are non operating. The largest investments in the account concern Garibaldi S.c.a. (Euro 62.0 million), Finpriv (Euro 19.0 million) and Isola S.c.a. (Euro 12.0 million).

Loans and receivables are summarised in the table below:

(in Euro thousands)	**30/09/2012**	**31/12/2011**	**Change**
Bank and interbank receivables	647,712	665,462	(17,750)
Debt securities	2,414,926	2,465,849	(50,923)
Loans on life policies	40,531	44,140	(3,609)
Deposits held by reinsurers	23,143	24,895	(1,752)
Receivables from sub-agents for indemnities paid to agents terminated	245,794	238,569	7,225
Other loans and receivables	265,002	249,950	15,052
Total	**3,637,108**	**3,688,865**	**(51,757)**

Debt securities include Euro 1.5 billion of sovereign debt security reserved issues and Euro 0.9 billion of corporate issues.

The **Investments held to maturity** amount to Euro 744 million (Euro 600 million at 31/12/2011) and relate to listed debt securities, servicing life policies with specific assets.

The **Available-for-sale financial assets** include bonds and equity securities not otherwise classified.

In particular, the account includes debt securities of Euro 18,205.9 million (Euro 15,636.7 million at 31/12/2011), equity securities of Euro 1,155.9 million (Euro 1,171.4 million at 31/12/2011), as well as units in investment funds of Euro 765.0 million (Euro 788.1 million at 31/12/2011) and other financial investments of Euro 0.1 million (Euro 2.1 million at 31/12/2011).

The **Financial assets valued at fair value through profit or loss** includes the securities held for trading as well as those designated by the group in this category.
This account includes the investments and the financial instruments relating to insurance contracts or investments issued by insurance companies for which the investment risk is borne by the policyholder.
The account therefore includes debt securities of Euro 5,724.3 million (Euro 8,072.9 million at 31/12/2011), equity securities of Euro 63.1 million (Euro 30.1 million at 31/12/2011), units in investment funds of Euro 779.0 million (Euro 636.1 million at 31/12/2011) and other financial investments of Euro 145.4 million (Euro 287.0 million at 31/12/2011).

In relation to the **Tangible fixed assets** of Euro 314 million (Euro 315 million at 31/12/2011), they include both buildings for direct use and property inventories for which the criteria of IAS 2 were applied.

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

(in Euro thousands)	**9M 2012**	**9M 2011**	**Change**
Net income from financial instruments recorded at fair value through profit or loss	451,970	180,614	271,356
Net income from investments in subsidiaries, associates and joint ventures	(10,591)	1,805	(12,396)
Income from other financial instruments and property investments of which:			
Interest income	607,872	599,665	8,207
Other income	130,191	115,581	14,610
Profits realised	170,080	167,465	2,615
Valuation gains	6,802	238	6,564
Total income	**1,356,324**	**1,065,368**	**290,956**
Charges from other financial instruments and property investments of which:			
Interest expense	45,387	54,916	(9,529)
Other charges	50,664	47,508	3,156
Losses realised	68,909	85,697	(16,788)
Valuation losses	140,365	284,616	(144,251)
Total interest expense and charges	**305,325**	**472,737**	**(167,412)**
TOTAL NET INCOME	**1,050,999**	**592,631**	**458,368**
Net income from financial instruments recorded at fair value through profit or loss whose risk is borne by policyholders (Class D).	448,066	201,788	246,278
TOTAL NET INCOME EXCLUDING CLASS D	**602,933**	**390,843**	**212,090**

The net income from financial instruments recorded at fair value through the profit and loss includes almost entirely net income relating to contracts in the Life sector whose risk is borne by the policyholders: this income is related to the charges of a similar amount recorded in the commitments to Life policyholders.

Management of the investments

The third quarter of 2012 experienced a significant slowdown in global economic growth. In the Eurozone the recession intensified, largely due to the sovereign debt crisis, with growth in the United States not strong enough to significantly reduce unemployment. In order to further stimulate demand the Federal Reserve introduced a third round of quantitative easing, involving the creation of currency by the Central Bank and the consequent injection (through open market operations) into the financial and economic system, which saw a new strategy of bond purchasing until US unemployment reduces in a significant manner.

The European Central Bank, in the meeting of September, approved Outright Monetary Transactions for which, based on set conditions, bonds with residual maturity within three years of the countries subject to the Plan are bought on the secondary market.
These measures, undertaken by the respective monetary authorities in the heightened phase of speculation, provided a boost to the markets, establishing a risk on phase and a normalising trend.

Bond sector operations
In the Non-Life sector a focus was placed on taking better advantage of the improvement in Italian securities, following the actions taken by the ECB.
The spread compared to the German Bund significantly improved - enabling extensive profit taking, particularly on shorter maturities, which were purchased in the periods of greatest market weakness - and a rotation of the portfolio, with a gradual lengthening of the 5 and 7 year positions. Active trading of EFSF securities also took place.
The tactical use of time deposits was also employed, which offset the portfolio volatility without impacting returns, thanks to advantageous Italian monetary market conditions.
On the corporate front, with the reopening of the primary market, fresh acquisitions of defensive securities were made, while advantage was taken of the strong performance of peripheral country issues (Italy particularly) for profit-taking.
In the Life business, opportunities were also taken presented by the volatility of Italian government securities, principally due to external forces and therefore not directly related to internal or structural factors. A strategic accumulation of securities with medium/long term expiries was undertaken, strictly based on the Asset Liability Management analysis, eliminating among others particular cash flow mismatch situations and improving the structure and length of portfolios.
In the quarter, due to optimism surrounding Greece and its rescue, securities deriving from the Greek securities exchange offer were sold, removing the exposure towards Greece.
The gradual improvement of market conditions and the recovery of bonds resulted in significant trading gains both in total value terms and in comparison to the first part of the year.
In terms of the composition of the portfolios, the high exposure to money market instruments and zero coupons was maintained, with a decrease in the fixed rate component and a partial decrease in the variable rate component.

The overall duration of the portfolio was reduced compared to June 30, 2012. In terms of results, both forecast and current profitability levels were maintained.
In relation to the Corporate sector, the exposure was reduced in favour of government securities.

Equity sector operations
In the third quarter of 2012 the measures undertaken by the monetary authorities to support the economy, particularly at European level with the intervention of the ECB amid heightened speculation, provided a boost to the equity markets, establishing a risk-on phase and a normalising trend.
Although in the first part of the quarter the most recent speculative phase impacted to a greater extent the peripheral indices (Italy and Spain), the recovery phase favoured these markets over the Dax and Eurostoxx, recovering at least part of the cumulative under-performance (at overall level in the quarter FTSE MIB +8.5% and Ibex +10.4% compared to +13.5% and +10.4% respectively of the Dax and Eurostoxx).
The re-uptake of sovereign debt has consequently benefitted both the Banks (+13%) and Insurance companies (+13%), with strong performances also seen across the market and a shift away from the more defensive sectors.
The risk-on phase however has shadowed a slowdown in the global economy, with sectors which remained almost untouched during the sell-off phase being affected (luxury, non-European cars and industries exposed to emerging markets).
Therefore, with global growth forecasts also weak the opportunity was taken to further reduce the equity asset class, with increased exposure only to be taken on with the establishment of greater stability and improved bottom line figures.
Partial profit was taken in the sectors which over-performed in the period - Financials and Cyclicals - within an overall economy sustained principally by unconventional monetary policies rather than any real growth signals.

Fondiaria-SAI
The Non-Life Sector is composed of 40.4% fixed rate bonds, 53.3% variable rate bonds and the remaining 6.3% is in time deposits.
The total duration of the portfolio is 1.93 years and the return on the Non-Life portfolio is equal to 3%.
The Life Sector has a higher fixed rate bond allocation (77.6%) compared with the variable quota for the same asset class (22%) and time deposit (0.4%) with a total duration of the portfolio of 4.88 years and a return of 5.02%.

Milano Assicurazioni
The Non-Life Sector is composed of 63.1% fixed rate bonds, 33.2% variable rate bonds and the remaining 3.7% is in time deposits.
The total duration of the portfolio is 2.76 years and the return on the Non-Life portfolio is equal to 3.47%.
The Life Sector has a higher fixed rate bond asset allocation (82.4%) compared with the variable rate quota (17.6%) with a total duration of the portfolio of 4.61 years and a return of 4.98%.

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

The tables below set forth the exposures of the Fondiaria-SAI Group to government debt securities issued by other "peripheral" countries in the Eurozone recognised under assets measured at fair value. As recently requested by the European Securities and Markets Authority (ESMA), the table also includes debt securities issued by the Italian government.

(Euro millions) State	Maturity within 12 months	Expiry from 1 to 5 years	Expiry from 6 to 10 years	Expiry Over 10 years	Total Fair value (level 1)	AFS reserve (gross)	AFS reserve (net*)
Spain	**-**	**15.1**	**-**	**38.5**	**53.6**	**(16.9)**	**(2.5)**
Portugal	**-**	**3.9**	**-**	**-**	**3.9**	**(0.2)**	**-**
Ireland	**-**	**1.1**	**36.0**	**-**	**36.1**	**(0.7)**	**(0.2)**
Greece	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Italy	**2,677.0**	**5,058.9**	**4,817.2**	**1,844.5**	**14,397.6**	**(441.3)**	**(81.6)**

** net of the discretional profits of life policyholders*

In the third quarter almost all Greek government securities relating to restructuring operation taken in March of 2012 by the Greek government were eliminated; the residual positions, of an insignificant amount, were classified as assets held-for-trading.

The Italian State securities are included also in the "investments held-to-maturity" category (book value Euro 82.1 million compared to a market value of Euro 82.7 million) and in the "loans and receivables" category (book value Euro 1,505.3 million compared to a market value of Euro 1,484.1 million). This latter concern "private placement" issues for which no active market exists.

Net technical reserves

(in Euro thousands)	30/09/2012	30/06/2012	31/12/2011
Non-Life technical reserves			
Unearned premium reserve	**2,213,112**	**2,493,099**	**2,584,834**
Claims reserve	**9,341,222**	**9,149,334**	**9,406,518**
Other reserves	**9,703**	**9,670**	**10,353**
Total Non-Life reserves	**11,564,037**	**11,652,103**	**12,001,705**
Life technical reserves			
Reserve for sums to pay	**296,083**	**462,187**	**357,543**
Actuarial reserves	**14,865,912**	**14,822,449**	**15,073,121**
Technical reserves where the investment risk is borne by policyholders	**6,065,361**	**6,347,564**	**7,666,345**
Other reserves	**(279,175)**	**(508,439)**	**(693,089)**
Total Life Reserves	**20,948,181**	**21,123,761**	**22,403,920**
Total Technical Reserves	**32,512,218**	**32,775,864**	**34,405,625**

The technical reserves of the Non-Life Division at 30/9/2012 include the unearned premium reserve of Euro 2,213 million and the claims reserve of Euro 9,341 million.

The technical reserves of the Life Division are those relating to insurance contracts and investment contracts with discretionary participation elements as per IFRS 4.This account does not include the liabilities relating to the policies (prevalently index and unit-linked) which, having an insignificant insurance risk, are governed by IAS 39 and are therefore recorded under financial liabilities.

The technical reserves of the Life Division decreased, compared to the value calculated in accordance with Italian GAAP, by Euro 348.3 million (Euro -772.5 million at 31/12/2011) due to the accounting of the deferred liabilities towards policyholders, consequent of the application of the shadow accounting technique as per IFRS 4, all in compliance with the minimum guaranteed returns for policyholders.

Financial liabilities

The breakdown of the financial liabilities is shown below:

(in Euro thousands)	30/09/2012	30/06/2012	31/12/2011
Financial liabilities			
Sub-ordinated liabilities	**1,040,681**	**1,050,006**	**1,049,467**
Financial liabilities at fair value through profit or loss	**579,445**	**716,578**	**1,303,886**
Other financial liabilities	**728,857**	**761,776**	**789,920**
Total financial liabilities	**2,348,983**	**2,528,360**	**3,143,273**

For the **Subordinated liabilities** account, reference should be made to the section on debt.

The account **Financial liabilities at fair value through profit or loss** includes at 30/9/2012 Euro 477 million (Euro 1,240 million at 31/12/2011) relating to liabilities from financial contracts issued by insurance companies, treated under the deposit accounting method which, substantially, requires the recognition in the income statement of only the profit margins and the recording under financial liabilities of the premiums, increased by the revaluations in the period.

Other financial liabilities included Euro 191 million (Euro 232 million at 31/12/2011) relating to client deposits at the subsidiary Banca SAI and Euro 168 million relating to deposits with reinsurers (Euro 172 million at 31/12/2011).

The residual refers for Euro 265 million (Euro 300 million at 31/12/2011) to financial debt items commented on below.

Fondiaria SAI Group debt

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

The situation is summarised in the table below, which highlights a reduction in debt of approximately Euro 45 million.

(Euro millions)	**30/09/2012**	**31/12/2011**	**Change**
Sub-ordinated loans	1,040.7	1,049.5	(8.8)
Banks and other lenders	264.6	300.4	(35.8)
Total debt	**1,305.3**	**1,349.9**	**(44.6)**

The reduction of the debt is principally due to the repayment of bank loans undertaken with Efibanca by the subsidiaries Immobiliare Milano and Immobiliare Fondiaria-SAI, respectively in February for Euro 12.7 million and in June for Euro 3.2 million. In addition BancaSai partially repaid on its bonds for Euro 11.5 million, with repayments also on the loans of Tikal for Euro 5.3 million and Marina of Loano for Euro 2.7 million.

The account **Subordinated loans** includes the following loans with Mediobanca, with prior authorisation from ISYAP:

- A subordinated 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 16^{th} anniversary of the loan. This loan was obtained in order to increase the constituent 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 it is repayable in five equal annual instalments from the 16^{th} anniversary of the loan.
- A subordinated loan of Euro 300 million agreed on 22/06/2006 (received on 14/07/2006), 50% subscribed by Fondiaria-SAI and the other 50% by Milano Assicurazioni. This loan also provides for interest at Euribor at 6 months +180 basis points and is repayable in five equal annual instalments from the 16^{th} 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 July 14, 2008, Milano Assicurazioni made a partial advance repayment of this loan for Euro 100 million;
- hybrid, perpetual subordinated loan of Euro 250 million agreed and received on July 14, 2008 subscribed 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 constituent elements of the solvency margin;

- hybrid, perpetual subordinated loan of Euro 100 million agreed and received on July 14, 2008 subscribed 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 constituent elements of the solvency margin.

With reference to the subordinated loans, note that for a nominal Euro 1,050 million, Interest Rate Swaps were set up with the function of neutralising the interest rate risk associated with these loans for Euro 1,050 million.

In accordance with CONSOB Resolution No. DEM/6064293 of 28/7/2006, the subordinated and/or hybrid payables are supported by particular contractual clauses protecting the rights and interests of the lenders.

In relation to the **subordinated loan contract of Euro 300 million** of 22/6/2006 (undertaken for 50% by Fondiaria-SAI S.p.A. and the other 50% by Milano Assicurazioni S.p.A.), Article 6.2.1 letter (e) establishes, as a general obligation of the Parent Company, the continued control (in accordance with Article 2359, paragraph 1, No. 1 of the Civil Code) of the direction and coordination of Milano Assicurazioni S.p.A. by Fondiaria-SAI S.p.A..

In relation to the **hybrid loan contract of Euro 350 million** of 14/7/2008, the faculty to convert into shares of the Parent Company (or by the subsidiary Milano Assicurazioni for the part issued by them of Euro 100 million) is subject to, in addition to any resolution by the extraordinary shareholders' meeting of the Parent Company of a share capital increase to service the conversion in line with the contractual terms indicated, the occurrence at the same time (and for a consecutive three year period) of the following situations:

(i) the downgrade of the Standard & Poor's rating (or any other agency to which the Parent Company is voluntarily subject, no longer being subject to the Standard & Poor's rating) of the beneficiary companies to "BBB-" or a lower grade;
(ii) the reduction in the solvency margin of the beneficiary companies, as established by Article 44 of the Insurance Code, to a level below or equal to 120% of the solvency margin required by Article 1, paragraph hh) of the Insurance Code,

if (a) the situation causing the above stated events is not resolved, for both events, in the two fiscal years immediately subsequent, or (b) the solvency margin in the two subsequent fiscal years is not rectified to at least 130% of the requested solvency margin, Fondiaria-SAI and Milano Assicurazioni may, over a period of more than two years, put in place measures to enable compliance with the requested parameters.

No clauses are in place in the Group loan contracts (other than those indicated above) which place limitations on the use of significant financial resources for the activities of the Issuer.

In consideration of the recent results of the share capital increase, already described in detail, this disclosure was made despite non-compliance of the above-stated clauses not being evident, with the consequent lack of possibility of verifying events contractually established for the protection of investors.

The defining factors of the subordinated and/or hybrid loans relate in general not just to the repayment of such before the payment of all other payables owing to the insurance company at the settlement date, but also the need to obtain, in accordance with the applicable regulation, prior authorisation for repayment by ISVAP.

With reference to **Debts to banks and other lenders**, equal to Euro 264.6 million, the most significant amounts are detailed below:

- Euro 111.3 million (Euro 116.5 million at December 31, 2011) refers to the loan agreed by the Tikal R.E. Closed Real Estate Fund with Mediobanca as the Agent Bank. The loan, originally for Euro 119 million, was supplied for the purchase of properties and improvement works and at 30/9/2012 slightly over Euro 5 million had been repaid. The cost of the loan is Euribor at 3 months plus a credit spread of 90 basis points. Since 2008, the Fund has utilised derivative instruments to implement a hedging policy on the potential risk of an increase in interest rates on the loan granted;
- Euro 87.5 million (Euro 99 million at December 31, 2011) which refers to the bonds issued in 2009 and 2010 by BancaSai in part at the variable interest rate and in part at the fixed interest rate, with variable due dates which range from 2012 to 2014;
- Euro 65.7 million which 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 due March 17, 2014 and with an interest rate of Euribor at 3 months +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. On October 1, 2012 the mortgage of Meridiano Secondo of Euro 12 million signed with Intesa SanPaolo was settled;
- the residual amount relates to other insignificant payable positions.

TREASURY SHARES, SHARES OF THE HOLDING COMPANIES AND ITS SUBSIDIARIES

The treasury shares and shares in the direct parent company Premafin Finanziaria and the indirect parent company Unipol Gruppo Finanziario held by the Parent Company at September 30, 2012 and at December 31, 2011, are outlined in the table below:

(in Euro thousands)	30/09/2012		31/12/2011	
	Number	**Book value**	**Number**	**Book value**
Treasury shares held by:				
Fondiaria-SAI	**32,000**	64,366	3,200,000	64,366
Milano Assicurazioni	99,825	3,410	9,982,557	132,323
Sai Holding	12,000	421	1,200,000	16,337
Total	**143,825**	**68,197**	**14,382,557**	**213,026**
Premafin Finanziaria shares held by:				
Fondiaria-SAI	**18,340,027**	3,041	18,340,027	2,289
Milano Assicurazioni	**9,157,710**	1,518	9,157,710	1,143
Saifin - Saifinanziaria	**66,588**	11	66,588	8
Total	**27,564,325**	**4,570**	**27,564,325**	**3,440**
Unipol Gruppo Finanziario shares held by:				
Fondiaria-SAI	24,000	46	2,400,000	560
Milano Assicurazioni	16,000	30	1,600,000	400
Total	**40,000**	**76**	**4,000,000**	**960**

On July 2 the resolution of the Parent Group's Extraordinary Shareholders' Meeting held on June 27, 2012 was implemented, eliminating the nominal value of the ordinary and savings shares. Later on, the same shares were converted as 1 new share with regular dividends for every 100 shares held for both categories. At the end of the conversion the share capital comprised 3,670,474 ordinary shares and 1,276,836 savings shares, making a total of 4,947,310 shares with no nominal value.

On July 16 the share capital increase of Fondiaria-SAI, approved on June 27, 2012, for a total of Euro 1,098,691,357.68 (including share premium) commenced. The capital increase provides for subscription to ordinary shares, with share premium, and to a new category of saving shares (category B).
The carrying value of treasury shares reduced following the exclusion of the book value of the option rights on shares held by Milano Assicurazioni and Sai Holding. In light of the restriction on subsidiaries in subscribing shares in the parent company, these rights were disposed of on the stock market in July.
Following taking-up of all shares, the new share capital, entirely subscribed and paid-in, amounts therefore to Euro 1,194,572,973.80, divided into 920,565,922 ordinary shares, 1,276,836 category A savings shares and 321,762,672 category B savings shares.

SHAREHOLDERS' EQUITY

Shareholders' equity at 30/9/2012 was as follows:

(in Euro thousands)	**30/09/2012**	**30/06/2012**	**31/12/2011**
Shareholders' equity	**3,237,187**	**1,850,282**	**1,556,708**
Group Net Equity	**2,555,360**	**1,224,535**	**1,036,952**
Share capital	1,194,573	494,731	494,731
Capital reserves	665,304	315,460	315,460
Retained earnings and other reserves	887,915	980,669	1,834,570
Treasury shares	(68,197)	(213,026)	(213,026)
Translation reserve	(68,893)	(70,478)	(56,772)
Profit or loss on AFS financial assets	(12,180)	(272,439)	(478,283)
Other gains and losses recorded directly in equity	(22,191)	(17,947)	(7,009)
Group profit/(loss)	(20,971)	7,565	(852,719)
Minority interest shareholders' equity	**681,827**	**625,747**	**519,756**
Minority interest capital and reserves	671,814	722,804	903,659
Gains and losses recorded directly in equity	(9,838)	(114,435)	(201,984)
Minority interest profit/(loss)	19,851	17,378	(181,919)

The change in the accounts "Share Capital" and "Capital Reserves" concerns the share capital increase of the Parent Company begun on July 16, 2012.

The reduction in the Treasury Shares account follows the exclusion of the book value of the option rights allocated to the shares held by Milano Assicurazioni and SAI Holding following the share capital increase of the Parent Company.

These rights were traded on the Stock Exchange and resulted in net revenue of approx. Euro 1 million.

The profits or losses on AFS financial assets derive from the fair value adjustment of the financial instruments classified in this category, net of the relative deferred taxes and of the part attributed to policyholders.

OTHER INFORMATION

Fondiaria-SAI S.p.A.:

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

The Board of Directors of Fondiaria-SAI S.p.A. (the "Company") met in the afternoon of January 29, 2012 and resolved to call an Extraordinary Shareholders' Meeting for March 16, 2012, first session, and March 19, 2012, in second session if necessary, in order to submit a capital increase proposal to shareholders for a total maximum 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 23/12/2011 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.

In this regard, the Fondiaria-SAI Board of Directors, acknowledging the signing of the above-mentioned agreement, resolved to begin suitable investigations on the proposed integration with a view to formulating the proposals to be submitted to the decision-making bodies.
Specifically, pursuant to the procedures for related-party transactions approved by the Board itself, since Premafin and Milano Assicurazioni will also be called upon to take part in the proposed integration, the Board appointed a committee of independent directors, who have been involved since the negotiations on establishing the legal and economic terms of the proposed integration.

The Board also resolved to extend the mandate of advisers Goldman Sachs and Studio Legale Carbonetti e Associati to include helping with research and implementation activities for the proposed integration.

Note that for the sake of completeness, the Board of Directors of the subsidiary Milano Assicurazioni, under the scope of their activities with regard to the prospective integration, has also approved the appointment of its own committee of independent directors and appointed its own financial adviser and its own legal adviser.

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

The Fondiaria-SAI Shareholders' Meeting, held on March 19, 2012 under the chairmanship of Jonella Ligresti, passed resolutions on the agenda items, subject to authorisation from ISYAP and without prejudice to, for all aspects not specified below, the entire contents of the directors' report of January 29, 2012 for the Shareholders' Meeting, to which the reader is referred. The documents relating to the Shareholders' Meeting have been made available to the shareholders on the Parent Company website under the section "Extraordinary and Ordinary Shareholders' Meeting – March 16-19, 2012".

The capital increase is first and foremost aimed at strengthening the Fondiaria-SAI Group's statement of financial position, ensuring the recovery of the solvency margin required by law and, more generally, the future solvency structure of the Group. This proposal therefore comes under the scope of the intervention plan pursuant to Articles 227 and 228 of Legislative Decree 290/05, requested by ISVAP through its note of January 10, 2012, which pointed out the serious shortcomings in the Company's required adjusted solvency. To sum up, the proceeds of the capital increase are aimed at restoring a stable and lasting solvency to the Company, now and in the future.

On January 29, 2012, at the same time as the Board of Directors gave its approval for the capital increase proposal, the Company received news of the agreement reached on the same date between the Holding Company Premafin and Unipol Gruppo Finanziario (UGF), which provides for, *inter alia*, the merger between Premafin, Fondiaria-SAI, Milano Assicurazioni and Unipol Assicurazioni.

In this context, during the same meeting held on January 29, 2012, the Board of Directors approved the launch of investigations for a complete analysis of the integration project.

On the same date, Mediobanca, which took on the role at the end of December of organising an underwriting syndicate for the increase approved by the Board of Directors on December 23, 2011, for a maximum amount of Euro 750 million, formulated a new proposal for the structuring of the underwriting syndicate for the increase which, in light of the agreement signed by Premafin and Unipol, assumed the completion of the integration project.

Under these terms, the capital increase proposal is part of the broader integration project with the Unipol Group. In the press release of March 15, 2012, UGF published the first targets of the new entity headed by UGF which will be created under the operation. As mentioned in the press release, these estimates were not shared with Fondiaria-SAI and were therefore subject to further joint analysis and evaluation with the Company's management.

On the other hand, the resolution submitted to shareholders would remain effective, subject to approval by ISVAP, irrespective of the integration operation, since the need for recapitalisation underlying the capital increase existed regardless of the integration, whose execution was subject, in any case, to the verification of the conditions set out in the above-mentioned agreement. If the integration project could no longer be pursued, Fondiaria-SAI would, without delay, seek to obtain the necessary authorisation in order to implement the capital increase.

The preliminary commitments made by Mediobanca and the banks expressing willingness to take part in the underwriting syndicate for the subscription of the capital increase were strictly related to the positive outcome of the proposed integration operation, as no guarantee was provided for the Company in a stand-alone situation. As a result, these displays of willingness received from the syndicate banks were, *inter alia*, conditional to the implementation of the integration project.

ISVAP stressed the urgency of proceeding without delay with the measures to strengthen the Group's statement of financial position, without identifying a deadline for their completion. Based on the theoretical time frame, the capital increase should be launched during May 2012. This time schedule assumes that, by that date, the conditions to which the agreement between Premafin and Unipol was subject will be verified, and the terms and conditions of the integration with Unipol will be defined.

Based on the preliminary evaluations made, with the support of the adviser Goldman Sachs, on January 29, 2012, during an initial examination of the agreement reached between Premafin and UGF, it emerged that the prospective integration would create the largest Italian insurance operator in the Non-Life Sector, with a market share of approximately 30% (2010 figures). The new entity would have a market share of 7% in the Life Sector (2010 figures).

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

The Extraordinary Shareholders' Meeting of Fondiaria-SAI S.p.A., which was held on June 27, 2012 under the chairmanship of Cosimo Rucellai, confirmed, by way of caution and pursuant to Article 2377, paragraph 8 of the Italian Civil Code, the resolutions adopted by the Extraordinary Shareholders' Meeting of March 19, 2012. Specifically, the 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 reverse stock split of outstanding ordinary and savings shares in the ratio of 1 new ordinary or savings share for every 100 ordinary or savings shares, respectively;

3) the approval for the Company to issue new savings shares ("Category B Shares") with the same characteristics as the outstanding savings shares ("Category A Shares") with the exception of the following:

   - 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 6.5 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) to increase the paid-in share capital by a total maximum amount of Euro 1,100,000,00.00, including any premiums, to be carried out by December 31, 2012, divisible, through the issue of Category B Share ordinary shares with regular dividends, to be offered as an option, respectively, to holders of ordinary shares and holders of Category A Shares, pursuant to Article 2441, first, second and third paragraphs of the Italian Civil Code;

5) to modify the statutory arrangements relating to the calling of the Ordinary Shareholders' Meeting for the approval of the 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. At that meeting, Mr Dubini was declared independent within the meaning of both Article 148 of the TUF and the Code of Corporate Governance for Listed Companies. The Board of Directors successfully verified the existence of these independence criteria following the co-opting which took place, as previously mentioned, on May 10, 2012.

Complaint to the Board of Statutory Auditors pursuant to Article 2408 of the Italian Civil Code

On March 19, 2012 the Fondiaria-SAI S.p.A. Board of Statutory Auditors reported a complaint presented pursuant to Article 2408, paragraph 2 of the Italian Civil Code concerning facts that are potentially censurable reported 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.

During the Shareholders' Meeting on March 19, 2012, the Board of Statutory Auditors handed over the report, which was made available to the public through publication on the Company's website, and a prompt response was made to the questions posed by the complainant.

The Board of Statutory Auditors, in its report, which should be referred to for a detailed examination of the facts, included several suggestions for the Board of Directors with regard to some of the operations included in the complaint.

The complaint introduced several subjects of a procedural nature and with regard to the preliminary safeguards in the execution of intra-group transactions and related-party transactions which, as stated previously, were brought to the attention of the Board of Directors, which will carry out the necessary investigations as well as make their own evaluations, with reference to the aspects most closely connected with the property transactions examined within the complaint.

It is therefore felt that the facts in the Board of Statutory Auditors' report will not have repercussions on the evaluation processes adopted in preparing the financial statements.

Any aspects involving compensation, which could emerge following the investigations requested by the Board of Statutory Auditors, will be evaluated by the Board of Directors.

The task of identifying independent experts who, from an economic, property and legal standpoint, can help the Company in its analyses, has been entrusted to a committee of independent directors.

During the Shareholders' Meeting on June 27, 2012, the Board of Statutory Auditors referred to the contents of the second supplement to the report pursuant to Article 2408 of the Italian Civil Code relating to the complaint submitted by the shareholder Amber Capital as well as the contents of the report pursuant to Article 2408 of the Italian Civil Code relating to the complaint submitted by the shareholder Finleonardo S.p.A. (both these Board of Statutory Auditors' documents have already been published on the Company's website on June 25, 2012). The latter report pointed out that, "with the letter of June 20, 2012, CONSOB questioned the "accounting methods for the Motor TPL Class claim reserves" and the consequent possible non conformity of the Company's consolidated financial statements at December 31, 2011 with the provisions of Article 154-*ter* of the TUF". The CEO reported to shareholders on the subject by reading a note which was published on the Company's website in addition to the report of the Statutory Board of Auditors.

Special Savings Shareholders' Meeting

A special Fondiaria-SAI S.p.A. Shareholders' Meeting was held on April 13, 2012, under the chairmanship of the Joint Representative of Savings Shareholders, called on the request of a shareholder.

The Meeting resolved, by a majority, to postpone the vote on the subject of examining, and maybe approving, the capital increase proposal, and examining and approving the report of the Joint Representative of the agenda. There was also a majority decision to confer a mandate on the Joint Representative of the Shareholders to evaluate, with the help of professionals engaged for this purpose, the existence of any responsibilities pertaining to the company representatives in relation to the prior management and any remedial actions, also taking into account the results of the report of the Board of Statutory Auditors produced in compliance with Article 2408, paragraph 2 of the Italian Civil Code. The mandate also includes the Joint Representative having to report on the outcome of the checks at a future category Shareholders' Meeting.

Lastly, there was a majority decision to establish an expenses fund for protecting joint interests, pursuant to Article 146 of Legislative Decree 58/98 for a total of Euro 500,000.

CONSOB, requests for further information

In a letter dated April 16, 2012, CONSOB asked the Fondiaria-SAI S.p.A. Board of Statutory Auditors, pursuant to Article 114, paragraph 5 of the TUF, to make the following information public:

a) the evaluations underlying the failure to report without delay to CONSOB, pursuant to Article 149, paragraph 3 of the TUF, the irregularities in relation to the facts in the complaint submitted by the shareholder Amber Capital LP on October 17, 2011;
b) a summary of the criticalities found by this Board of Statutory Auditors as a result of the inquiries conducted following the above-mentioned complaint;
c) the possible further inquiries which this Board of Statutory Auditors conducted and intends to conduct, pursuant to Article 151 of the TUF with regard to the facts denounced by the shareholder Amber Capital LP;
d) the indications given to the Board of Directors regarding the time schedule it was asked to follow to produce verifications after the complaint by the above-mentioned shareholder;
e) the considerations surrounding the compliance by directors over a period of time, and in particular for the years to which the facts denounced by the shareholder Amber Capital LP refer, with the information obligations set out in Article 150, paragraph 1 of the TUF;
f) information about other related-party transactions that the Board of Statutory Auditors felt worthy of further investigation and the outcomes (or progress) of investigations conducted into these transactions, also with regard to the correctness of the procedure followed and the expediency for the Company of these transactions;
g) a summary of the important points reported by ISVAP on September 29, 2011 and the corrective measures implemented with regard to the Company or in the process of being implemented, with an evaluation of this Board of Statutory Auditors on the effectiveness of these measures;
h) the reasons for which, in spite of the presence of the criticalities mentioned in the previous point b) and the important points mentioned by ISVAP in the previous point g), this Board of Statutory Auditors maintained that the Company's internal control system was reliable;
i) information on the activation of the powers set out in Article 238 of Legislative Decree 209/2005 and evaluations of the activation of the powers set out in Article 2393 of the Italian Civil Code.

CONSOB also stated that "The above information, together with the present requests, should be made available to the public by 8PM on April 19, 2012, as an annex to the Report in question".

In accordance with the methods set out in Part III, Title II, Chapter I of the Issuers' Regulations, a press release should also be published notifying the market of the additional information and the present requests, indicating the methods through which this information will be made available to the public.

In compliance with Consob's requests, on April 19, 2012, a Supplement to the Board of Statutory Auditors' Report to the Shareholders' Meeting on the Fondiaria-SAI S.p.A. results for the year ended December 31, 2011 and the activities conducted, was filed together with the following annexes: 1) summary of the Report pursuant to Article 2408 of the Italian Civil Code; 2) Supplementary Report pursuant to Article 2408 of the Italian Civil Code; 3) Arepo and Palladio Finanziaria letter of April 16, 2012; 4) Board of Statutory Auditors' letter of April 18, 2012 with the letter of April 12, 2012 of the Board of Statutory Auditors to the Company's Board of Directors attached.

The above documents are available on the Company's website under the section Ordinary Shareholders' Meeting April 23-24, 2012.

Supplements requested by CONSOB to the directors' report at December 31, 2011

At the request of CONSOB on April 16, 2012, pursuant to Article 114, paragraph 5, of Legislative Decree 58/98 (the TUF), on April 19, 2012, the Fondiaria-SAI S.p.A. Board of Directors approved several supplements to the directors' report at December 31, 2011 published on March 31, 2012 pursuant to Article 154-*ter* of the TUF and in relation to the remuneration published on March 31, 2012 pursuant to Article 123-*ter* of the TUF.
The above-mentioned supplements and the requests made by Consob in a communiqué on 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

Analysis of the evaluations and estimates made

The Fondiaria-SAI Board of Directors, which met on April 19, 2012, examined the evaluations and estimates made, with the help of advisors, in relation to the following hypotheses:
(i) combined business plan guidelines and possible synergies resulting from the integration with the Unipol Group, and
(ii) prospective pro-forma solvency margin of the company resulting from the planned merger.

With regard to these aspects, the Board evaluated the practicability of the integration in a positive light.

From the point of view of the assessments for the purposes of the merger, the Board of Directors examined the Unipol Group proposal in the light of the investigations conducted by their advisors and, specifically, the condition that involves a 66.7% stake by Unipol Gruppo Finanziario in the ordinary share capital of Fondiaria-SAI as the acquiring company in the prospective merger.

Although the elements available indicated that this condition implies a range of potential investments for the Fondiaria-SAI minority shareholders which did not coincide with the evaluations of the financial advisors, the Board of Directors considered that, in the specific corporate and market context, the Unipol Group proposal allows the investigation into the transaction to continue.

Specifically, also in compliance with the position expressed by the Independent Directors Committee, established in compliance with the procedure on the subject of related-party transactions, the Board believes that in order to form an opinion on the economic merits for the purpose of the merger, it is necessary to start with a comparison with the Unipol Group for a joint evaluation of the possible adjustments with regard to the structure of the transaction which can improve the expediency for Fondiaria-SAI shareholders.

Integration project with the Unipol Group update

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

- Unipol 61.00%
- Other Fondiaria-SAI shareholders 27.45%
- Other Milano Assicurazioni shareholders 10.70%
- Other Premafin shareholders 0.85%

On June 11, 2012, the Fondiaria-SAI Board of Directors resolved, by a majority, to notify Unipol of its willingness to proceed with a further definition of the prospective merger on the basis of the June 6, 2012 proposal, and namely on the basis of an investment of the current Fondiaria-SAI ordinary shareholders, other than Premafin, equal to 27.45% of the ordinary share capital.
The resolution was adopted, following the majority favourable opinion of the Independent Directors Committee, established in accordance with the procedure for related parties, and that the reason for their decision on the Unipol counter-proposal, although outside of the range of values initially indicated by the financial advisors, met with the interests of shareholders in the light of the unique corporate context, in the presence, specifically, of an urgent recapitalisation request made by ISVAP pursuant to the sector regulations governing the adjusted solvency margin.

On June 20, 2012, the Bank of Italy, pursuant to Article 19 of Legislative Decree 385/93, authorised Finsoe and Unipol to take the controlling stake in Banca Sai and issued authorisation, pursuant to Article 15 of the TUF, to take control of Sai Mercati Immobiliari SIM, Sai Investimenti SGR and an 18% stake in the capital of Hines SGR.
Also on June 20, 2012, ISVAP resolved, pursuant to Article 68 of the Private Insurance Code, to authorise Finsoe S.p.A., via Unipol and under the scope of the Integration Project, to take control of Premafin and the Fondiaria-SAI Group, imposing a series of obligations pertaining to Finsoe S.p.A. and to Unipol, respectively as the company heading the Unipol conglomerate and as Parent Company of the insurance group following the acquisition.

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 Provision is conditional to certain measures and obligations being adopted by the AGCM Investigation Parties: the Authority decided that the integration between the Unipol Group and the Premafin/Fondiaria-SAI Group could be authorised based on stringent measures capable of dissolving the ties with Mediobanca (which controls Generali, the main competitor in the markets involved in the transaction) and reducing the dominant position, through the sale of assets, which would otherwise be acquired in the Non-Life markets (specifically for Motor TPL policies) at a national level and, as far as the distribution of policies is concerned, in 93 provinces.
The recommended measures can be grouped together, by subject, into three types: (i) measures aimed at guaranteeing the sale of assets; (ii) measures aimed at overcoming the equity and financial bonds between the new entity and Mediobanca; and (iii) measures for which Mediobanca is responsible.

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

- with reference to CONSOB's suggestions, through the provisions of May 22 and 24, 2012, containing the response to the question submitted by Unipol in relation to the recognition of the exemption from the public purchase offer of the various stages of the Integration Project: (i) to modify the indemnification agreement signed by Unipol and Premafin on January 29, 2012, to limit the transaction exclusively with regard to and in favour of the directors and statutory auditors of Premafin, Fondiaria-SAI, Milano Assicurazioni and the respective subsidiaries, in office in the period 2007-2011, who did not either directly or indirectly or through subsidiaries, hold Premafin shares on January 29, 2012; and (ii) to limit the right of withdrawal, in the context of the merger, so that this right of withdrawal does not extend to the Premafin majority shareholders and therefore affect future evaluations on the subject of excluding the right of withdrawal for all Premafin shareholders under the scope of the merger;

- with reference to the conditions precedent of the agreement of January 29, 2012, (i) to acknowledge that the conditions precedent in paragraph 3.1, point (vii), letter (y) (redefinition of the agreements with the creditor banks of Fondiaria-SAI, Milano Assicurazioni and the other Group companies) and letter (z) (cancellation of the liens on the Fondiaria-SAI shares held by Premafin and Finadin by the respective lender banks), point (ix) (approval of the merger project) and point (xi) (dismissal of at least the majority of the directors of Finadin, Fondiaria-SAI, Milano Assicurazioni and their main subsidiaries) of the agreement will be renounced by the parties, subject to the launch of the subscription period of the capital increase, or, if before, to the launch of the Unipol capital increase subscription period, it being understood that the activities relating to the merger will continue without a continuity solution, for the purpose of the approval of the merger project in the time schedule strictly necessary; (ii) to recognise that what has been indicated in the previous point (i) has been accepted by Unipol (a) notwithstanding the obligation of Premafin in good faith, with no obligation to produce results, to ensure that at least the majority of directors appointed by the Shareholders' Meeting, albeit appointed during 2012, of Finadin S.p.A., Fondiaria-SAI, Milano Assicurazioni and their main subsidiaries, resign their offices and (b) notwithstanding the condition precedent of Article 3.1 point (x) of the agreement (the resignation of at least the majority of the Premafin directors).

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Declaration of insolvency of Imco S.p.A. in liquidation and Sinergia Holding di Partecipazioni S.p.A. in liquidation

The Board of Directors of Fondiaria-SAI at its meeting on June 14, 2012, took note of the bankruptcy order issued by the second civil division against Imco S.p.A. in liquidation (*"Imco"*) as well as Sinergia Holding di Partecipazioni S.p.A. ("*Sinergia*") in liquidation. The transactions of the Fondiaria SAI Group in place at September 30, 2012 remain unchanged compared to June 30, 2012, as indicated below:

- Euro 101.7 million owed to Milano Assicurazioni from Avvenimenti e Sviluppo Alberghiero S.r.l. in relation to the initiative in Via Fiorentini in Rome. This receivable, net of the doubtful debt provision, amounts to Euro 52.9 million;
- Euro 77.4 million owed to Milano Assicurazioni S.p.A. from Imco relating to the initiative in Via De Castillia in Milan. This receivable, net of the doubtful debt provision, amounts to Euro 25.5 million;
- Euro 23.3 million owed to Immobiliare Fondiaria-SAI S.p.A. from Imco relating to the San Pancrazio Parmense (PR) initiative. This receivable, net of the doubtful debt provision, amounts to Euro 7.8 million;
- Euro 7.2 million owed to Nuove Iniziative Toscane S.p.A. from Europrogetti S.p.A. on account for design work; The amount had been completely written-down;
- Euro 21.4 million relating to receivables of BancaSai from the Imco-Sinergia Group, of which approximately Euro 10.7 million concerns unsecured receivables. This receivable, net of doubtful debt provision, amounts to Euro 12.8 million at 30/6/2012 and was entirely written-down at 30/9/2012;
- Approximately Euro 3.5 million, net of reinsurance, relating to financial guarantees policies for obligations undertaken by companies which are part of the Imco-Sinergia Group which have already been accounted for in the cost of claims.
  Regarding the level of exposure relating to financial guarantees policies, a further Euro 8.3 million is reported, net of reinsurance.

CONSOB authorises the publication of the prospectus for the Fondiaria-SAI S.p.A. ordinary and savings shares rights offering

On July 12, CONSOB authorised the publication of the Prospectus relating to the Category B ordinary shares and savings shares rights offering with rights, respectively for the holders of Category A ordinary shares and savings shares and the admission to trading on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. of new issue Category B ordinary and savings shares ("the Offer").

The timetable for the Offer made provision for the option rights, valid for the subscription of shares, traded on the Stock Exchange between July 16, 2012 and July 25, 2012, inclusive and exercised, subject to cancellation, from July 16, 2012, until August 1, 2012, inclusive (the "Offer Period"). The results of the Offer were announced within 5 days of the end of the Offer Period, through an appropriate announcement.

Within the month following the conclusion of the Offer Period, the option rights not exercised during the Offer Period were offered on the Stock Exchange for at least five trading days, pursuant to Article 2441, paragraph 3 of the Italian Civil Code.

Note that, as indicated in the press release of July 5, 2012, the launch of the capital increase was subject to the establishment of the underwriting syndicate by the morning of the following day. The establishment of this syndicate and the list of members have been announced in a dedicated press release.

Unipol has also provided an irrevocable commitment to the Company to fully subscribe any unopted Category B savings shares on the conclusion of the offer on the Stock Exchange, for a maximum value of approx. Euro 182 million. This commitment was formalised simultaneous to the other guarantee commitments and was published in the press release relating to the establishment of the guarantee consortium.

Unipol has stated that its subscription commitment would be met through the use of financial resources which are already available.

Note that Premafin Finanziaria S.p.A. and Finadin S.p.A. have undertaken to fully subscribe the share of the Company's capital increase pertaining to them, subject to the subscription of the Premafin Finanziaria S.p.A. capital increase implementing the agreement signed by the latter and Unipol Gruppo Finanziaria S.p.A. on January 29, 2012 and the timely execution by the banks of the irrevocable instructions of payment having been received.

For the purpose of the Offer, Fondiaria-SAI has been assisted by Goldman Sachs as financial advisor.

The Prospectus is available at the Registered Office of the Issuer at Corso Galilei 12, Turin and on the Issuer's website, www.fondiaria-sai.it.

Notwithstanding the final conditions of the capital increase approved by the Fondiaria-SAI Board of Directors at the meeting on July 5, 2012, which – it should be noted – for the implementation of the resolution of the Extraordinary Shareholders' Meeting on June 27, 2012, resolved to increase the paid-in and divisible share capital by a maximum of Euro 1,098,691,357.68 (including a premium) through the issuing of:

- a maximum of 916,895,448 ordinary shares, with no par value expressed, with the same characteristics as the outstanding shares and with regular dividends, to be offered as an option to holders of Company ordinary shares at a price of Euro 1 per share, of which Euro 0.435 is a premium, in the ratio of 252 new issue shares for every 1 ordinary share owned, for a maximum value of Euro 916,895,448. The issue price includes a discount of approximately 24.7% of the Theoretical Ex Right Price (TERP) of the ordinary shares, calculated on the basis of the Stock Exchange closing price on July 5, 2012.

- a maximum of 321,762,672 Category B savings shares, with no par value expressed, with regular dividends, to be offered as an option to holders of Company Category A savings shares at a price of Euro 0.565 per share, to be entirely allocated to the capital, in the ratio of 252 new issue shares for every 1 savings share owned, for a maximum value of Euro 181,795,909.68. The issue price applies a discount of approx. 24.9% on the Theoretical Ex Rights Price (TERP) of the Category A savings shares, calculated based on the official Stock Market closing price of July 5, 2012.

Acquisition, by Unipol Gruppo Finanziario, of direct control of Premafin and therefore the Fondiaria-SAI Group

Following the subscription, which took place on July 19, 2012, by Unipol Gruppo Finanziario of the Premafin reserved capital increase, Premafin and Finadin subscribed their allocation of the Fondiaria-SAI S.p.A capital increase. A total of 339,541,776 new issue ordinary shares were subscribed at a price of Euro 339,541,776.

As a result of the above, Unipol Gruppo Finanziario acquired control of Premafin and therefore also of the Fondiaria-SAI Group.

Capital increase: closure of the offer period

On August 1, 2012 the offering to shareholders of a maximum of 916,895,448 ordinary shares and a maximum of 321,762,672 new issue Fondiaria-SAI S.p.A. Category B savings shares, coming from the paid-in, divisible share capital increase, whose conditions were approved by the Board of Directors on July 5, 2012, in execution of the powers conferred on them by the Extraordinary Shareholders' Meeting of June 27, 2012, was concluded.
During the offer period, between July 16, 2012 and August 1, 2012 (inclusive), 2,484,113 rights options for the subscription of 625,996,476 ordinary shares and 283,366 option rights for the subscription of 71,408,232 new issue Fondiaria-SAI S.p.A. Category B savings shares, equal respectively to 68.273% of the total of ordinary shares and 22.193% of the total of new issue Category B savings shares offered, were exercised for a total value equal to Euro 666,342,127.08.
At the end of the Offer Period, 1,154,361 option rights valid for the subscription of 290,898,972 ordinary shares and 993.470 option rights valid for the subscription of 250,354,440 Category B savings shares, equal respectively to 31.727% of the total ordinary shares offered and to 77.807% of the new issue Category B savings shares offered, were not exercised for a total amount equal to Euro 432,349,230.60.
The option rights not exercised were offered on the Stock Exchange by Fondiaria-SAI S.p.A. on the dates which were notified later through a special notification produced pursuant to Article 89 of Consob Regulation 11971/1999.

Standard&Poor's improves its rating to B+ and allocates "Positive" Creditwatch

On August 9, 2012, the rating agency Standard & Poor's improved the rating of Fondiaria-SAI S.p.A. to "B+" from "B" and of the principal subsidiary Milano Assicurazioni S.p.A., in addition to the subsidiary SIAT S.p.A., assigning also a "positive" Creditwatch (from the previous "developing").
The elevation was due to the improved capitalisation of Fondiaria-SAI as a result of the share capital increase, 61% subscribed at that date.
The positive Creditwatch reflects the proposed merger between the company and Unipol Assicurazioni and therefore the potential benefits of the integration on the post merger financial capacity of Fondiaria-SAI.

Fondiaria-SAI S.p.A. rights issue: final results

On September 10, 2012 the rights issue (the "Offer") subscription period concluded for a maximum 916,895,448 newly issued ordinary shares (the "Ordinary Shares") and a maximum 321,762,672 Category B savings shares (the "Category B Savings Shares", and together with the ordinary shares, the "Shares") relating to the paid-in divisible share capital increase approved by the Board of Directors' on July 5, 2012 in execution of the powers delegated by the Extraordinary Shareholders' Meeting of the Company of June 27, 2012 (the "Share Capital Increase").

During the rights offer period (July 16, 2012 - August 1, 2012, the "Offer Period"), 2,484,113 option rights were taken up for 625,996,476 Ordinary Shares and 283,366 option rights for 71,408,232 Category B savings shares, equal to respectively 68.273%% of the total of the ordinary shares and 22.193%% of the total of Category B savings shares offered, for a total value of Euro 666,342,127.08.

Based on the subscription commitments undertaken: 1,195,406 option rights were exercised by the shareholder Premafin Finanziaria S.p.A. – Holding di Partecipazioni for the subscription of 301,242,312 ordinary shares for a total value of Euro 301,242,312.00; 151,982 option rights were exercised by the shareholder Finadin S.p.A. for the subscription of 38,299,464 ordinary shares for a total value of Euro 38,299,464.00.

During the offer on the Stock Market of the rights options not taken up during the offer period, on behalf of the Company through EQUITA SIM, in accordance with Article 2441, paragraph 3 of the Civil Code (the "Stock Market Offer"), all 1,154,361 Ordinary Share Options and 993,470 Category B Savings Share Options were sold.
In exercise of these rights, to date 93,158,100 ordinary share options and 9,745,344 Category B savings share options, respectively equating to 10.16% of the total of the ordinary shares and 3.03% of the total of the savings shares, for a total value of Euro 98,664,219.36, have been subscribed.

Therefore 197,740,872 ordinary shares, equal to 21.57% of the Ordinary Shares offered, for a total value of Euro 197,740,872.00 and 240,609,096 Category B savings shares, equal to 74.78% of the total of the Category B Savings Shares offered, for a total value of Euro 135,944,139.24, had not been taken up.

The Shares indicated above were subscribed on 13/9:

- for the Ordinary Shares, by the underwriting consortium Barclays Bank Plc, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG (London branch), Mediobanca S.p.A., Nomura International Plc, UBS Limited and UniCredit Bank AG as Joint Global Coordinators and Joint Bookrunners and by Banca Akros S.p.A., Banca Aletti & C. S.p.A., Banca Carige S.p.A. and Centrobanca S.p.A. as Co-lead Managers in accordance with the underwriting agreement signed on July 13, 2012;

- in relation to the Category B Savings Shares, by Unipol Gruppo Finanziario S.p.A. ("UGF") in accordance with the commitment undertaken within the underwriting agreement above.

Following the subscription by the underwriting consortium banks and by UGF, the Share Capital Increase concluded with the full subscription of the 916,895,448 Ordinary Shares and 321,762,672 Category B Savings Shares offered, for a total value of Euro 1,098,691,357.68.

The new share capital of the company therefore amounts to Euro 1,194,572,973.80, comprising 920,565,922 ordinary shares, 1,276,836 Category A savings shares and 321,762,672 Category B savings shares, without allocation of a nominal value. The declaration required as per Article 2444 of the Civil Code was filed at the Turin Company Registration Office in accordance with law.

Appointment of an ad acta representative of Fondiaria-SAI

ISVAP, with notice of June 15, 2012, informed of serious irregularities concerning operations of the company, requiring the introduction of provisions as per Article 229 of Legs. Decree No. 209 of September 7, 2009, including in particular, the possibility of the appointment by ISVAP of an *ad acta* representative.
In relation to the Group press releases of June 18, 2012, June 19, 2012, June 26, 2012 and August 2, 2012, which reported upon the state of progress of the investigations undertaken by the Company in relation to the operations highlighted and which announced the decision of the Board of Directors to call, by October 31, 2012, the Shareholders' Meeting to implement social responsibility actions, with prior identification by the Committee of Independent Directors of the beneficiaries of such actions, the individual citable actions and the damage caused by such actions, on September 12, 2012 ISVAP announced that it does not consider the actions proposed or implemented by the company as suitable to correct the situation which led to the charges cited in the notice of June 15, 2012, prolonging - according to the institute - the inability of Fondiaria SAI to remedy the violations and the relative effects.
Therefore, ISVAP – considering the requirements of Article 229 of Legs. Decree No. 209 of September 7, 2005 to be in place - appointed, in accordance with the provision, Mr. Matteo Caratozzolo as an *ad acta* representative of Fondiaria SAI, also in its role as parent company, with the duty to implement the following actions, necessary to ensure legal compliance:

1) "with regard to the operations highlighted in ISVAP Notice No. 32-12-000057 of June 15, 2012, considered not just individually but in their entirety:
   - to identify individually the parties responsible for such operations impacting Fondiaria-SAI and its subsidiaries;
   - to establish the damage caused by the harmful actions and failures of such parties, identifying all relevant individuals;
2) based on the actions at point 1), undertake and promote all initiatives, also legal, necessary in Fondiaria SAI and its subsidiaries, in relation to the cited operations, to protect and to bolster the capital of Fondiaria SAI and its subsidiaries;
3) exercise, for the purposes at points 1) and 2), the powers devolving to Fondiaria SAI as parent company and shareholder in the Shareholders' Meetings of the subsidiaries.

The above-stated appointment will conclude by January 31, 2013".

Transactions with related parties

In the first nine months of 2012 no new and/or significant transactions with related parties took place.

In relation to the transactions of Milano Assicurazioni S.p.A. with other related parties we highlight that the assets include Euro 78.4 million of receivables from the group companies Imco-Sinergia (of which Euro 52.9 million from Avvenimenti e Sviluppo Alberghiero and Euro 25.5 million from Imco) deriving from the payments made to these companies by Milano Assicurazioni in relation to two properties to be constructed, signed in previous years. The amount was recognised net of an impairment of Euro 61.6 million following the bankruptcy judgment issued by the Second Civil Section of the Milan Court on June 14, 2012 against the above-stated companies. In the 2011 financial statements, in relation to the above-stated property initiatives a total impairment of Euro 42.5 million was already recognised, based on an independent expert's valuation.

The property operations were commented upon in the previous financial statements and in the interim reporting. It is considered preliminarily in this regard that:

- in 2003 Milano Assicurazioni agreed a real estate operation which provided for the sale to Avvenimenti e Sviluppo Alberghiero of a site in Rome, via Fiorentini and the purchase of a real estate complex to be constructed on the land in question at a price of Euro 110 million, including also the supplementary contract signed in 2009. For this operation, Milano Assicurazioni paid on account to Avvenimenti e Sviluppo Alberghiero a total amount of approx. Euro 102 million. The payments were made entirely in previous years as for some time work has been suspended while awaiting a new agreement with the Rome Council in replacement of the agreement of August 8, 2000;

- in 2005 Milano Assicurazioni carried out a similar operation, which established for the sale to Imco of land in Milan, Via Confalonieri - Via de Castillia (Lunetta dell'Isola) and the purchase of a building for office use to be constructed on the land for a price of Euro 99.1 million in accordance with the supplement to the contract agreed in 2011. The payments on account made by Milano Assicurazioni for this operation totaled Euro 77.4 million, of which Euro 8 million capitalised during 2012;

- in the 2011 financial statements these operations, classified under investment property, were written down based on updated valuations prepared by independent experts. In particular, the book value of the initiative in Rome, Via Fiorentini was reduced by Euro 29.9 million, while the impairment made on the operation concerning the area in Milan, Via Confalonieri - Via De Castillia was Euro 12.6 million.

In this regard:

- in the current year the above-mentioned related parties requested for the payment of further sums against changes to the original plans. These requests are considered unfounded and therefore were turned down;

- on June 14, 2012, the Second Civil Section of the Milan Court issued a bankruptcy judgment against Imco and Sinergia. Following this judgment, the book value of these real estate initiatives, which until the 2011 financial statements were recognised to the account Investment Property, was reversed and recognised to the account Other Receivables. The above-stated operations provided that Milano Assicurazioni would become the owner of these buildings only when completed and approved and the contracts did not contain specific guarantees. The declaration of bankruptcy therefore put the company at risk of losing the right of delivery of these buildings under construction, remaining creditors for the amounts paid on account.

The valuation of the receivables at realisable value, carried out by an independent expert, resulted in the recognition of impairments of Euro 61.6 million in the current year income statement (of which Euro 20.8 million concerning Avvenimenti e Sviluppo Alberghiero and Euro 40.8 million concerning Imco). Following this impairment the receivables from the above-stated companies totaled Euro 78.4 million against an original value of approx Euro 179 million.

In relation to the remaining property operations carried out by other group companies, the assets include:

- Euro 92.4 million refers to amounts recorded under inventory of the real estate project relating to the construction of the Loano Tourist Port. The amount capitalised by Immobiliare Fondiaria-SAI S.r.l., through the subsidiary Marina di Loano S.p.A., is Euro 92.4 million and refers to amounts paid in previous years to the company Marcora Costruzioni S.p.A. In addition the amount recorded under inventory includes Euro 9.6 million incurred by the company Sepi 97 S.r.l. for design work, as well as Euro 2.6 million from I.C.E.IN. S.p.A. and Euro 1 million from Imco S.p.A. for construction work;
- Euro 7.8 million relating to payments on account made by Immobiliare Fondiaria-SAI S.r.l. to Imco S.p.A. for the future construction of the hotel complex with wellness centre which is currently in progress in the municipality of S. Pancrazio Parmense (Parma). The company appointed an independent expert to value the initiative at 31/12/2011. Against this valuation, the Company wrote-down the asset for approx. Euro 11.7 million. Following the bankruptcy of the counterparty in 2012 a further write-down of Euro 3.8 million was made;
- Euro 7.2 million paid by the subsidiary Nuove Iniziative Toscane S.r.l. to the company Europrogetti S.r.l. for design projects in the Castello Area (FI), was transferred from working capital inventory to receivables from suppliers for advances and was fully written-down in 2012;
- Euro 5.8 million refers to amounts recorded under inventory of dismantlement and reconstruction work of the area owned by the subsidiary Meridiano Secondo S.r.l. in the current and previous periods from the related company IC.E.IN. S.p.A., and Euro 2.2 million for design work incurred by MI.PR.AV. S.r.l.;
- Euro 1.4 million was recognised by the Tikal Re Fund to I.C.E.IN. S.p.A. for building improvements.

In relation to these property initiatives, in 2012 Milano Assicurazioni S.p.A. paid to Im.co S.p.A. Euro 11.2 million; Tikal Re Fund paid to I.C.E.IN. S.p.A. Euro 1.7 million and Immobiliare Lombarda paid to SO.GE.PI. S.r.l. Euro 1.2 million.

At September 30, 2012, the creditor position of the Imco-Sinergia Group remained unchanged on June 30, 2012 at a nominal amount of approx. Euro 231 million (book value at the same date of approx. Euro 86 million due to the write-downs recorded for approx. Euro 86 million).

Insurance cash inflow from Other Related Parties principally includes premiums which the Fondiaria SAI Group Employee Pension Fund and the Fondiaria-SAI Executive Pension Fund paid in the year to the company and amounts to Euro 14.8 million for Fondiaria-SAI and Euro 8 million for Milano Assicurazioni S.p.A.. These payments are for the investment in Life policies of the contributions from the policyholders.

Insurance cash outflow to Other Related Parties refer to:

- payment of contributions on behalf of Group companies, in favour of the Fondiaria-SAI Group Employee and Executive Pension Funds for Euro 8 million. These payments were made in accordance with contractual agreements in force;
- settlement of claims, against redemption or maturity of Life policies for Euro 12.8 million;
- commissions paid to insurance brokers for Euro 21.7 million, (of which Euro 20.6 million to Unicredit S.p.A. by Incontra Assicurazioni S.p.A).

In relation to the Parent Company Unipol Gruppo Finanziario S.p.A. Euro 3.3 million concerns the holding by Milano Assicurazioni S.p.A., of the Unipol 28.07.03/23 subordinated TV bond.

Transactions resulting in assets of a financial nature with Other Related Parties refer to:

- Euro 133 million to the signing of the bond issued by Unicredit S.p.A. respectively by Milano Assicurazioni S.p.A. for Euro 78 million and Fondiaria-SAI S.p.A. for Euro 55 million;
- Euro 4.6 million for the issue of credit lines by the subsidiary BancaSai to entities other than the bankrupt Imco and Sinergia (principally physical persons);
- Euro 27.9 million relates to current accounts of the Parent Company and other companies of the Fondiaria-SAI Group with Unicredit S.p.A.;
- Euro 17.1 million relates to the receivable respectively of Fondiaria-SAI S.p.A. for 13.6 million and Milano Assicurazioni S.p.A. for Euro 3.5 million with 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;

Financial payments to the Associated companies concern payments of Euro 9 million to the associated company Garibaldi S.c.a. and Euro 2.6 million to the associated company HEDF Isola S.c.s., against investment holdings made by Milano Assicurazioni S.p.A..

Financial payments to the parent company Unipol Gruppo Finanziario S.p.A concern the payment of commissions for the share capital increase for a total of Euro 8.7 million, against the subscription by this latter of saving shares not taken up in September.

Sales organisation and personnel

At 30/9/2012 the Group headcount was made up of 7,411 employees (7,591 at December 31, 2011), and the breakdown is as follows:

	30/09/2012	31/12/2011
Italian companies	5,901	5,929
of which Parent Company:	2,561	2,564
Foreign entities	1,510	1,662
Fondiaria SAI S.p.A. Group	**7,411**	**7,591**

The above table does not include the seasonal personnel of Atahotels, comprising 545 persons at 30/9/12 (88 at 31/12/2011).
In addition, the employees of the foreign companies include 541 brokers.

With reference to 30/9/2012, the national distribution of the Fondiaria-SAI S.p.A. agents was as follows:

	Total at 30/09/2012	Total at 31/12/2011
North	600	619
Centre	293	302
South	309	315
TOTAL	**1,202**	**1,236**

In the third quarter of 2012, the Group totaled 3,118 agencies (3,219 at 31/12/2011), operating through 2,460 sales points (2,521 at 31/12/2011) representing the traditional distribution channel.

Communication

Sponsorship
The Fondiaria-SAI Group supported FAI – Fondo per l'Ambiente Italiano (Italian Environment Fund), the main Italian non-profit foundation for the protection, safeguarding and preservation of the artistic and natural heritage of our country.

Press Office
The press office ensures a constant flow of information on the activities and results of the Group Companies and provides visibility on business and commercial initiatives.
In particular in the third quarter of 2012 the share capital increase of Fondiaria-SAI and news concerning the integration process with Unipol were all particularly significant. In order to guarantee transparency in communications to the market and constant information flow on this complex operation, the press office issued and supported numerous press releases, also on the request of the Authorities. In total Fondiaria-SAI issued 20 press releases and Milano Assicurazioni 6.

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 Q3 2012 the ratio between the constituting elements and the solvency margin required was 142.5% (78.2% at December 31, 2011).

The coverage ratio is determined with reference to the margin required at the end of the previous year.

It is noted that the Fondiaria-SAI Group made use of the provisions of ISVAP Regulation 43 of July 12, 2012 (published in Official Gazette No. 166 on July 18, 2012). Therefore, for the adjusted solvency, the securities issued or guaranteed by European Union States, allocated as non-current, were valued based on the carrying amount in the separate financial statements.

The effect of this measure is equal to approximately 6.9% (23.5% at December 31, 2011).

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

Amber Capital petition and calling of Fondiaria-SAI Shareholders' Meeting

The Board of Directors of Fondiaria-SAI, in a meeting on October 17, 2012, chaired by Mr. Cosimo Rucellai, analysed the state of advancement of the work carried out by the Company, with the support of the appointed advisors, in relation to the petition presented in accordance with Article 2408 of the Civil Code by the shareholder Amber Capital and the clarification requests of the Board of Statutory Auditors as per the reports also presented under Article 2408 of the Civil Code.

Following this analysis, the Board of Directors provided the Board of Statutory Auditors with all information necessary for the presentation by the latter at the next Fondiaria-SAI Shareholders' Meeting called for October 29 and 30, 2012 of their final report on the issues cited by Amber Capital, considering the powers assigned to the *ad acta* representative appointed in the meantime by ISVAP.

It is recalled that the Board of Directors on June 26, 2012, on the proposal of the Committee of Independent Directors, resolved to call a Shareholders' Meeting by September 25, 2012, with the social responsibility action on the agenda, conferring to the Chairman of the Board of Directors all necessary powers to carry out that resolved.

The Board also mandated the Chief Executive Officer and the General Manager, with the support of the advisors, to draw up a detailed action proposal for the Committee of Independent Directors, which would, without further involvement of the full Board of Directors, identify those parties subject to the actions, the individual instances of citable conduct and the damages caused.

The date for the holding of the above-stated Shareholders' Meeting was subsequently deferred at the Board of Directors' meeting of August 2, 2012 – as communicated to ISVAP – to October 31, 2012, in order to enable a single Shareholders' Meeting to also appoint the new Board of Directors of Fondiaria-SAI following the resignation of Directors. The date of October 31, 2012 takes into account the date scheduled to hold the Shareholders' Meeting of the parent company Premafin, in turn called to appoint the new Board of Directors of this latter.

Following the Board of Directors resolution of June 26, 2012 stated above, the Committee of Independent Directors carried out, with the support of the appointed advisors, the necessary preliminary investigations and following such approved – with a first drafting on August 6, 2012 and a final version of September 11, 2012 – the Report in accordance with Article 125 *ter* of Legs. Decree 58/98 to be put to shareholders at the Shareholders' Meeting of Fondiaria-SAI scheduled for mid-October, with concrete proposals in relation to the above-stated responsibility actions, with the express reservation of any further actions to be taken with third parties.

On the following day September 12, 2012, ISVAP appointed, in accordance with Article 229 of Leg. Decree 209/2005, Mr. Matteo Caratozzolo as the *ad acta* representative of Fondiaria-SAI, with the duty, among others, to "undertake and promote all necessary initiatives in Fondiaria-SAI and its subsidiaries, in relation to the cited operations, to protect and recover the capital of Fondiaria-SAI and its subsidiaries". Therefore, the timeframe for the carrying out of the initiatives to ensure the completion of responsibilities concerning the cited operations is based on the progression of work of the *ad acta* representative.

For this reason, the Shareholders' Meeting of Fondiaria-SAI was not called and the Report prepared by the Committee of Independent Directors was made available to the *ad acta* representative for evaluation.
The subsidiary Milano Assicurazioni has worked in a similar and parallel manner and through the Board of Directors and Committee of Independent Directors, together with the relative advisors, carried out the relevant investigations, reporting the significant findings and the identification of necessary compensatory and restorative actions to the Parent Company.

Severance indemnities to be paid to the ex-General Manager

On the request of Consob of October 24, 2012, in accordance with Article 114, paragraph 5 of Legislative-Decree 58/98 (the "CFA"), a document containing the information required concerning in particular the state of advancement of the Remuneration Report established by Article 123-*ter* of the CFA and the severance indemnities to be paid to the ex-General Manager was prepared.

The above-stated information was made available to the public. The documentation is available on the company's website (www.gruppofondiariasai.it) in the section concerning the next Ordinary and Extraordinary Shareholders' Meeting, at the registered office of the Company (corso Galileo Galilei n. 12, Torino) and at Borsa Italiana S.p.A. and will be read at the above stated Shareholders' Meeting.

Category B Savings Shareholders Special Shareholders' Meeting

The Category B savings shareholders Special Shareholders' Meeting of Fondiaria-SAI S.p.A. met on October 29, 2012 under the Chairmanship of Mr. Cosimo Rucellai, and resolved, on the proposal of the Category B savings shareholder Unipol Gruppo Finanziario S.p.A., to appoint Mr. Giuseppe Dolcetti as general representative of the savings shareholders for the years 2012, 2013 and 2014.

Resolutions of the Ordinary and Extraordinary Shareholders' Meeting of October 30, 2012

The Shareholders' Meeting of Fondiaria-SAI S.p.A., meeting on October 30, 2012 and Chaired by Cosimo Rucellai, firstly in extraordinary session, approved the By-law amendments proposed by the Board of Directors, undertaken to guarantee compliance with the gender equality law in relation to the composition of the Board of Directors and the Board of Statutory Auditors.

In ordinary session the Shareholders' Meeting, also taking account of the regulation, appointed the Board of Directors until the Shareholders' Meeting for the approval of the 2012 accounts.

In particular the Shareholders' Meeting, based on the slates presented by Premafin Finanziaria S.p.A. and by Anima SGR S.p.A., Arca SGR S.p.A., Eurizon Capital SGR S.p.A., Eurizon Capital SA, Fideuram Gestions SA, Mediolanum International Funds Ltd – Challenge Funds, Mediolanum Gestione Fondi SGRp.A., Pioneer Investment Management SGRp.A. and Pioneer Asset Management SA, on behalf of their managed funds, confirmed as 19 as the number of Directors and appointed the following members:

Fabio Cerchiai
Pierluigi Stefanini
Carlo Cimbri
Ethel Frasinetti
Maria Lillà Montagnani
Nicla Picchi
Barbara Tadolini
Angelo Busani
Marco Pedroni
Vanes Galanti
Sergio Costalli
Ernesto Dalle Rive
Francesco Berardini
Milo Pacchioni
Claudio Levorato
Marco Minella
Guido Galardi
Oscar Guidetti
Giampaolo Galli

The last director was appointed as the first candidate on the slate receiving the second highest amount of votes.

Fabio Cerchiai was also appointed as Chairman of the Company, according to the proposal drawn-up by Premafin Finanziaria S.p.A..

Based on the declarations made on accepting office 9 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: Fabio Cerchiai, Ethel Frasinetti, Maria Lillà Montagnani, Nicla Picchi, Barbara Tadolini, Angelo Busani, Guido Galardi, Oscar Guidetti and Giampaolo Galli.

Also based on the declarations made on accepting office, the following qualified as independent Directors only in accordance with the Self-Governance Code: Vanes Galanti, Sergio Costalli, Ernesto Dalle Rive, Francesco Berardini, Claudio Levorato and Marco Minella.

The Board of Directors at the next meeting will formally verify the independence of the qualifying Directors, in addition to appointing the Corporate Boards and the members of the Board Committees.

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

The Board of Directors of FONDIARIA-SAI S.p.A., in a meeting on November 5, 2012 chaired by Fabio Cerchiai, 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 2012 annual accounts:

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

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

The Board of Directors appointed, for the duration of its mandate and therefore until the approval of the 2012 Annual Accounts, an Executive Committee of 5 Directors, specifically:

- Fabio Cerchiai – Chairman
- Pierluigi Stefanini
- Carlo Cimbri
- Guido Galardi
- Marco Minella.

The Board of Directors also appointed the members of the Internal Control and Risks Committee as the Directors Nicla Picchi (as lead coordinator),Ethel Frasinetti and Barbara Tadolini, all of whom independent.

The board of directors then 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 the Directors Angelo Busani (as lead coordinator), Barbara Tadolini and Giampaolo Galli, all of whom independent and not related parties.

The Board of Directors then appointed to the Remuneration Committee the Directors Giampaolo Galli (as lead coordinator), Angelo Busani and Ernesto Dalle Rive, the majority of whom independent.

The Board of Directors appointed to the Nominations and Corporate Governance Committee the Directors Maria Lillà Montagnani (as lead coordinator), Nicla Picchi and Marco Pedroni, the majority of whom independent.

The Board of Directors at the next meeting will formally verify the independence of the qualifying Directors.

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

Standard&Poor's improves rating to BB from B+, confirming the "Positive" Creditwatch

On November 9, 2012 the ratings agency Standard & Poor's improved to "BB" from "B+" the rating of Fondiaria-SAI S.p.A. and its subsidiaries Milano Assicurazioni S.p.A. and SIAT S.p.A., confirming also the "positive" Creditwatch.

The upward revision follows the progress made in the integration with the Unipol Group and the strengthened capital base of Fondiaria-SAI as a result of the capital increase completed in September 2012.

The "positive" Creditwatch reflects the proposed merger between the Company and Unipol Assicurazioni, PremafinHP and Milano Assicurazioni and the potential related benefits from the merger and the financial support available to Fondiaria-SAI from the Unipol Group.

OUTLOOK

On November 5, 2012 the new Board of Directors of Fondiaria-SAI took office, based on the slate presented by the majority shareholder Unipol Gruppo Finanziario S.p.A..
Management will focus on consolidating the work performed to date on the integration project, towards a conclusion of the merger operations between the companies Premafin, Fondiaria-SAI, Milano Assicurazioni and Unipol Assicurazioni, which represent a vital step for the restructuring and simplification of the Group, in order to fully draw on the synergies identified.

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

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

The integration project also establishes a new 2013-2015 Industrial Plan.
The plan will also obviously consider the commitments undertaken towards the Anti-trust Authority.

Bologna, November 13, 2012

For the Board of Directors

Mr. Carlo Cimbri

DECLARATION IN ACCORDANCE WITH ART. 154 *BIS*, PARAGRAPH 2, OF LEGISLATIVE DECREE 24/02/1998, NO. 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 as at September 30, 2012 corresponds to the underlying accounting documents, records and accounting entries.

Bologna, November 13, 2012

The Executive Responsible
for the preparation of the corporate accounting documents

Mr. Massimo Dalfelli