2013 FIRST QUARTER REPORT

FONDIARIA-SAI S.P.A.

FONDIARIA-SAI S.P.A. - TURIN HEADQUARTERS – CORSO G. GALILEI, 12 - FLORENCE HEADQUARTERS – VIA LORENZO IL MAGNIFICO - 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	
Milva Carletti	
Lorenzo Cottignoli	
Ernesto Dalle Rive	
Ethel Frasinetti	
Vanes Galanti	
Giorgio Ghiglieno	
Massimo Masotti	
Maria Rosaria Maugeri	
Maria Lillà Montagnani	
Maria Antonietta Pasquariello	
Marco Pedroni	
Nicla Picchi	
Barbara Tadolini	
Francesco Vella	
Mario Zucchelli	

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.

JOINT REPRESENTATIVE OF THE CLASS "A" SAVINGS SHAREHOLDERS

Dario Trevisan

** Members of the Executive Committee*

JOINT REPRESENTATIVE OF THE CLASS "B" SAVINGS SHAREHOLDERS

Giuseppe Dolcetti

EXEUCTIVE OFFICER RESPONSIBLE

for preparation of the company's financial statements

Massimo Dalfelli

The Board of Directors was appointed by the Shareholders' Meeting of April 29, 2013 for the three-year period 2013, 2014 and 2015 and therefore until the approval of the 2015 Annual Accounts by the Shareholders' Meeting.

The Shareholders' Meeting appointed Mr. Fabio Cerchiai as Chairman of the Company.

The Board of Directors of FONDIARIA-SAI in the meeting of May 8, 2013 appointed the corporate officers and the internal committees of the Board as reported below.

The Board appointed, for the duration of its mandate, and therefore until the approval of the 2015 Annual Accounts, Pierluigi Stefanini as Vice Chairman and Carlo Cimbri as Chief Executive Officer.

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

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

The Board of Directors also appointed:

- the Remuneration Committee as Directors Francesco Vella (Chairman), Giorgio Ghiglieno and Maria Rosaria Maugeri;
- the Control and Risks Committee as Directors Massimo Masotti (Chairman), Maria Lillà Montagnani and Nicla Picchi;
- Massimo Dalfelli as the executive officer responsible for the preparation of the company's financial statements.

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INTRODUCTION

The Interim Report of the Fondiaria SAI Group at March 31, 2013 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.

In particular:

- 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 (now IVASS) Regulation 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 year and the end of the first quarter of 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)	Q1 2013	Q1 2012
Net profit(*)	99	29
Total gross premiums written	2,617	2,495
of which:		
Non-Life sector	1,442	1,636
Life sector	1,175	859
Investment policies written	13	14
APE	108	75
Combined ratio – Non-Life sector (retained business)	92.2	99.1
Expense ratio – Non-Life sector (retained business)	20.6	20.4
Expense ratio – Life sector (retained business)	4.5	5.9

(Euro millions)	31/03/2013	31/12/2012
Investments	34,069	33,859
Cash and cash equivalents	653	560
Net insurance contract liabilities - Non-Life sector	11,432	11,793
Net insurance contract liabilities - Life sector	21,176	21,058
Shareholders' equity(*)	2,734	2,763
Adjusted solvency margin	112.2%	109.3%

(*) The result includes the minority interest share. Shareholders' equity includes the minority interest share and the consolidated result.

ECONOMIC OVERVIEW AND THE INSURANCE MARKET

International economic overview

The first quarter of 2013 saw a modest improvement in global growth (+3.2% on an annualised basis and +3% on the previous year), thanks to the regained strength of the US, Chinese and - to a lesser extent - Japanese economies, which more than offset the continued stagnation in the Eurozone which saw widely diverging economic growth and levels of functioning within the national financial systems.

The continuation of the expansive monetary policy, thanks to the further easing of the unemployment rate and the maintenance of consumer spending levels despite the withdrawal in the quarter of the fiscal incentives, enabled the United States to maintain growth at around 2%. In Japan, after years of deflation, the adoption of an extremely expansive monetary policy - together with a similar fiscal approach - seeks to provide a boost to the economy. Finally, China in the first quarter confirmed an uptake in growth rates, particularly through increased internal demand.

The European and Italian markets

In the Eurozone, weaker than expected figures from both the "peripheral" and "core" countries (such as France), confirmed that the area continues to suffer from the consequences of the sovereign debt crisis of the "peripheral" countries and has not managed, for the time being, if not marginally, from the significant improvement in the overall global economy.
In addition, the actions taken by the European political institutions for the rescue of the Cypriot banking system, in addition to those of the Dutch government to rescue SNS Bank, further impacted the confidence of investors previously bolstered through the creation of the O.M.T. (Outright Monetary Transactions) programme, approved September last by the European Central Bank in order to stimulate the markets through the repurchase on the secondary market of government securities with a residual life within three years of countries subject to the Plan and which complied with certain conditions.

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

Table 1 – Quarterly movement in rates and spreads

Country	December 31, 2012		March 28, 2013	
	10 year rate	Spread vs Germany	10 year rate	Spread vs Germany
Germany	1.32	-	1.29	-
France	2.00	0.68	2.03	0.74
Italy	4.50	3.18	4.76	3.47
Belgium	2.06	0.74	2.24	0.95
Greece	11.90	10.58	12.44	11.15
Ireland	4.95	3.63	4.33	3.04
Portugal	7.01	5.69	6.37	5.08
Spain	5.27	3.95	5.06	3.77

Source: Bloomberg

At the time of writing, the European Central Bank lowered interest rates by 25 basis points to 0.50%, while also cutting the marginal bank rate by 50 basis points to 1%. The decision to reduce the cost of money derives from decreased inflation in the Eurozone which to April stood at 1.2% (well below the 2% threshold) and to the deterioration of the economic environment.

The insurance sector

In 2012, total premiums written by insurance companies amounted to approx. Euro 105.1 billion, a decrease of 4.6% on 2011. The performance is a result of decreases in Life sector premiums (-5.6%) and also Non-Life sector premiums (-2.6%) (Source: IVASS – Circular of April 10, 2013 concerning "Gross premiums written in the fourth quarter of 2012 by National insurance companies and by the Italian representatives of foreign insurance companies – final statistics").

The Non-Life portfolio totaled approx. Euro 35.4 billion (Euro 36.4 billion in 2011), comprising 33.7% of the total portfolio (33% in 2011). Life premiums, amounting to Euro 69.7 billion (Euro 73.9 billion in 2011), accounted for 66.3% of the total Life and Non-Life portfolio (67% in 2011).

In 2012, the percentage of total premiums on GDP was 6.7%, a contraction on 2011 (approx. 7%): in particular, the reduction was due to the Life sector, in relation to which the percentage on GDP was 4.5% (4.7% in 2011), while amounting to 2.3% for the Non-Life sector (stable on 2011).

Non-Life Sector

The portfolio of gross Non-Life premiums recorded in 2012 of National insurance companies and by the Italian representatives of foreign insurance companies totaled approx. Euro 35.4 billion, a decrease of approx. 2.6% on 2011, comprising 33.7% of the overall portfolio (33% in 2011) - (Source: IVASS – Circular of April 10, 2013 concerning "Gross premiums written in the fourth quarter of 2012 by National insurance companies and by the Italian representatives of foreign insurance companies – final statistics").

In particular, the premiums portfolio of the Motor TPL classes and the Maritime TPL classes totaled approx. Euro 17.6 billion (Euro 17.8 billion in 2011, -1.1%), comprising 49.6% of total Non-Life premiums (48.9% in 2011) and 16.7% of total premiums (16.1% in 2011).
The largest amount of premiums written in the other Non-Life classes were Accident with 8.4% (same as 2011), General TPL with 8.3% (8.1% in 2011), Land Vehicles with 7.5% (8% in 2011), Property with 7.4% (7.3% in 2011), Fire and Natural Elements with 6.5% (6.4% in 2011) and Health with 6% (in line with 2011).

The analysis by distribution channel continues to highlight the large proportion of premiums written through brokerage agencies, although reducing slightly on 2011, amounting to approx. 81.3% of the Non-Life portfolio (81.6% in 2011) and 87.2% of the Motor TPL class (88% in 2011).

Life Sector
In 2012, total premiums in the Life sector decreased by 5.6% (to approx. Euro 69.7 billion), accounting for 66.3% of the entire Non-Life and Life portfolio (67% in 2011)-(Source: IVASS – Circular of April 10, 2013 concerning “Gross premiums written in the fourth quarter of 2012 by National insurance companies and by the Italian representatives of foreign insurance companies – final statistics”).

In particular, Class I (Insurance on human life) with approx. Euro 51.1 billion (Euro 56.6 billion in 2011) decreased 9.7% on 2011; Class III (Insurance principally related to mutual funds or Internal Funds or indices or other benchmark values) with approx. Euro 13.8 billion (Euro 12.5 billion in 2011) grew by 10.4% on 2011, and Class V (Capitalisation operations) totaled Euro 2.8 billion (Euro 3.1 billion in 2011), decreasing by 9.7%. These classes impact on the total Life premiums respectively for 73.3%, 19.8% and 4% (76.6%, 16.9% and 4.2% in 2011).

Premiums written through bank and postal branches accounted for 48.6% of the Life portfolio (decreasing on 54.8% in 2011). These were followed by the financial promoters (23.3% compared to 18.3% in 2011), mandated agents (16.3% compared to 16.4% in 2011), in-house agents (10.3% compared to 9.2% in 2011), brokers (1.1%, in line with 2011) and other forms of direct sales (0.4%, in line with 2011).

In Q1 2013, Life insurance sector premiums amounted to approx. Euro 9.9 billion (up 34.4% on Q1 2012 (Source: ANIA – New Life Business March 2013).
In February alone, the Class I policies increased 28.1% on the same month of 2012, against premiums of approx. Euro 3.8 billion.

The amount of new Class V premiums in February alone totaled Euro 73.6 million (-2.5% on February 2012).

The remaining part of new business concerns the “linked” policies (Class III), which report an increase in new premiums, both in comparison to 2012 (+10.5%) and to the previous month (+11.6%).

Changes to the regulatory framework

The principal regulatory developments in recent months affecting the Italian insurance market are reported below.

Direct compensation
From January 1, 2013, the direct compensation flat rates were amended, as established by the Ministerial Technical Committee (Article 13 of Presidential Decree No. 254/2006), based on the segmentation criteria identified by Ministerial Decree of December 11, 2009.

In this regard, the structure of the flat rates remained unchanged compared to 2012, having not yet introduced an enacting provision of Article 29 of Law No. 27/2012.

In particular:

- **CID single flat rate** (damage to property and damage to the driver), broken down into three territories and by type of vehicle (vehicles other than motorbikes and mopeds);
- **CID single flat rate** (damage to property and damage to the driver), broken down into three territories and by type of motorbike (motorbikes and mopeds);
- **CTT flat rate**, for passengers in a motor vehicle;
- **CTT flat rate** for passengers on motorcycles and mopeds.

For claims made as of January 1, 2013, compensation between companies will be subject to the following rates:

1. CID motor vehicles flat-rate:

- Area 1: € 2,239
- Area 2: € 1,930
- Area 3: € 1,683

2. CID motorbikes flat-rate:

- Area 1: € 4,079
- Area 2: € 3,740
- Area 3: € 3,455

The breakdown of the provinces between regional areas differs according to motorcycles and cars.

3. CTT flat rate for passengers in motor vehicles: for damage for an amount equal to or less than the plafond of Euro 5,000 suffered by third parties as passengers in motor vehicles, a flat rate of Euro 32,990 will be applied, with a total excess of Euro 500. For damage higher than the plafond of Euro 5,000 suffered by third parties transported in motor vehicles, the payment will consist of a flat rate of Euro 2,990 plus the differential between the effective damage and the stated plafond less an excess of 10%, with a maximum of Euro 20,000, to be calculated on the compensation.

4. CTT flat rate for passengers on motorcycles and mopeds: for damage for an amount equal to or less than the plafond of Euro 5,000 or less to passengers transported on motorcycles and mopeds will be subject to a flat rate of Euro 3,700, with a fixed excess of Euro 500. In cases where the damage to passengers transported on motorcycles and mopeds is greater than Euro 5,000, the payout will comprise the flat rate of Euro 3,700, plus the difference between the damage actually compensated and the Euro 5,000 threshold, minus an excess of 10%, up to a maximum of Euro 20,000, to be calculated on the amount of the compensation.

Claims made in prior years are still subject to the flat rates established by the Ministerial Technical Committee for each of the years taken into consideration by the applicable resolutions.

IVASS

It is noted that on January 1, 2013, **IVASS (Insurance Oversight Authority)** took over all powers, functions and duties of ISVAP.

The creation of IVASS, in accordance with Legislative Decree No. 95 of July 6, 2012 (urgent provisions for the review of public expenditure with continuity of citizen services) converted into Law No. 135 of August 7, 2012, was undertaken in order to ensure the full integration of insurance supervisory activities through a closer linking with banking oversight.

IVASS is headed by the General Director of the Bank of Italy.

The Authority operates on the basis of the principles of organisational, financial and accounting autonomy, in addition to those of transparency and prudency, to ensure the stability and correct functioning of the insurance system and the protection of consumers.

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 Directive, whose approval is expected in a plenary sitting of the European Parliament, which should include significant amendments to the 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.

On December 19, 2012, the EIOPA announced the beginning of the quantitative impact study on January 28, 2013 for Long Term Guarantees (LTG) within Solvency II, in order to quantify the effects of LTG's on the insurance market and the financial system as a whole. This study, which involved 17 Italian insurance companies, concluded in March.

On April 11, 2013, the EIOPA then issued a "Preliminary feedback" of results of the above quantitative impact study (with the final version expected in June/July 2013), which highlighted the strategic and fundamental importance of the use of anti-cyclical measures in the assessment of long-term insurance contracts, also to ensure appropriate asset allocation. As noted, in December 2012 the EIOPA, considering the regulatory uncertainty and the non-approval of the Omnibus II Directive, published the "Opinion on Interim Measures Regarding Solvency II" document, which takes the position that elements of the regulation, specifically Governance (Pillar II) and Reporting to the Supervisory Authorities (Pillar III), should be introduced locally in the Member States before the entry into force of Solvency II, in order to ensure standardisation within the European Community, at an industrial level and at an institutional level.

Therefore, on March 27, 2013 the EIOPA approved the public consultation of the draft Guidelines for the preparation for the entry into force of Solvency II, addressed to the Supervisory Authorities of the individual Member States, which are not necessarily required to apply them under the "comply or explain" principle (therefore their adoption or explanation of reasons for non-adoption). Specifically, the various "local" Authorities must transmit to the EIOPA a "progress report" from February 28, 2015 (in relation to the year 2014). The Guidelines, whose consultation on the market will conclude on June 19, 2013 (while the Final EIOPA Report is expected by the end of the year), seeks to introduce a uniform advance introduction of Solvency II, with the full entry into force expected in 2016, concentrating efforts initially on a number of specific issues, such as: Governance, ORSA – Own Risk and Solvency Assessment, the pre-application phase of the Internal Models and Reporting to the Supervisory Authority.

Home Insurance

IVASS released for public consultation the list of measures enacting provisions concerning the management of insurance coverage through the web (so called “Home Insurance”). The list of measures subject to the public consultation procedure was introduced through Article 22, paragraph 8 of Legislative Decree No. 179 of October 18, 2012 concerning “Further urgent measures for domestic growth” enacted, with amendments, by Law No. 221 of December 17, 2012.

The regulation establishes that IVASS governs, through its own regulation, having consulted with ANIA and the principal insurance intermediary representative organisations, the manner in which insurance companies authorised to carry out Non-Life and Life Class insurance activity, within the organisational requirements of Article 30 of Legislative Decree 209/2005 (the Insurance Code), provide on their websites specific reserved areas for each policyholder, through which it is possible to access the insurance coverage in place, the contractual conditions, the state of payments and relative maturities and, limited to life policies, the redemption values and the updated capital values.
This regulation principally seeks to establish a more effective management of insurance contracts, utilising the IT communication channel as an instrument to increase transparency and for the simplification of the company-policyholder relationship.

Reform of the legal profession: Mandatory Professional TPL and Accident coverage

Article 12 of the new legal profession regulation, published in the Official Gazette of January 18, 2013, No. 15 of Law No. 247 of December 31, 2012, places particular importance on the insurance sector, as governing mandatory Third Party Liability and Accident insurance coverage for those involved in the legal profession.
The lawyer, association or firm must sign, independently or through agreements undertaken by the National Legal Council, by the regional representative organisations or by the Legal profession welfare fund, a policy which covers third party liability relating to professional activity, including for the safekeeping of documents, monetary sums and securities and amounts received in deposit from clients. The legal professional must also communicate to the client the details of their insurance policy.
Article 12, in relation to the Professional TPL policy, reproduces that established by Presidential Decree No. 137 of August 7, 2012, enacting the reform of all regulated professions under Article 3, paragraph 5 of Legislative Decree No. 138 of August 13, 2011, with amendments by Law No. 148 of September 14, 2011.

CONSOLIDATION SCOPE

At 31/3/2013, the Fondiaria-SAI Group, including the Parent Company, was made up of 102 Companies, of which 16 operated in the insurance sector, 1 in the banking sector, 41 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 number 17.
The number of fully consolidated companies is 76, those consolidated under the Equity Method 16, while the remaining companies are maintained at cost due to limited size or the nature of the activities and are not significant for the purposes of a true and fair representation of the present financial statements.
There are 81 subsidiary companies, of which 29 are directly controlled by the Parent Company.
The consolidation scope therefore was unchanged in the first quarter of 2013.
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.

On July 19, 2012, in execution of the investment agreement of January 29, 2012, Unipol Gruppo Finanziario S.p.A. executed the share capital increase of Premafin Finanziaria S.p.A. – Holding di Partecipazioni, approved by the Extraordinary Shareholders’ Meeting of June 12, 2012 and reserved to Unipol Gruppo Finanziario.
With the subscription Unipol Gruppo Finanziario became the majority shareholder of Premafin with a holding of approx.. 81%, acquiring consequently indirect control of the Fondiaria SAI Group and of Milano Assicurazioni.
On November 14, 2012, the Board of Directors of Unipol Gruppo Finanziario S.p.A., with registered office at Via Stalingrado 45, 40128 - Bologna, approved the commencement of the management and direction of Fondiaria-SAI S.p.A. and of the companies already subject to management and direction of this latter.
Fondiaria-SAI S.p.A. also entered the Unipol Insurance Group, enrolled in the registrar of Insurance Groups at No. 046.

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 Provisions

Motor TPL Class

For current claims, the valuation of the provisions 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 insurance contract liabilities, established through the application of the statistical average costs (except for specific changes made by the loss adjustor networks), was supplemented in order to obtain an average current accepted claims cost in line with that established for 2012, 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 prior year claims, already recorded to provisions at the beginning of the period, the valuation was based on the last costs at the end of 2012, utilising the same statistical methodology of the claims cost, taking account of the reversals to the provision 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 2012 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 31/12/2012.

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 29/3/2013 was utilised.

Consequently, in this quarterly report, the losses in value of “Available for sale” financial instruments recorded due to the application of the automatic and qualitative criteria as illustrated in the consolidated financial statements at 31/12/2012 were recorded in the income statement and which identified temporal and quantitative limits for the recording of a long-term or significant drop in the fair value as per Article 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 50% of the original cost at the reporting date of the financial statements;

2. A market value continuously lower than the original book value, for a period of three years.

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 objective to provide maximum transparency and clarification in the valuations of the accounts.

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

At 31/3/2013 the residual value of the transferred securities was Euro 723,990 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. The market valuations permitted a partial recovery of the impairment recognised in December 2012, while the effect of the amortised cost resulted in the recording of income of Euro 3,982 thousand to the Income Statement. The residual negative AFS reserve recorded on these securities at 31/3/2013 amounts to Euro 31,798 thousand (against an original negative reserve at 1/1/2009 of Euro 75,222 thousand and of Euro 33,386 thousand at 31/12/2012) and is amortised in accordance with the provisions of IAS 39.

FINANCIAL HIGHLIGHTS

The following table reports the operational performance for the quarter compared to Q1 2012 and the full year 2012.

(in Euro thousands)	**Q1 2013**	**Q1 2012**	**2012**
Net premiums	2,674,501	2,574,989	9,967,235
Commission income	2,863	4,934	15,423
Net Income from financial instruments at fair value through profit or loss	39,099	253,377	544,681
Income from investments in subsidiaries, associates and joint ventures	68	151	641
Income from other financial instruments and property investments	294,593	332,580	1,181,659
- Interest income	*217,045*	*207,539*	*823,785*
- Other income	*26,773*	*38,481*	*138,677*
- Profits realised	*48,779*	*81,962*	*210,914*
- Valuation gains	*1,996*	*4,598*	*8,283*
Other income	111,625	109,473	502,142
TOTAL REVENUES	**3,122,749**	**3,275,504**	**12,211,781**
Net claims charges	(2,215,411)	(2,395,393)	(9,357,554)
Commission expenses	(1,501)	(2,807)	(7,361)
Charges from investments in subsidiaries, associates and joint ventures	(2,813)	(7,061)	(19,568)
Charges from other financial instruments and property investments	(98,611)	(87,492)	(837,186)
- Interest expense	*(13,258)*	*(16,959)*	*(59,682)*
- Other expenses	*(13,661)*	*(14,864)*	*(73,123)*
- Losses realised	*(10,998)*	*(16,068)*	*(147,522)*
- Valuation losses	*(60,694)*	*(39,601)*	*(556,859)*
Management expenses	(383,643)	(424,672)	(1,698,317)
- Commissions and other acquisition expenses on insurance contracts	*(279,859)*	*(314,995)*	*(1,248,751)*
- Investment management charges	*(3,888)*	*(3,493)*	*(15,984)*
- Other administration expenses	*(99,896)*	*(106,184)*	*(433,582)*
Other costs	(225,860)	(304,779)	(1,224,579)
TOTAL COSTS	**(2,927,839)**	**(3,222,204)**	**(13,144,565)**
PROFIT/(LOSS) BEFORE TAXES	**194,910**	**53,300**	**(932,784)**
Income taxes	(95,546)	(26,546)	131,362
NET PROFIT/(LOSS)	**99,364**	**26,754**	**(801,422)**
PROFIT FROM DISCONTINUED OPERATIONS	**-**	**2,311**	**1,825**
CONSOLIDATED PROFIT/(LOSS)	**99,364**	**29,065**	**(799,597)**
GROUP NET PROFIT/(LOSS)	**77,147**	**29,908**	**(749,717)**
MINORITY INTEREST SHARE	**22,217**	**(843)**	**(49,880)**

Q1 2013 reports a profit of Euro 99 million compared to a profit of Euro 29 million in Q1 2012.

The main factors are analysed below:

- in the first quarter the Non-Life insurance sector reported a positive technical result, with a combined ratio of under 100 at 92.2, a significant improvement on the first quarter of 2012 (99.1), although amid a reduction in premiums written following the portfolio restructuring of the Motor TPL class and the resizing of the corporate portfolio in the General classes, as part of the initiatives undertaken within the structurally weak sectors.

- a significant increase in Life premiums, despite the difficult economic climate, accompanied by a decrease in redemptions, amid overall satisfactory financial operations.
- a contained impact of extraordinary items.
  The first quarter of 2012 was impacted for Euro 61.3 million by the write-down of receivables from the bankrupt Im.Co and Sinergia Group.

In relation to the principal economic indicators:

- the **Non-Life sector** recorded a pre-tax profit of Euro 132.8 million, a significant improvement on Euro 9.2 million in Q1 2012: the strong sector technical performance contributed (profit of Euro 117.7 million compared to Euro 15.2 million in Q1 2012), due both to the effects of portfolio selection and improvement in portfolio quality and the thorough settlement policy undertaken by the Group in order to – among other issues - deter the extensive fraud afflicting the sector. In particular the **Motor TPL** Class reported a significant improvement in the current management, with claims paid and reported dropping respectively by 10.7% and 18.2%. The strength of the provisions accrued at the end of 2012 ensures the settlement of prior year claims with a substantially neutral impact on the income statement. The **Land Vehicle** Class also reported a positive technical performance, confirming the performances in the recent past, also following the new sales methods for individual guarantees and the adjustment of the underwriting limits, carried out in view of market performances.
  The result for the sector is also affected by an impairment of Euro 27.6 million relating to AFS financial instruments (Euro 14.4 million in Q1 2012, of which Euro 25.3 million offset by derivative hedging gains).

- the **Life sector** reports a pre-tax profit of Euro 78.2 million (Euro 59.8 million in Q1 2012).
  The premiums performance was strong (+36.7%), particularly for Class III premiums (+141% approximately): the bancassicurazione sector contributed strongly to this result.
  In the first quarter the number of redemptions reduced compared to the first three months of 2012.
  Impairments on AFS financial instruments totaled Euro 13.0 million (Euro 3.8 million in Q1 2012, of which Euro 8.4 million offset by gains on hedging derivatives);

- the **real estate sector** recorded a pre-tax loss of Euro 6.1 million (compared to a loss of Euro 5.7 million in Q1 2012): The result was impacted by depreciation on investment property of Euro 7.0 million (Euro 7.3 million in Q1 2012). During the first quarter, no significant transactions were made: operations focused on restructuring and cost control;

- the **Other Activities sector,** which includes the companies operating in the financial, asset management and diversified sectors, report a pre-tax loss of Euro 9.9 million (loss of Euro 10.0 million in Q1 2012).
  The loss principally related to the healthcare structures whose overhead costs exceeded revenues in the period and the result of the subsidiary Atahotels;

- the total **management expenses** amounted to Euro 383.6 million, reducing substantially on the first quarter of 2012 (Euro 424.7 million): the reduction (-9.7%) is essentially due to lower purchase commissions following the contraction in business volumes of the Non-Life Classes, in addition to a greater containment of general expenditure;

- net of income from financial instruments recorded at fair value through profit or loss and the net income from investments in subsidiaries, associates and joint ventures, **the total net income from investments** amounted to Euro 196.0 million (Euro 245.1 million in Q1 2012). This amount consists of Euro 217.0 million of interest income (Euro 207.5 million in Q1 2012), Euro 13.1 million of other net income (Euro 23.6 million in Q1 2012) and net gains to be realised on real estate and securities of Euro 37.8 million (Euro 65.9 million in Q1 2012).
  Net valuation gains and losses report a loss of approx. Euro 58.7 million (loss of Euro 35.0 million in Q1 2012): this includes Euro 40.6 million in adjustments on AFS financial instruments (Euro 21.0 million in Q1 2012) and Euro 16.7 million (Euro 18.6 million in Q1 2012) of depreciation on investment property. The above-stated impairment on AFS financial instruments was offset by Euro 33.7 million of gains on hedging derivatives recognised within "Net income on financial instruments at fair value through profit or loss". Impairments on AFS financial instruments include Euro 24.2 million concerning the investment in Mediobanca, previously written-down for Euro 45.6 million at 31/12/2012. No impairments were made on the AFS bond portfolio.
  Interest expense amounting to Euro 13.3 million (Euro 17.0 million in the first quarter of 2012) refers almost entirely to financial debt.

- the contribution of **financial instruments at fair value through profit or loss** was Euro 39.1 million (Euro 253.4 million in Q1 2012). This item includes net income from financial activities where the risk is borne by the policyholders (Euro 12.8 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;

- **net charges from investments in subsidiaries, associates and joint ventures** were Euro 2.7 million (net charges of Euro 6.9 million in Q1 2012) and principally refer to the associated company Fin.Priv. S.r.l., which holds shares in Mediobanca;

- **other revenues and costs** amounted to a net charge of Euro 114.2 million (net charge of Euro 195.3 million in the first quarter of 2012). 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 10.7 million. At 31/03/2013 the account included write-downs of approx. Euro 61 million against receivables from the Imco-Sinergia Group;

- the **tax charge** was in line with the same period of the previous year and includes the partial reversal of the deferred tax assets recognised on tax losses in previous years against the positive tax result recorded in Q1 2013.

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

(in Euro thousands)	Non-Life	Life	Real Estate	Other Activities	IC	Total
Net premiums	1,501,752	1,172,749				2,674,501
Commission income		334		5,327	(2,798)	2,863
Income and charges from financial instruments recorded at fair value through profit or loss	19,157	19,935	(391)	398		39,099
Income from investments in subsidiaries, associated companies and joint ventures	50		18			68
Income from other financial instruments and property investments	98,554	181,503	12,989	13,344	(11,797)	294,593
Other income	116,828	17,545	3,400	150,129	(176,277)	111,625
TOTAL REVENUES AND INCOME	**1,736,341**	**1,392,066**	**16,016**	**169,198**	**(190,872)**	**3,122,749**
Net claims charges	(1,010,707)	(1,204,704)				(2,215,411)
Commission expenses		(151)		(1,350)		(1,501)
Charges from investments in subsidiaries, associates and joint ventures	(2,573)		(102)	(138)		(2,813)
Charges from other financial instruments and property investments	(55,205)	(26,656)	(15,028)	(4,156)	2,434	(98,611)
Management expenses	(311,075)	(54,885)	(36)	(80,487)	62,840	(383,643)
Other costs	(224,005)	(27,486)	(6,993)	(92,974)	125,598	(225,860)
TOTAL COSTS AND CHARGES	**(1,603,565)**	**(1,313,882)**	**(22,159)**	**(179,105)**	**190,872**	**(2,927,839)**
PROFIT (LOSS) BEFORE TAXES	**132,776**	**78,184**	**(6,143)**	**(9,907)**	**0**	**194,910**
Income taxes						(95,546)
NET PROFIT						**99,364**
PROFIT FROM DISCONTINUED OPERATIONS						**0**
CONSOLIDATED PROFIT						**99,364**
Group profit						**77,147**
minority share						**22,217**
Pre-tax profit (loss) – Q1 2012	**9,211**	**59,820**	**(5,702)**	**(10,029)**	**0**	**53,300**

NON-LIFE INSURANCE SECTOR

The sector result reports a pre-tax profit of Euro 133 million compared to Euro 9 million in the first quarter of 2012.

The underwriting result was in positive territory and consequently the combined ratio was again under 100. More specifically, the underwriting profit totaled approx. Euro 118 million, compared with a profit of Euro 15 million in Q1 2012.

The Motor TPL class current management again returned a strong result, with a reduction in the number of claims reported, also following the implementation of the stringent settlement process by the Group to deal with the high number of fraudulent claims which have afflicted the sector.

Premiums

The Fondiaria-SAI Group in the first quarter of 2013 recorded premiums of Euro 1,442 million (-11.8% on Q1 2012). The breakdown by Class is shown in detail in the following table:

(in Euro thousands)	**Q1 2013**	**Q1 2012**	**Cge. %**	**Percentage**	
				Q1 2013	**Q1 2012**
NON-LIFE INSURANCE SECTOR					
Accident & Health	149,338	144,576	3.29	10.4	8.8
Marine, aviation and transport insurance	35,449	31,347	13.08	2.5	1.9
Fire and Property	176,942	190,908	(7.32)	12.3	11.7
General TPL	90,477	111,328	(18.73)	6.3	6.8
Credit & Bonds	24,095	22,900	5.22	1.7	1.4
General pecuniary losses	11,056	10,602	4.28	0.8	0.6
Legal expenses	4,294	4,190	2.48	0.3	0.3
Assistance	18,964	17,823	6.40	1.3	1.1
TOTAL OTHER NON-LIFE CLASSES	**510,614**	**533,674**	**(4.32)**	**35.6**	**32.6**
Land vehicle TPL	804,422	952,244	(15.52)	55.6	58.2
Motor vehicles – other classes	126,121	148,639	(15.15)	8.7	9.1
TOTAL MOTOR	**930,543**	**1,100,883**	**(15.47)**	**64.3**	**67.3**
TOTAL DIRECT PREMIUMS	**1,441,157**	**1,634,557**	**(11.83)**	**99.9**	**99.9**
INDIRECT PREMIUMS	**789**	**1,084**	**(27.21)**	**0.1**	**0.1**
TOTAL NON-LIFE INSURANCE	**1,441,946**	**1,635,641**	**(11.84)**	**100.0**	**100.0**

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

The decrease in **Land Vehicle TPL** premiums written of 14.2% continues on from the poor performance of 2012.
This clearly indicates the stepping up of the multi-claim portfolio restructuring policies, together with the continued and significant drop in new vehicle registrations also in the first three months of 2013 at approx. 12% (approx. -19.9% in 2012, with -22.5% in December alone). Domestic household demand is being squeezed by increases in almost all car related costs, but particularly fuel and road tolls - and within a prolonged recession.

We recall that from March 2012 and on a quarterly basis the Motor TPL tariffs changed. These tariff versions, in line with Group guidelines, have the objective to recover profitability without neglecting the safeguarding of the portfolio and to establish greater competitiveness in the market, in order to reduce the tariff mutuality, taking into account regulatory changes and the dynamics of competitors, focusing the analysis on the client risk and on their profitability. Specifically, these tariffs are intended to considerably improve the Group's tariff competitiveness and the quality and structure of its portfolio by means of increased selectivity throughout the country.

In addition, with a view to making its Motor TPL tariff structure more competitive and less mutualistic, the review of the technical and commercial policies on contracts continued in the first three months of 2013 in an attempt to reduce the proportion of the total contracted portfolio, both in terms of the reduced number of policies and the relative and absolute decrease in discounts, whilst also seeking to redistribute agency discounts.

The review of the technical and commercial policies relating to vehicle fleets also continued, with efforts to consolidate and boost profitability in both the Motor TPL and Land Vehicle Classes, even to the detriment of a reduction in the fleet portfolio.

In relation to the Motor TPL Class products, in the first quarter of 2013 no new products or restylings of existing products were launched.

The **Land Vehicle Class premiums** continued to contract (-13.2%) due to the continued reduction in new vehicle registrations and due to the further deterioration of the economic crisis which gradually erodes employment levels, with negative impacts on disposable income, affecting the take up of the Vehicle guarantees. 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 Land Vehicle class was impacted also by the reform actions on the multi-claims portfolio by the company.

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.

In relation to the corporate sector portfolio, a significant recovery action both in the property sector and in the casualty sector was carried out in 2012. The economic impacts of these operations, which concerned the high claim contracts both of the agency network and of the broker network, are expected in 2013 - but mainly in the years immediately following. This is due - in particular for the Casualty sector - as against an immediate reduction in receipts following the discontinuation of contracts, the conclusion of the applicability of guarantees (late claims) must take place to benefit also the reduction in claims.
The portfolio restructuring operations continue in 2013 with actions focused on the contracts with poor technical performances.

The continued poor market performance significantly impacted premiums written in the first quarter of 2013, with volumes in the corporate sector reducing overall by approx. 4.3%, particularly within the broker portfolio (approx. -10%).

Fire and Other Natural Events
In the first quarter of the year receipts reduced by approx. 9%, while the technical ratio (claims in the year against premiums) improved from 75% in the first quarter of 2012 to 38%: it is noted in particular that in the first quarter of 2012 claims costs increased significantly due to a series of damage relating to weather events in the first two months, particularly due to heavy snowfalls, under the guarantee for excessive snowfall established both in the Retail sector contracts and the Corporate sector contracts.

The underwriting policy in 2013 is particularly prudent in relation to catastrophic guarantees.
The portfolio reform actions on poorly performing contracts and clients continue.

General TPL
In the first quarter premiums reduced by approx. 27% compared to Q1 2012, particularly in the corporate sector, against a reduction in premiums due to the restructuring of the portfolio.

The underwriting policy in 2013 is again particularly prudent on TPL coverage to the private healthcare sector (in 2012 the withdrawal from public healthcare coverage was completed), to Public Bodies and to construction businesses. For this latter sector, the new Construction TPL product of 2012 is in operation.
The portfolio reform actions on poorly performing contracts and clients continue.

Accident & Health
Receipts increased by 3.3% in the class due to a number of reform actions on large clients. The technical ratio (claims in the year against premiums) deteriorated slightly compared to the first quarter of 2012 (62.4% in Q1 2013, 60.5% in 2012).

The most important initiatives implemented are as follows:

- **Overhaul of Home Insurance policies in 2013**. The Group in the first quarter of 2013 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 2013**. The Group in the first quarter of 2013 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.

- **Overhaul of Professionals policies**. This concerns reform actions on the Professionals TPL portfolio concerning policies signed between 01/11/2004 and 31/12/2009, through a proposal to Clients for replacement of the current policy – in the absence of claims from 2010 – with a *Difesapiù Professioni Tecniche/Liberali/Sanitarie* offer with a dedicated discount.

- **Launch of the new *Difesa per Infortuni da Circolazione* product.** On January 1 the *Difesa per Infortuni da Circolazione* product was launched which may be undertaken both by physical persons and companies/businesses and guarantees a complete coverage for the driver of vehicles indicated on the policy and passengers, protecting against the economic impact of traffic accidents, with possible extension of coverage also to all vehicles, including bicycles. It replaces the *Guidare Sereni - Infortuni della circolazione* and *Guidare Protetti* products for the Fondiaria division and the *SAI Driver Auto* and *SAI Driver Moto* products for the SAI division.

The Group also continued to scale back its product catalogue and monitor technically critical areas.

Claims paid and reported

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 year Number		
	Q1 2013	Q1 2012	Cge. %	Q1 2013	Q1 2012	Cge. %
Accident	48,599	54,622	(11.03)	19,052	20,304	(6.17)
Health	43,667	44,956	(2.87)	77,321	78,242	(1.18)
Railway	-	-	-	-	-	-
Aviation	252	308	(18.18)	6	7	(14.29)
Maritime	2,643	2,792	(5.34)	96	97	(1.03)
Merchandise transport	1,457	921	58.20	321	478	(32.85)
Fire and other natural elements	69,505	53,832	29.11	10,315	18,170	(43.23)
Property	68,877	68,595	0.41	38,698	40,782	(5.11)
Aviation TPL	34	380	(91.05)	4	24	(83.33)
Maritime TPL	824	1,195	(31.05)	59	74	(20.27)
General TPL	119,040	105,572	12.76	20,977	24,363	(13.90)
Credit	66	123	(46.34)	4	-	-
Bonds	12,091	15,974	(24.31)	822	626	31.31
Pecuniary losses	7,312	3,771	93.90	1,372	540	154.07
Legal expenses	676	533	26.83	517	438	18.04
Assistance	4,857	5,409	(10.21)	31,649	29,786	6.25
TOTAL OTHER NON-LIFE CLASSES	**379,900**	**358,983**	**5.83**	**201,213**	**213,931**	**(5.94)**
Motor TPL	755,359	812,536	(7.04)	139,699	166,921	(16.31)
Land vehicles	82,944	97,445	(14.88)	56,208	62,461	(10.01)
TOTAL MOTOR	**838,303**	**909,981**	**(7.88)**	**195,907**	**229,382**	**(14.59)**
TOTAL NON-LIFE INSURANCE	**1,218,203**	**1,268,964**	**(4.00)**	**397,120**	**443,313**	**(10.42)**

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 136,020 (-14.9%).

Insurance contract liabilities, net of reinsurance, amounted to Euro 11,432 million (Euro 11,793 million at 31/12/2012).

Management expenses were equivalent to 20.6% of premiums, against 20.4% in Q1 2012.

The table below shows the principal technical indicators in the first quarters of 2013 and 2012, calculated net of reinsurance.

Data shown in %	**Q1 2013**	**Q1 2012**
Loss ratio	67.3	72.0
Expense ratio	20.6	20.4
Combined operating ratio	**87.9**	**92.4**
OTI ratio (*)	4.3	6.7
Combined ratio	**92.2**	**99.1**

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

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

Data shown in %	**Q1 2013**	**Q1 2012**
Loss ratio	66.9	71.6
Expense ratio	22.9	22.6
Combined operating ratio	**89.8**	**94.2**
OTI ratio (*)	3.8	6.4
Combined ratio	**93.6**	**100.6**

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

In relation to the **Milano Assicurazioni Group**, the Non-Life insurance sector reported a pre-tax profit of Euro 62.8 million compared to a loss of Euro 22.6 million in Q1 2012. The improvement is principally due to the positive technical performance, with a combined ratio, net of reinsurance, of 94.9% against 100.1% in Q1 2012.
The 2012 result was impacted for Euro 48.2 million by receivable write-downs following the bankruptcy of the company Imco S.p.A., with whom future property construction operations were in place.
In particular, the Motor TPL Class reports a significant improvement in the current management, with claims reported reducing by 16.3% and a lower frequency. The strength of the provisions accrued at the end of 2012 ensured the adequacy of these provisions on settlement with therefore a substantially neutral impact on the income statement. Consequently the technical performance was positive.
The Land Vehicle Class also reported a positive technical performance, confirming the performances of the recent past, also following the new sales methods for individual guarantees and the adjustment of the underwriting limits, carried out in view of market performances.
Within the Non-Life classes, the Accident, Fire and Assistance Classes report positive results, while the General TPL Class reported a loss, against continued high current year claims, as did the Bonds Class, impacted by a number of surety policies issued in prior years.

The telephone and the Internet channel premiums written by **Dialogo Assicurazioni** totaled Euro 6.4 million, decreasing by 20.9% on Q1 2012, amid a difficult economic environment, lower advertising expenditure and an underwriting policy which, in line with the strategy established last 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 totaled approx. Euro 1.9 million, reducing on approx. Euro 2.8 million in Q1 2012.
The asset and financial management reports net income of Euro 0.2 million, including impairments of approx. Euro 0.1 million. In the first quarter of 2012, the financial management reported income of Euro 0.6 million due to increased ordinary income and the net write-backs on the bonds portfolio.
The first quarter of 2013 reports a loss of Euro 2.3 million, compared to a loss of Euro 2.8 million in Q1 2012.

The subsidiary **Liguria Assicurazioni**, with a predominantly multi-mandate sales network, reports premiums written of Euro 49.8 million (-20.2%). In particular, premiums written in the Motor TPL class amounted to Euro 31.7 million (-23.7%), in the Land Vehicle class totaling Euro 2.6 million (-24.0%) and in the Other Non-Life classes amounted to Euro 15.5 million (-10.9%). The decrease is principally due to the continued restructuring of unprofitable agencies and the withdrawal of the poorly performing portfolios.
The current generation claims performance was positive: in the General Classes claims dropped 12.9%, with the Motor TPL Class reporting a drop of 31.4% (in relation to claims managed) and a 23.4% reduction in the Land Vehicle Class.
More specifically, the Motor TPL Class reports a decrease in the average premium and a drop in the frequency to 5.1%. The settlement speed also increased significantly from 41.5% to 51.7%. The class technical balance remains negative.
The technical balance of the Land Vehicle Class was however positive and in line with Q1 2012.

The first quarter reported a profit of Euro 2.1 million, improving on a loss of Euro 4.0 million in Q1 2012.

In relation to the sale of standardised products distributed by the banking partners, **Systema Compagnia di Assicurazioni S.p.A.** recorded premiums of Euro 8.4 million, a decrease of 9.5% on Q1 2012.
The underwriting performance was substantially in line with the first quarter of 2012, with claims to direct premiums of 78.3% compared to 77.2% in Q1 2012.
In particular, the current year claims/premiums ratio was 77.7%, increasing on Q1 2012 (72.2%).
The financial and asset management reports income of approx. Euro 0.3 million (Euro 0.8 million in Q1 2012).
Overall, the first quarter reported a profit of approx. Euro 0.4 million, in line with Q1 2012.

In relation to the subsidiary **SIAT S.p.A**, the operational performance (IAS/IFRS compliant) for the first quarter of 2013 reports a pre-tax profit of Euro 1,993 thousand, compared to a profit of Euro 1,094 thousand in the first quarter of 2012.

Essentially, the improved profit is due to:

- an improvement in the technical balance;
- overall administration expenses, before the allocation to the technical segment, report a slight reduction;
- concerning investment income and charges (including real estate), a stronger result from trading activities and increased interest income on bonds;
- other net revenues (costs) substantially in line;
- an insignificant impact from extraordinary items.

In relation to the "Hulls" sector, the continued economic crisis inevitably had an impact, resulting in a contraction in maritime traffic, and consequently, a reduction in hire rates (also in light of the significant number of new constructions in the period 2006-2008).
However, a number of signals in the first months of 2013 pointed towards a slight recovery in traffic. In particular, the hire of some types of vessels (tankers), after reaching historic lows, are progressively recovering. In addition, a number of shipping companies have restarted the purchasing of ships with prices considered at acceptable levels.
There continues to be an elevated underwriting capacity on the international insurance market, which places pressure on renewal rates and conditions, particularly in areas with strong performances. However, this phenomenon continues to be contained within acceptable levels.
The market was not impacted in the quarter by significant claims.

Also the Goods sector did not report any significant changes.

Premiums written: overall amounting to approx. Euro 40.0 million, a significant increase compared to Euro 35.2 million in the same period of the previous year.

The above-stated increase is principally due to the Hulls sector, which in the first quarter of 2012 was impacted by the downgrade of its rating to B (allocated by Standard&Poor's to the company in December 2011), due to the similar action on the indirect parent company Fondiaria-SAI S.p.A.. This improvement was a significant factor in the renewal of a number of primary fleets in the first quarter of 2013.

The premiums written in the Goods sector did not reduce significantly on the same period of the previous year.

The Transport Class claims report a very small number of particularly serious claims.

The subsidiary **DDOR Novi Sad ADO** in the first quarter of 2013 reports a loss of approx. Euro 1.1 million (loss of approx. Euro 0.43 million in Q1 2012).
The principal events in the quarter are reported below.

In the first quarter gross premiums decreased by 6.4% compared to the same period of 2012, due principally to the difficult economic environment in Serbia. In particular a reduction of 3.2% was reported in the Motor Classes, 13% in the Property Class and 3.4% in the Fire Class. However, growth of 8.8% was reported in the General TPL class.

To counter this situation, the Company continued to prudently select clients, both in qualitative terms of risks undertaken and in relation to the financial capacity of clients.

In the first quarter, direct business claims settled (approx. Euro 9.5 million) dropped by 18.3%, principally due to the reduction in business volumes. Apart from the Property Class (with an increase of 10.8% due to the settlement of a large claim), a drop of 68.8% was reported in the Fire Class, of 27.6% in the Motor TPL Class and of 4.3% in the Accident and Health class.

Management expenses reduced 4.7% to approx. Euro 7.8 million.

LIFE INSURANCE SECTOR

The pre-tax profit in the sector was Euro 78.2 million compared to Euro 59.8 million in Q1 2012.

Premiums written amounted to Euro 1,175 million, an increase of 36.7% on Q1 2012. The result was principally due to the bancassurance sector, particularly concerning Class III premiums (+141%).

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

(in Euro thousands)	Q1 2013	Q1 2012	Cge. %	Percentage Q1 2013	Percentage Q1 2012
LIFE INSURANCE SECTOR					
I. Whole and term life insurance	433,186	511,408	(15.30)	36.8	59.5
III. Index/Unit linked investment funds	670,561	278,531	140.75	57.1	32.4
IV. Health insurance as per Article 1, d) Dir. EC 79/267	67	119	(43.70)	-	-
V. Capitalisation as per Art. 40, Legs. Decree 174/95	70,569	68,703	2.72	6.0	8.0
TOTAL DIRECT PREMIUMS	**1,174,383**	**858,761**	**36.75**	**99.9**	**99.9**
INDIRECT PREMIUMS	**159**	**229**	**(30.57)**	**0.1**	**0.1**
TOTAL	**1,174,542**	**858,990**	**36.74**	**100.0**	**100.0**

The direct premiums written of the Parent Company for the first quarter of 2013 amounted to Euro 205 million, increasing on Q1 2012 (Euro 187 million).
Total premiums written by bank branches amounted to Euro 885 million and represent 75% of the total direct premiums written (67% in 2012).
The total premiums in the sector also include Euro 13 million (Euro 14 million in Q1 2012) on investment contracts which do not fall within the scope 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 1,047.1 million (Euro 1,156.5 million in Q1 2012).

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

(Euro millions)		Claims	Redemptions	Maturity	Total	Total 31/03/2013
I.	Whole and term life insurance	24.7	314.7	174.7	514.1	616.1
III.	Index/Unit linked investment funds	8.5	349.2	105.9	463.6	672.2
IV.	Health insurance as per Article 1, d) Dir. EC 79/267	-	-	-	-	-
V.	Capitalisation as per Art. 40, Legs. Decree 174/95	1.0	59.0	14.2	74.2	311.1
TOTAL		**34.2**	**722.9**	**294.8**	**1,051.9**	**1,599.4**

The reduction in redemption is highlighted at Euro 723 million in the first quarter of 2013 compared to Euro 1,241 million in the first quarter of 2012.
Similarly, the level of claims and maturities on insurance contract liabilities decreased on the same period of the previous year.

Management expenses as a percentage of premiums decreased (4.5% in the first quarter of 2013 compared to 5.9% in Q1 2012), due to the increase in premiums from the bancassurance sector - a sector characterised by lower servicing costs.

Net insurance contract liabilities amount to Euro 21,176 million, an increase of Euro 118 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)	**Q1 2013**	**Q1 2012**	**Cge. %**
Traditional Insurance Companies	20,204	17,576	14.95
Bancassurance	87,632	57,115	53.43
Total	**107,836**	**74,691**	**44.38**

In the first quarter of 2013, the Individual Life policies underwritten by the distribution network was primarily focused on the Segregated Management products characterised by minimum guaranteed returns and capital protection.

- The variable single premium products, with the usual attention to the capital maturity segment (for which a new dedicated product was drawn up in March), significantly improved new business compared to the same period of the previous year, however not managing to offset the strong production performances in 2012 of the VALORE CERTO product with specific assets.
- The recurring premium products OPEN GOLD and OPEN RISPARMIO reported a significant increase in new business, in particular for the OPEN GOLD product.
- For the annual constant premium products a slight increase was reported due entirely to the OPEN FULL product launched at the beginning of the year, which continues to be particularly popular with clients.

In relation to the multi-class OPEN DINAMICO product new business increased both for the single premium and for the recurring premium forms, although the total number of subscribers remains low.

The DEDICATA policy (Term Life) reports a slight decrease in new premiums written, both in terms of policy numbers and premiums.

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

In the first quarter of 2013 the "corporate" segment overall reports business in line with the first three months of the previous year.

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

The employee leaving indemnity based products (TFR and TFM) recorded a contained decrease in premiums due to the difficult economic climate.
The regulatory obligations imposed by the legislature (allocation of employee leaving indemnity to complementary pension forms rather than to the INPS Treasury Fund for companies with over 50 employees) are working against these products fulfilling their potential.

Products focused on managing company liquidity reported an increase in premiums compared to the first quarter of 2012 and an easing of early redemptions, particularly by Clients with significant investments.

The risk coverage sector reports a slight reduction in business compared to the first quarter of the previous year. The technical performance continues to be favourable.

In relation to the Milano Assicurazioni Group, the Life Insurance Sector in the first quarter reports a pre-tax profit of Euro 22.3 million, an improvement on Euro 18.7 million in Q1 2012. 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 satisfactory margin. The products offered, for the quality and the wide range offered, satisfy all needs of clients, both in terms of savings (pension and non) and in terms of investments in relation to fulfilling security and protection needs.

The net profit of the subsidiary **Popolare Vita S.p.A.** in the first quarter of 2013 was approx. Euro 0.97 million (approx. Euro 3.3 million in Q1 2012).
Gross premiums written amounted to Euro 214.5 million (Euro 305.8 million in Q1 2012). Premiums were concentrated principally in new single premium re-valuable saving products of Class I (approx. 98.3% in Q1 2013, approx. 99% in Q1 2012).
The Life sums paid amount to Euro 356.8 million (Euro 365.9 million in Q1 2012).
Management expenses amount to approx. Euro 10.8 million (in Q1 2012 amounting to approx. Euro 16.8 million) and comprise approx. 56.2% acquisition expenses and 43.8% administration expenses.
The volume of overall investments reached approx. Euro 7,055 million (a decrease on Euro 7,308 million at 31/12/2012).
The gross insurance contract liabilities amounted to approx. Euro 6,680 million (approx. Euro 6,794 million at 31/12/2012).

The subsidiary **Lawrence Life** in the first quarter of 2013 reports a profit of approx. Euro 4.8 million, decreasing approx. 11.1% on approx. Euro 5.4 million in Q1 2012.
In the first quarter of 2013 the Company reports premiums of Euro 639.2 million (Euro 258.7 million in Q1 2012).
At March 31, 2013 total investments amounted to Euro 3,300.5 million (Euro 2,992.7 million at December 31, 2012), of which Euro 3,200.8 million (Euro 2,892.6 million at December 31, 2012) were Class D investments.

REAL ESTATE SECTOR

The results of the real estate sector include the subsidiaries **Immobiliare Fondiaria-SAI**, **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)	Q1 2013	Q1 2012
Total revenues	**16,016**	**17,145**
Interest expense	939	1,478
Total costs	**22,159**	**22,847**
Loss before taxes	(6,143)	(5,702)

(in Euro thousands)	31/03/2013	31/12/2012
Investment property	1,038,325	1,044,749
Financial liabilities	175,203	175,521

The segment income statement reports a pre-tax loss of Euro 6 million, substantially in line with the first quarter of 2012. The result for the period includes depreciation on property of Euro 7.0 million (Euro 7. 3 million in Q1 2012).

Real estate operations

In the first quarter of 2013 a number of properties were sold for a total of Euro 2.4 million. These sales concern the first phase of a wider property disposal programme established within the industrial plan.

Real estate investments

Castello Area

In relation to the previously reported criminal case, the Florence Court on March 6, 2013 fully absolved Fondiaria-SAI (as the fact was not proven) of all charges concerning the urbanisation of the Castello Area (Florence).

In this regard it is recalled that the Company was cited in an investigation begun in 2008 by the Public Prosecutor's office of Florence in relation to the offense of corruption.

The Company was charged with the illegal acts under Articles 5 and 25 of Legislative Decree 231/2001 in relation to the offences at Articles 319 and 321 of the Criminal Code concerning the corruption of a public official.

The charges stated that Fondiaria-SAI, through its representatives, influenced two public officials in order to commit in their favour "acts contrary to the duties of office."
The two Prosecutors requested a penalty of 400 times the value between a minimum of approx. Euro 250 and a maximum of Euro 1,549. Accessory penalties of a 2-year ban from undertaking contracts with the public administration and the confiscation of the lots of the Castello Area for which the construction permits were issued was also requested.

The Court sentenced the former Municipal Councillor implicated to one year (suspended sentence) for abuse of office and acquitted Fondiaria-SAI of two charges.
The Court also granted the release from seizure and the restitution of the Castello Area. The Company legal representatives will pursue the execution of the release from seizure by the legal police which occurred in November 2008.
The reasons for the Judgment which, obviously, may be heard before the Florence Appeal Court, will be filed within 90 days.

The expert valuation of property pertaining to the Castello Area at 31/3/2013 was unchanged on 31/12/2012 at approximately Euro 111.5 million.
This amount is consistent with the scenario that construction can continue and, therefore, with the assumption of the operational continuity of the asset.

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 segment pre-tax result was a loss of Euro 10 million (Euro 10 million in Q1 2012), including the loss of Atahotels of Euro 7.4 million (Euro 7.3 million in Q1 2012) and of the Centro Oncologico Fiorentino Villanova of Euro 3.8 million (Euro 3.6 million in Q1 2012).

BancaSai

The period reports a profit of approx. Euro 1.1 million (approx. Euro 1.9 million in Q1 2012).
At March 31, 2013, assets managed by the Bank amounted to Euro 20,563 million (of which Euro 19,232 million concerning Companies of the Fondiaria-SAI Group) compared to Euro 20,141 million at December 31, 2012 (of which Euro 18,602 million concerning Companies of the Fondiaria-SAI Group).
During the period the number of current accounts decreased from 15,816 at December 31, 2012 to 14,384 at March 31. At March 31, bond loans totaled Euro 88 million (approx. Euro 146 million at December 31, 2012). The reduction is due to the maturity of an institutional bond in March.

Total indirect deposits increased to Euro 19,808 million at March 31, 2013 from Euro 19,240 million at December 31, 2012.
Loans to third parties reduced from Euro 662 million in March 2012 to Euro 508 million in March 2013.

At the beginning of 2013 the new strategic guidelines on credit were approved, which involved the secondment of Managers from the corporate sector to the branches in order to ensure greater regional coverage; a qualitative strengthening of staff at the Credit Control Office was also carried out. A close monitoring of receivables was also implemented at a central and a peripheral level, beginning with the most critical positions and extending to the less problematic positions in order to minimise cases of default.
The Bank continued to place particular attention on the "fractioning of risk" both in relation to the distribution by economic activity and concentration by individual client. Further selective criteria were also adopted in the management of the receivables portfolio, in order to adjust the size and the quality of the credit lines made available to the client to the effective risk profile of the client.

Bank capital requirements amounted to Euro 88.5 million (Euro 88.4 million at December 31, 2012).

Finitalia

The Q1 2013 net profit amounted to Euro 384 thousand (Euro 511 thousand in Q1 2012).
The number of transactions grew by 36.5%, thanks to the development of loans. In the first quarter of 2013 loans of Euro 77.9 million were issued, in line with the same period of 2012.

Administrative expenses in the first quarter of 2013 totaled Euro 2.9 million, in line with Q1 2012.

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

- the recovery of clients who left the Companies over the last 24 months;
- the "insurance agreements" drive (workplace);
- offers also to new clients, under specific pre-agreed terms.

A total of 2,646 insurance agencies had agreements in place with Finitalia at 31/3/2013 compared to 2,682 at the end of 2012, following the merger, closure and/or change of management of some agencies.

Atahotels

In relation to the subsidiary Atahotels, revenues in the first quarter of 2013 fell short of budget estimates, principally due to the decrease in revenues per room at the following hotels: Expofiera, Executive, Planibel and Villa Pamphili.

On the other hand the following hotels reported above average revenues per room: Quark Hotel, Golf Hotel, Ripamonti and Linea Uno.

The loss of room revenues principally related to the Individual and Commercial markets.

The group rentals concern contracts already in place in 2012.

The pre-tax result for the period improved on budget, thanks to the reduction in depreciation following the write-downs carried out in 2012. The net loss in the first quarter of 2013 was approx. Euro 7 million compared to Euro 7.4 million in the first quarter of the previous year.

Centro Oncologico Fiorentino S.r.l.

In the first quarter of 2013 revenues slowed on the first quarter of 2012. This is principally due to lower revenues from the SSR Toscana account due to the re-drawing with the Healthcare Authority of the contracted volumes for the Tuscany region for 2013. The outpatient diagnostic and radiotherapy revenues however were strong.
Revenues were principally in line with budget in the first quarter of the year. In comparison with the previous year and with budget, it is noted that lower costs were incurred for the purchase of healthcare materials, due to the more prudent inventory policy and consequently lower purchasing requirements. Personnel costs were lower than anticipated as in the first quarter no contractual increases took place - as expected and provisioned in the budget.
The result for the first quarter reports a loss of approx. Euro 3.8 million (loss of approx. Euro 3.6 million in Q1 2012).

ASSET AND FINANCIAL MANAGEMENT

Investments and liquidity

At 31/3/2013, the volume of investments amounted to Euro 34,069 million, an increase of 0.6% on 31/12/2012.

The investments, tangible fixed assets and liquidity at 31/3/2013 compared to 31/12/2012 and 31/3/2012 are shown below.

(in Euro thousands)	**31/03/2013**	**31/12/2012**	**Cge.**	**31/03/2012**
INVESTMENTS				
Investment property	2,169,690	2,200,774	(1.41)	2,695,945
Investments in subsidiaries, associates and joint ventures	127,730	125,799	1.53	111,881
Investments held to maturity	726,919	718,119	1.23	625,256
Loans and receivables	3,474,390	3,527,030	(1.49)	3,745,475
AFS financial assets	20,953,146	20,848,041	0.50	19,151,606
Financial assets at fair value through profit or loss	6,617,129	6,439,319	2.76	8,173,582
Total investments	**34,069,004**	**33,859,082**	**0.62**	**34,503,745**
Tangible fixed assets: buildings and other fixed assets	371,898	373,111	(0.33)	398,582
Total non-current assets	**34,440,902**	**34,232,193**	**0.61**	**34,902,327**
Cash and cash equivalents	652,735	560,228	16.51	938,766
Total non-current assets and cash equivalents	**35,093,637**	**34,792,421**	**0.87**	**35,841,093**

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

(in Euro thousands)	**31/03/2013**	**31/12/2012**	**Cge. %**
AFS financial assets	**20,953,146**	**20,848,041**	**0.50**
Equity securities	815,606	914,069	(10.77)
Fund units	632,709	627,184	0.88
Debt securities	19,504,831	19,306,788	1.03
Financial assets at fair value through profit or loss	**6,617,129**	**6,439,319**	**2.76**
Equity securities	45,392	50,000	(9.22)
Fund units	1,539,444	1,104,362	39.40
Debt securities	4,870,818	5,153,874	(5.49)
Other financial investments	161,475	131,083	23.19

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 2,670 million (Euro 2,687 million at 31/12/2012), of which Euro 823 million (Euro 823 million at 31/12/2012) related to the land component, while the depreciation provision amounted to Euro 500 million (Euro 486 million at 31/12/2012).

During the period, the rental income from investment property amounted to over Euro 21 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 70.3 million), Finpriv (Euro 17.3 million) and Isola S.c.a. (Euro 13.7 million).

Loans and receivables are summarised in the table below:

(in Euro thousands)	31/03/2013	31/12/2012	Change
Due from banks and interbank	514,509	521,559	(7,050)
Debt securities	2,378,753	2,422,383	(43,630)
Loans on life policies	37,670	39,017	(1,347)
Deposits held by reinsurers	22,689	22,358	331
Receivables from sub-agents for indemnities paid to agents terminated	242,713	243,385	(672)
Other loans and receivables	278,056	278,328	(272)
Total	**3,474,390**	**3,527,030**	**(52,640)**

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 727 million (Euro 718 million at 31/12/2012) and relate to debt securities, principally listed, 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 19,504.8 million (Euro 19,306.8 million at 31/12/2012), equity securities of Euro 815.6 million (Euro 914.1 million at 31/12/2012), as well as units in investment funds of Euro 632.7 million (Euro 627.2 million at 31/12/2012).

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 4,870.8 million (Euro 5,153.9 million at 31/12/2012), equity securities of Euro 45.4 million (Euro 50.0 million at 31/12/2012), units in investment funds of Euro 1,539.4 million (Euro 1,104.4 million at 31/12/2012) and other financial investments of Euro 161.5 million (Euro 131.1 million at 31/12/2012).
In relation to the **Tangible fixed assets** of Euro 372 million (Euro 373 million at 31/12/2012), 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 quarter compared with the same period in the previous year:

(in Euro thousands)	31/03/2013	31/03/2012	Change
Net income from financial instruments recorded at fair value through profit or loss	39,099	253,377	(214,278)
Net income from investments in subsidiaries, associates and joint ventures	(2,745)	(6,910)	4,165
Income from other financial instruments and property investments of which:			
Interest income	217,045	207,539	9,506
Other income	26,773	38,481	(11,708)
Profits realised	48,779	81,962	(33,183)
Valuation gains	1,996	4,598	(2,602)
Total income	**330,947**	**579,047**	**(248,100)**
Charges from other financial instruments and property investments of which:			
Interest expense	13,258	16,959	(3,701)
Other charges	13,661	14,864	(1,203)
Losses realised	10,998	16,068	(5,070)
Valuation losses	60,694	39,601	21,093
Total interest expense and charges	**98,611**	**87,492**	**11,119**
TOTAL NET INCOME	**232,336**	**491,555**	**(259,219)**
Net income from financial instruments recorded at fair value through profit or loss whose risk is borne by policyholders (Class D).	**12,790**	**249,626**	**(236,836)**
TOTAL NET INCOME EXCLUDING CLASS D	**219,546**	**241,929**	**(22,383)**

Net real estate and financial income, excluding that from financial instruments recorded at fair value through profit or loss whose risk is borne by the policyholder, reports a reduction from Euro 245 million to Euro 220 million.

This decrease is principally due to the lower gains realised on bond securities.

The impairments of Euro 60.7 million include Euro 40.6 million (Euro 21 million in Q1 2012) of AFS financial instrument impairments, although offset by income of Euro 33.7 million from hedging operations on Pirelli and Mediobanca shares.

Management of investments

The Standard&Poor's 500 index - representative of the major listed US companies - gained 10% in the quarter, while the Japanese Nikkei index, benefitting from recent political decisions to launch fresh expansionary measures and the expectation of a particularly accommodating monetary policy, gained 19.3%. In relation to the emerging market indices, the most representative index, the Morgan Stanley Emerging Market, reported a decrease of 0.8% in the quarter.

In Europe, in relation to monetary policy the European Central Bank noted the total absence of inflationary pressures, highlighting a weak economic base at least until the third quarter of the year and restating that an accommodating policy will be maintained as long as considered necessary. The Monetary Authorities in fact reduced the discount rate from 0.75% to 0.50% and appears set to consider new extraordinary actions to ensure real benefits from this move for the real economy.

In Italy, while the real economy stayed in recession, although substantially in line with government objectives, the inconclusive electoral result and the consequent difficulties in forming a new Government created in the last number of weeks of the quarter a certain degree of pressure on the domestic financial markets.

Equity sector operations

The performance of the European Stock Markets in the first quarter of 2013 confirmed the significant gap between the “core” and “peripheral” areas. The Eurostoxx 50 index, representing the major Eurozone blue chips, contracted slightly in the quarter (-0.4%). The German Dax was in positive territory (up 2.4%), while the Italian FTSE MIB of Milan lost 5.7%. Finally, the Ibex of Madrid lost 3% in the period.

In addition, the controversial rescue method for the Cypriot banking system, the above stated ”nationalisation” of a Dutch credit institution by the Government and renewed worries around the solidity of the Eurozone banking system in light of the continued macro and micro economic weaknesses contributed to the deterioration in the Itraxx Senior Financial index which represents an average spread of the financial sector with high credit ratings, rising by 53 basis points from 141.3 to 194.3 at the end of the quarter.

In relation to the Non-Life insurance sector equity component, for Fondiaria-SAI operations focused on tactical trading while no significant activity was carried out by Milano Assicurazioni.

In the Life Insurance sector the opportunity was taken to reduce the equity component in an improving market, partially taking profits in the more volatile sectors such as the Financials and Cyclicals.

Bond sector operations

The financial management in Q1 2013 was carried out in line with the Guidelines of the Investment Policy and in compliance with the general principles of prudence and enhanced asset quality over the medium to long term.

Operations, both in the Non-Life and in the Life insurance sectors, focused principally on Eurozone government bonds, particularly Italian bonds.

Investments in “corporate” bonds overall focused on issuers with high credit ratings; the management of the corporate portfolio through undertaking purchases on the primary market and sales on the secondary market did not result in a significant change in the sector.

Fondiaria-SAI

Italian Government bonds represent 76.0% of the bond sector.

Net purchases of bonds in the quarter totalled Euro 498.1 million, of which Euro 542.1 million in Italian Government securities.

The overall portfolio duration was 4.7 years, slightly increasing on the end of the previous year (4.4 years).

For the Fondiaria-SAI Non-Life sector portfolios, net purchases of bonds totaled Euro 229.2 million, of which Italian Government securities for Euro 169.2 million.

The Non-Life portfolio duration was 3.5 years, slightly increasing on the end of the previous year (3.1 years).

In the **Life sector** net purchases of bonds in the quarter amounted to Euro 268.9 million, of which Italian Government securities of Euro 372.9 million, with a portfolio duration of 5.2 years (4.9 years at the end of the previous period). The segregated fund operations, in line with the liability profile, featured sales of short maturity government securities and purchases favouring long-term Italian government securities, of which "btp strip" for a total of approx. Euro 156.4 million.

Corporate bonds represent 19% of the bond sector.

In relation to sensitive securities the exposure to Banca Intermobiliare was partially reduced under the threshold of 2% with consequent communication to Consob.

In the **Non-Life sector** purchases totalled Euro 50.3 million and sales Euro 63.1 million. In the Life Sector assets reduced in the quarter by Euro 9.0 million.

In relation to strategic investments, the reduction of volatility risk continued also in the first quarter, implemented through options to neutralise risk on approx. 60% of positions. Specifically, in January the holding in Unicredit was entirely disposed of through the exercise of sales options.

Milano Assicurazioni

Italian Government bonds represent 79.2% of the bond sector.

Net purchases of bonds in the quarter totalled Euro 307.7 million, of which Euro 374.7 million in Italian Government securities.

The overall portfolio duration was 3.8 years, slightly increasing on the end of the previous year (3.7 years).

For the Milano Assicurazioni Non-Life insurance sector portfolios, net purchases of bonds totaled Euro 214.4 million, of which Italian Government securities of Euro 198.4 million.

The Non-Life portfolio duration was 3.4 years, slightly increasing on the end of the previous year (3.2 years).

In the **Life sector** net purchases of bonds in the quarter amounted to Euro 93.3 million, of which Italian Government securities of Euro 176.3 million, with a portfolio duration of 4.3 years (4.3 years at the end of the previous period). The segregated fund operations, in line with the liability profile, featured sales of short maturity government securities and purchases favouring long-term Italian government securities, of which "btp strip" for a total of approx. Euro 11.8 million.

Corporate bonds represent 13.5% of the bond sector.
For the equity component, the **Non-Life sector** did not carry out significant activity. In the Life Sector the opportunity was taken in an improving market to reduce the equity component, partially taking profits on the more volatile sectors such as Financials and Cyclicals, with a reduction in assets of Euro 9.6 million.
In relation to strategic investments, the reduction of volatility risk continued also in the first quarter, implemented through options to neutralise risk on approx. 55% of positions. Specifically, in January the holding in Unicredit was entirely disposed of through the exercise of sales options.

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 AFS 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	Maturity from 1 to 5 years	Maturity from 6 to 10 years	Maturity Over 10 years	Total Fair value (level 1)	AFS reserve (gross)	AFS reserve (net*)
Spain	-	16.1	-	43.2	59.3	(10.0)	(1.1)
Portugal	-	4.0	-	-	4.0	(0.1)	-
Ireland	1.6	10.2	22.5	-	34.3	1.3	0.5
Greece	-	-	-	-	-	-	-
Italy	1,468.9	6,054.2	4,911.8	3,648.3	16,083.2	(85.4)	(67.0)

** net of the discretional profits of life policyholders*

In the third quarter of 2012 all Greek government securities relating to the restructuring operation in March 2012 by the Greek government were eliminated.

The Italian State securities are included also in the "investments held-to-maturity" category (book value Euro 72.5 million compared to a market value of Euro 73.8 million) and in the "loans and receivables" category (book value Euro 1,505.6 million compared to a market value of Euro 1,540.5 million). This latter concern "private placement" issues for which no active market exists.

Net insurance contract liabilities

(in Euro thousands)	31/03/2013	31/12/2012	Cge.	31/03/2012
Non-Life insurance contract liabilities				
Unearned premium provision	2,195,013	2,342,614	(6.30)	2,429,521
Claims provision	9,229,095	9,441,185	(2.25)	9,331,518
Other provisions	8,336	9,346	(10.81)	9,857
Total Non-Life provisions	**11,432,444**	**11,793,145**	**(3.06)**	**11,770,896**
Life insurance contract liabilities				
Actuarial provisions	14,846,954	14,869,185	(0.15)	14,848,376
Provisions for sums to pay	300,077	246,222	21.87	512,511
Insurance contract liabilities where the investment risk is borne by policyholders	5,999,171	5,861,051	2.36	7,389,006
Other provisions	30,227	80,992	(62.68)	(411,028)
Total Life provisions	**21,176,429**	**21,057,450**	**0.57**	**22,338,865**
Total insurance contract liabilities	**32,608,873**	**32,850,595**	**(0.74)**	**34,109,761**

The insurance contract liabilities of the Non-Life sector at 31/03/2013 include the unearned premium provision of Euro 2,195 million and the claims provision of Euro 9,229 million.

The insurance contract liabilities of the Life Division are those relating to insurance contracts and investment contracts with discretionary participation features 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 insurance contract liabilities of the Life sector decreased, compared to the value calculated in accordance with Italian GAAP, by Euro 38.1 million (Euro +9.8 million at 31/12/2012) 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)	31/03/2013	31/12/2012	Cge.	31/03/2012
Financial liabilities				
Subordinated liabilities	1,040,677	1,048,074	(0.71)	1,041,022
Financial liabilities at fair value through profit or loss	576,570	568,575	1.41	748,061
Other financial liabilities	691,519	698,977	(1.07)	788,985
Total financial liabilities	**2,308,766**	**2,315,626**	**(0.30)**	**2,578,068**

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 31/3/2013 Euro 489 million (Euro 480 million at 31/12/2012) 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 196 million (Euro 167 million at 31/12/2012) relating to client deposits at the subsidiary BancaSai and Euro 179 million relating to deposits with reinsurers (Euro 153 million at 31/12/2012).

The residual refers for Euro 197 million (Euro 250 million at 31/12/2012) 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 60 million.

(Euro millions)	**31/03/2013**	**31/12/2012**	**Change**
Subordinated loans	1,040.7	1,048.1	(7.4)
Banks and other lenders	197.3	249.8	(52.5)
Total debt	**1,238.0**	**1,297.9**	**(59.9)**

The reduction in the debt is principally due to the repayment by BancaSai of bonds for a nominal Euro 52.6 million.

The account **Subordinated loans** include the following loans with Mediobanca, with prior authorisation from ISVAP:

- 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 16th 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 16th anniversary of the loan.

- A subordinated loan of Euro 300 million agreed on 22/06/2006 (received on 14/07/2006), subscribed 50% 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 16th anniversary of the loan. In particular, this latter contract contributes to a further improvement in the solvency margin available to the Group for the part provided by the subsidiary Milano Assicurazioni. On 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, against a nominal Euro 1,050 million, Interest Rate Swaps were subscribed with the purpose 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 loans include specific contractual clauses protecting the lenders' rights and interests.

In relation to the **subordinated loan** of **Euro 300 million** of 22/6/2006 (undertaken 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 of Euro 350 million** of 14/7/2008, the conversion into shares of the Parent Company (or of the subsidiary Milano Assicurazioni for the part issued 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, thereby providing Fondiaria-SAI and Milano Assicurazioni with the possibility, over a period of more than two years, to put in place measures to enable compliance with the requested parameters.

The Group loan agreements do not include covenants other than those indicated above which limit the use of significant financial resources for the activities of the Issuer.

In consideration of the recent capital increase, already described in detail, this disclosure was made despite non-compliance of the above clauses not being evident and therefore limited likelihood of the 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 by 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 197.3 million, the most significant amounts are detailed below:

- Euro 111.7 million (Euro 111.3 million at 12/31/2012) 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 issued for the purchase of properties and improvement works. The cost of the loan is Euribor at 6 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 27.0 million (Euro 84.8 million at 31/12/2012) which refers to the bonds issued in 2009 and 2010 by BancaSai in part at a variable interest rate and in part at a fixed interest rate, with variable due dates which range from 2012 to 2014; in March 2013 two bonds issued for an approx. nominal amount of Euro 53 million were repaid;

- Euro 53.6 million (Euro 53.7 million at 31/12/2012) entirely refers to the consolidated debt of the subsidiary Immobiliare Fondiaria-SAI. This refers principally to the bank loan entered into by Marina di Loano with Intesa SanPaolo as the agent bank with maturity on March 17, 2014 and an interest rate of 3 month Euribor +300 basis points. The company utilised a derivative instrument to implement a hedging policy on the potential risk of an increase in interest rates on the loan granted;

- Euro 5 million relates to a short-term loan undertaken by the subsidiary Finitalia from UBI – B. Pop. Bergamo;

- 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 31/3/2013 and at 31/12/2012, are outlined in the table below:

(in Euro thousands)	31/03/2013		31/12/2012	
	Number	**Book value**	**Number**	**Book value**
Ordinary treasury shares held by:				
Fondiaria-SAI	32,000	64,366	32,000	64,366
Milano Assicurazioni	99,825	3,410	99,825	3,410
Sai Holding	12,000	421	12,000	421
Total	**143,825**	**68,197**	**143,825**	**68,197**
Premafin Finanziaria shares held by:				
Fondiaria-SAI	18,340,027	3,426	18,340,027	2,353
Milano Assicurazioni	9,157,710	1,711	9,157,710	1,175
Saifin - Saifinanziaria	66,588	12	66,588	9
Total	**27,564,325**	**5,149**	**27,564,325**	**3,537**
Unipol Gruppo Finanziario shares held by:				
Fondiaria-SAI	24,000	50	24,000	36
Milano Assicurazioni	16,000	34	16,000	24
Total	**40,000**	**84**	**40,000**	**60**

SHAREHOLDERS' EQUITY

Shareholders' equity at 31/3/2013 was as follows:

(in Euro thousands)	**31/03/2013**	**31/12/2012**
Shareholders' equity	**2,733,573**	**2,762,674**
Group Shareholders' Equity	**2,133,441**	**2,115,707**
Share capital	1,194,573	1,194,573
Capital reserves	198,915	669,626
Retained earnings and other reserves	615,212	898,822
Treasury shares	*(68,197)*	*(68,197)*
Translation reserve	(65,085)	(65,970)
Unrealised gain or loss on AFS financial assets	195,193	257,597
Other unrealised gains and losses recorded through equity	(14,317)	(21,027)
Group net profit (loss)	77,147	(749,717)
Minority interest shareholders' equity	**600,132**	**646,967**
Non-controlling interest capital and reserves	574,043	673,611
Unrealised gains and losses recorded through equity	3,872	23,236
Net profit (loss)	22,217	(49,880)

The **capital reserves** refer only to the share premium reserve: this account is net of the share capital increases of Fondiaria-SAI in the years 2011-2012 which, in accordance with paragraph 35 of IAS 32 is recorded as a direct deduction of shareholders' equity. The amount at March 31 is recorded net of the share premium reserve utilised for the coverage of the 2012 losses of Fondiaria-SAI.

The change in **Retained earnings and other reserves** essentially relates to the coverage of the 2012 loss of Fondiaria-SAI.

The **Translation reserve** includes the currency translation differences deriving from the conversion of the foreign subsidiaries' financial statements into Euro.

The **Unrealised gains 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.

The **Other unrealised gains and losses recorded through equity** include the reversal of gains on subsidiary investments, actuarial gains/losses following the application of IAS 19 and the gains/losses relating to the valuation of derivative financial instruments to hedge cash flows.

OTHER INFORMATION

IVASS authorisation procedure of the Merger

On January 15, 2013, IVASS, in response to the application drawn up jointly by Premafin, Fondiaria-SAI, Unipol Assicurazioni and Milano Assicurazioni on December 28, 2012 in order to obtain authorisation for the merger by incorporation into Fondiaria-SAI of Premafin, Unipol Assicurazioni, Milano Assicurazioni, communicated the commencement of the relative authorisation procedure from December 28, 2012. The period fixed for the procedure was 128 days from commencement, excluding suspension.

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

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

On January 28, 2013, in accordance with Article 2501 *quarter*, first paragraph of the Civil Code, the merger by incorporation proposal of Fondiaria-SAI S.p.A, Premafin Finanziaria S.p.A. - Holding di Partecipazioni, Unipol Assicurazioni S.pA., and, pending further approval, Milano Assicurazioni S.p.A., approved by the Board of Directors of the participating Companies in the merger on December 20, 2012 was filed at the registered office of the Company and published on the website of the Company in the Unipol - Fondiaria-SAI merger proposal section.

The registration of the merger proposal at the Competent Company Registration offices is subjected to the authorisation of IVASS, in accordance with Article 201 of Legislative Decree No. 209 of September 7, 2005.

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

The Shareholders' Meeting of Fondiaria-SAI S.p.A., called on the request of the *ad acta* representative Mr. Matteo Caratozzolo and meeting on March 14, 2013 in second call, approved by a 99.96% majority of ordinary shareholders represented at the meeting, the pursuit of the corporate responsibility action against those indicated in the Report prepared for the Shareholders' Meeting by the *ad acta* representative and published in accordance with law.

Similarly, the Ordinary Shareholders' Meeting of Milano Assicurazioni S.p.A., called on the request of the *ad acta* representative of Fondiaria-SAI S.p.A. Mr. Matteo Caratozzolo and meeting on March 14, 2013 in second call, approved by a 99.79% majority of ordinary shareholders represented at the meeting, the pursuit of the corporate responsibility action against those indicated in the Report prepared for the Shareholders' Meeting by the *ad acta* representative and published in accordance with law.

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

Florence Court of Appeal: compensation applications rejected

On March 18, 2013, the Florence Court of Appeal, in the only case heard before the Florence Court confirmed the Judgment of the Florence Court which rejected all compensation applications put forward.

Class A Special Savings Shareholders' Meeting

The Class A Special Savings Shareholders' Meeting of Fondiaria-SAI S.p.A. held on March 26, 2013 approved the actions necessary to contest the motions passed by the Extraordinary Shareholders' Meeting of Fondiaria-SAI S.p.A. of June 27, 2012, and mandated the Joint Representative, Mr. Dario Trevisan, to cease all related action in course where the Board of Directors approves the conversion of the Class A savings shares into Class B savings shares in the ratio of 177 Class B savings shares for 1 Class A savings shares, with prior distribution to each Class A savings shares of a dividend of Euro 13.00.

Fondiaria-SAI repeats that – for the reasons illustrated in detail in the document published on March 21, 2013 and available on the website www.fondiaria-sai.it, in the section "Press Office", together with opinions from expert advisors – the prejudice claimed by the Class A savings shareholders is without any foundation. Despite this, as already outlined in the afore-mentioned document, Fondiaria-SAI reserves the right to verify (i) the feasibility, under the technical/legal profile, of the proposal to convert the Class A savings shares into Class B savings shares and (ii) the appropriateness from an economic viewpoint of any conversion.

CONSOB Request of 17/4/2013 - Prot. No. 13032789

On April 17, 2013, CONSOB requested Fondiaria-SAI pursuant to Article 114, paragraph 5, of Legislative Decree No. 58/98 to issue a press release outlining the reasons why the Board of Directors of the Company, in the consolidated financial statements approved on March 20, 2013, did not apply the provisions of IAS 8 relating to the comparative figures for the 2011 consolidated financial statements in order to correct the errors noted by CONSOB and contained in Decision No. 18430 of December 21, 2012.
For further information in the regard, reference should be made to the 2012 Consolidated Annual Accounts and the section "Supplement to the 2012 consolidated financial statements following CONSOB request of March 17, 2013, Protocol No. 13032789".

Transactions with related parties

In the first three months of 2013 no new and/or significant transactions with related parties took place.

In relation to transactions of an insurance nature with Group Companies we highlight Euro 5.6 million of assets and Euro 2.5 million of liabilities concerning co-insurance and re-insurance transactions of Fondiaria-SAI S.p.A., Milano Assicurazioni S.p.A. and SIAT with Unipol S.p.A..

In the first quarter of 2013 income from other related parties was recorded concerning premiums which the Fondiaria SAI Group Employee Pension Fund and the Fondiaria-SAI Executive Pension Fund paid respectively to Fondiaria-SAI Euro 9.1 million and to Milano Assicurazioni S.p.A. Euro 4.5 million. These payments are for the investment in Life policies of the contributions from policyholders.

Insurance charges from Other Related Parties totaling Euro 7.4 million and the respective outflows of Euro 9.3 million concern the payments of contributions by Group companies to the Employee and Senior Manager Pension Funds of the Fondiaria SAI Group for Euro 7.4 million. These payments are governed by the contracts in place.

In relation to assets of a financial nature we highlight:

- Euro 4.6 million in relation to the Parent Company Unipol Gruppo Finanziario S.p.A. concerning the holding by Milano Assicurazioni S.p.A. of the Unipol 28.07.03/23 subordinated T.V. bond.
- for the Associated Companies receivables for loans owed to Immobiliare Milano from Borsetto S.r.l. (Euro 8.1 million) and Penta Domus S.r.l. (Euro 1.8 million) and receivables for loans owed to Immobiliare Fondiaria-SAI S.r.l. from Progetto Alfiere S.p.A. for Euro 2.6 million.
- for the Group Companies current account transactions undertaken with Banca Unipol for Euro 16.3 million.

In relation to transactions resulting in assets of a financial nature with Other Related Parties, we report Euro 1.3 million of credit lines granted by the subsidiary BancaSai to physical persons.

The liabilities to Other related parties include current account transactions undertaken by physical and legal persons with the subsidiary BancaSai for Euro 1.3 million.

For complete disclosure, assets include for Euro 86 million receivables from Im.Co. S.p.A. and Avvenimenti e Sviluppo Alberghiero s.r.l. (subsidiary of Im.Co.), as well as from Sinergia Holding di Partecipazioni and Europrogetti, with the related party relationship concluding in 2012, based on real estate operations undertaken in previous years.
The amount is net of a doubtful debt provision of Euro 145.0 million, set up following the bankruptcy of IM.CO., Sinergia and Europrogetti declared in 2012.
These receivables derived both from real estate initiatives in progress with the ex-related parties and bank credit lines granted by the subsidiary BancaSAI.

Sales organisation and personnel

At 31/3/2013, the Group headcount was 7,347 (7,377 at 31/12/2012) and the breakdown is as follows:

	31/03/2013	31/03/2012
Italian companies	5.843	5.873
of which Parent Company:	2.530	2.542
Foreign entities	1.504	1.504
Fondiaria SAI S.p.A. Group	**7.347**	**7.377**

The above table does not include the seasonal personnel of Atahotels, comprising 136 persons at 31/3/2013 (79 at 31/12/2012).
In addition, the employees of the foreign companies include 561 brokers.

With reference to 31/3/2013, the national distribution of the Fondiaria-SAI S.p.A. agents was as follows:

	31/03/2013	31/03/2012
North	586	596
Centre	286	291
South	299	308
TOTAL	**1.171**	**1.195**

Group agencies at the end of the first quarter of 2013 numbered 3,064 (3,097 at 31/12/2012). They operate through 2,346 sales points (2,459 at 31/12/2012) and represent the traditional distribution channel.

Communication

Press Office
Under the direction of senior management, in the first quarter of 2013 the Press Office ensured a constant flow of information on the activities of Fondiaria-SAI, Milano Assicurazioni and their subsidiaries, at both institutional/corporate level and product level.

Solvency margin

In accordance with the provisions of the Supervisory Authority in relation to the adjusted solvency margin and the application of the prudency filters, consequent to the introduction of the new IAS/IFRS standard, for Q1 2013 the constituting elements were 1.1 times the minimum required, improving therefore on December 31, 2012.
It is noted that the Fondiaria-SAI Group did not make use of the provisions of ISVAP Regulation 43 of July 12, 2012 (published in Official Gazette No. 166 on July 18, 2012).

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

Appointment of new Board of Directors

The Shareholders' Meeting of Fondiaria-SAI S.p.A. of April 29, 2013 appointed the Board of Directors for the three years 2013, 2014 and 2015 and, therefore, until the approval of the 2015 Annual Accounts.

In particular, the Shareholders' Meeting, on the basis of the slates presented confirmed the number of Directors as 19, as follows:

Fabio Cerchiai
Pierluigi Stefanini
Carlo Cimbri
Mario Zucchelli
Marco Pedroni
Ernesto Dalle Rive
Francesco Berardini
Ethel Frasinetti
Lorenzo Cottignoli
Milva Carletti
Maria Antonietta Pasquariello
Francesco Vella
Massimo Masotti
Nicla Picchi
Maria Lillà Montagnani
Barbara Tadolini
Maria Rosaria Maugeri
Vanes Galanti
Giorgio Ghiglieno.

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

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

Based on the declarations made on accepting their candidature 10 directors out of 19 are independent in accordance with the Self-Governance Code of listed companies and Article 148, paragraph 3 of the Consolidated Finance Act, specifically: Ethel Frasinetti, Milva Carletti, Maria Antonietta Pasquariello, Francesco Vella, Massimo Masotti, Nicla Picchi, Maria Lillà Montagnani, Barbara Tadolini, Maria Rosaria Maugeri and Giorgio Ghiglieno. The following were declared independent only in accordance with the Self-Governance Code of listed companies: Ernesto Dalle Rive, Francesco Berardini and Lorenzo Cottignoli.

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.

OUTLOOK

The new management are tasked in the coming months with furthering the merger with the Unipol Group, in line with the conditions communicated to the market. The restructuring and simplification processes of the Group will continue, fully exploiting the synergies identified and allowing the creation of value from an alignment of productivity and the optimisation of financial management.

Bologna, 8/5/2013

For the Board of Directors
The Chairman

Fabio CERCHIAI

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 financial statements of Fondiaria-SAI S.p.A.

affirms

pursuant to the provisions of Article 154 *bis* of the "Finance Act for financial intermediaries" that the 2013 First Quarter Report corresponds to the underlying accounting documents, records and accounting entries.

Bologna, 8/5/2013

The Executive Responsible
for preparation of the company's financial statements

Massimo DALFELLI