



## PRESS RELEASE

### FONDIARIA-SAI S.p.A.: Q1 2008 CONSOLIDATED RESULTS APPROVED INCREASE IN TOTAL PREMIUMS WRITTEN EURO 3,004.4 MILLION (+7.1%) FURTHER IMPROVEMENT IN OPERATING COMBINED RATIO GROWTH OF GROUP NET PROFIT

Fondiaria-SAI Group	Q1 2008	Q1 2007	Cge.%
<b>Amounts in Euro Millions</b>			
<b>Total Premiums Written</b>	<b>3,004.4</b>	<b>2,805.5</b>	<b>(+ 7.1)</b>
<b>Consolidated Net Profit</b>	<b>154.8</b>	<b>167.4</b>	<b>(- 7.5)</b>
<b>Group net profit</b>	<b>136.3</b>	<b>135.5</b>	<b>(+ 0.7)</b>
<b>Operating CoR</b>	<b>86.1%</b>	<b>86.3%</b>	
<b>CoR</b>	<b>93.0%</b>	<b>91.5%</b>	

**Milan, May 13, 2008** - In a meeting chaired by Jonella Ligresti, the Fondiaria-SAI S.p.A. Board of Directors approved the consolidated results for the first quarter 2008.

Total premiums written amounted to Euro 3,004.4 million, growth of 7.1% year on year.

Revenues in the first quarter of 2008 include for the first time the contribution from the Serbian subsidiary DDOR NOVI SAD, while the premiums from the investment contracts of the Life division, which amount to approx. Euro 158.8 million (Euro 47.2 million in the first quarter of 2007) and the premiums written by Po Vita (considering that the investment was sold in the quarter) are not included.

In the Non-Life Division direct premiums written amounted to Euro 1,847.3 million, in line with the same period of the previous year. As reported, the premiums in the first quarter of 2008 include the contribution of the subsidiary DDOR, amounting to Euro 29.5 million, consolidated from the date of acquisition of control (on January 31, 2008). On a like-for-like consolidation scope total premiums decreased by approx. 1.6%.

In the Motor Classes premiums written fell by 3.8%, amounting to Euro 1,231.6 million, due to the changed market conditions, among which the recent regulatory changes, which had an impact of approx. Euro 20 million, and the reduction of the portfolio of policies with unsatisfying technical performances.

The growth in premiums in the other Non-Life Classes is very satisfactory however, with an increase of 8.5% on the first quarter of 2007.

The claims reported in the entire Non-Life sector recorded a small increase (+2.0%); in the Motor TPL, the claims reported were largely stable (+0.76%), which is considered positive in view of the change-over period in the previous year from the start-up of the direct compensation procedure.

The restructuring actions and the efficiency drive of the Group are reflected in the Operating Combined Ratio (Loss + Expense Ratio) which improved further from 86.3% to 86.1% thanks to the marked decrease of the Loss Ratio, from 66.4% to 64.7%. The improvement in the claims ratio was in part offset by the increase in the Expense

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Codice Fiscale, Partita I.V.A. e  
numero di iscrizione  
al Registro delle Imprese di Firenze:  
00818570012  
Impresa autorizzata all'esercizio  
delle assicurazioni  
(art. 65 R.D.L. 29-4-1923 n. 966)

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Ratio from 19.9% to 21.4%, however it should be noted that this increase in the expenses is almost entirely attributable to the gradual reduction of long-term contracts.

The Combined Ratio reaches 93.0% from 91.5% principally due to the increased percentage of the other technical charges attributable to the repeal of the notice obligation by the clients in the Motor TPL segment.

The Non-Life Division reports a pre-tax profit of Euro 183.3 million (Euro 226.5 million in first quarter of 2007), which reflects the generally less favourable financial market conditions.

The direct premiums written in the Life Division amounted to Euro 1,154.2 million (+20.8%), due to the positive contribution from the agency network and bancassurance.

It is reported the positive change in the portfolio mix, with a significant growth of the traditional policies of Class I (+27.3%) and a significant decrease in the securitisation contracts (-65.3%), whose subscription, for strategic reasons, is subordinated to obtaining positive profit margins. The decrease in the premiums written in Class V reduced the total contribution of premiums written in this sector to 9.7%, compared to 33.7% in the first quarter of 2007.

In addition, the first quarter of the current year includes the new partnership with the Banco Popolare Group, through Popolare Vita, which contributed Euro 597 million.

New premiums written in terms of APE amounted to Euro 100.4 million (Euro 80.4 million, +24.8% on the first quarter of 2007).

The Life Division reports a pre-tax profit of Euro 52.8 million, including a gain of Euro 29 million from the sale of Po Vita. Excluding this gain, the result would show a significant decrease, compared to the result in the same period of the previous year, principally due to the reduced contribution from investment income.

The asset and financial management contributed gross revenues from financial instruments and investment property of Euro 316.1 million (Euro 275.4 million in the first quarter of 2007), recording a reassuring increase as a result of continually prudent policies. The turbulences on the financial markets resulted in a negative contribution from the fair value investment instruments of Euro 313.9 million (Euro +19.7 million in the first quarter of 2007), of which Euro 267.2 million relating to the contracts where the investment risk is borne by the policyholders.

Management expenses amounted to Euro 482 million (Euro 433 million in the first quarter of 2007), almost unchanged as a percentage on premiums.

The real estate sector recorded a pre-tax loss of Euro 4.1 million (pre-tax profit of Euro 5.9 million in the first quarter of 2007) due to the absence of significant sales in the period. There was an appreciable improvement in the Other Activities which recorded a profit of Euro 6.8 million compared to a loss of Euro 2.7 million in the first quarter of 2007.

The Group profit amounted to over Euro 136 million, a small increase on the first quarter of 2007.

The limited period of time since the beginning of the year does not allow for definitive forecasts on the operational results for the entire year. In an economic and competitive environment which is without doubt challenging, the Group has at its disposal the right characteristics and instruments to meet these opportunities and challenges with success. Therefore the expectations of satisfactory results are confirmed while maintaining close vigilance on market share.

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

## **Definitions and Glossary**

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

Combined Operating Ratio = the Loss Ratio and general and acquisition charges (Expense Ratio) on premiums.

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# FONDIARIA - SAI GROUP

## Highlights Profit and Loss

(EUR 000)

	31 March 2008	31 March 2007	31 December 2007
Net premium	2.962.082	2.749.424	11.501.073
Commission income	27.696	28.684	119.597
Net income on financial instruments at fair value through profit and loss	-313.881	19.657	-255.725
Income from subsidiaries, associates and joint ventures	30.304	3.641	29.056
Income from other financial instruments and investment property	316.061	275.427	1.465.855
<i>Interest income</i>	217.191	201.914	865.404
<i>Other income</i>	44.392	27.925	247.389
<i>Realised gains</i>	54.446	45.537	352.852
<i>Unrealised gains</i>	32	51	210
Other revenues	101.351	88.829	481.690
<b>TOTAL REVENUES</b>	<b>3.123.613</b>	<b>3.165.662</b>	<b>13.341.546</b>
Net charges relating to claims	2.043.149	2.180.712	9.359.735
Commission expense	14.813	13.893	70.777
Charges from subsidiaries, associates and joint ventures	1.514	89	5.537
Charges from other financial instruments and investment property	87.333	57.058	351.480
<i>Interest expense</i>	28.112	22.248	118.036
<i>Other expense</i>	16.650	14.486	63.630
<i>Realised losses</i>	32.071	11.110	129.333
<i>Unrealised losses</i>	10.500	9.214	40.481
Management expense	481.905	432.807	1.868.120
<i>Commissions and other acquisition expense</i>	372.096	334.780	1.475.846
<i>Investment management expense</i>	2.851	3.235	13.754
<i>Other administrative expense</i>	106.958	94.792	378.520
Other costs	256.073	196.967	793.691
<b>TOTAL COSTS AND CHARGES</b>	<b>2.884.787</b>	<b>2.881.526</b>	<b>12.449.340</b>
<b>PROFIT (LOSS) FOR THE PERIOD BEFORE TAX</b>	<b>238.826</b>	<b>284.136</b>	<b>892.206</b>
Tax	83.981	116.722	273.235
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>154.845</b>	<b>167.414</b>	<b>618.971</b>
<b>PROFIT (LOSS) ON DISCONTINUED OPERATIONS</b>	<b>0</b>	<b>0</b>	<b>1.080</b>
<b>CONSOLIDATED PROFIT (LOSS)</b>	<b>154.845</b>	<b>167.414</b>	<b>620.051</b>
attributable to the Group	136.341	135.458	506.966
attributable to Minorities	18.504	31.956	113.085

# FONDIARIA - SAI GROUP

## Highlights Net Financial Position

(EUR 000)

	31March2008	31December2007	Change	31March2007
<b>INVESTMENTS</b>				
Investment properties	2.176.279	2.142.923	1,56%	2.147.700
Investments in subsidiaries, associates and joint ventures	287.876	270.025	6,61%	275.598
Held to maturity assets	0	0	0,00%	0
Loans and receivables	1.808.997	1.333.262	35,68%	1.238.732
Available-for-sale financial assets	21.705.030	23.335.001	-6,99%	23.469.731
Assets at fair value through profit and loss	10.003.893	10.939.541	-8,55%	7.279.571
<b>Total investments</b>	<b>35.982.075</b>	<b>38.020.752</b>	<b>-5,36%</b>	<b>34.411.332</b>
Tangible assets: buildings and other	1.260.896	1.201.862	4,91%	1.181.331
<b>Total no-current assets</b>	<b>37.242.971</b>	<b>39.222.614</b>	<b>-5,05%</b>	<b>35.592.663</b>
Cash and cash equivalents	689.659	701.195	-1,65%	692.358
<b>Total no-current assets and cash</b>	<b>37.932.630</b>	<b>39.923.809</b>	<b>-4,99%</b>	<b>36.285.021</b>
<b>NET TECHNICAL RESERVES</b>				
<b>Non Life Technical Reserves</b>				
Provision for unearned premiums	2.513.577	2.498.348	0,61%	2.406.676
Provision for outstanding claims	8.258.153	8.393.164	-1,61%	8.469.532
Other technical provisions	16.326	14.463	12,88%	10.498
<b>Total Non Life Technical Reserves</b>	<b>10.788.056</b>	<b>10.905.975</b>	<b>-1,08%</b>	<b>10.886.706</b>
<b>Life Reserves</b>				
Actuarial reserves	13.870.151	14.804.316	-6,31%	13.699.317
Provision for amounts payable	244.117	277.110	-11,91%	207.116
Technical provision where the investment risk is borne by the policyholders	4.307.819	4.559.320	-5,52%	1.349.883
Other technical provisions	-140.005	-108.964	28,49%	144.786
<b>Total Life Reserves</b>	<b>18.282.082</b>	<b>19.531.782</b>	<b>-6,40%</b>	<b>15.401.102</b>
<b>Total Technical Reserves</b>	<b>29.070.138</b>	<b>30.437.757</b>	<b>-4,49%</b>	<b>26.287.808</b>
<b>FINANCIAL LIABILITIES</b>				
Hybrid liabilities	815.459	820.007	-0,55%	805.423
Financial liabilities at fair value through profit and loss	3.956.700	5.031.453	-21,36%	4.663.074
Other financial liabilities	1.706.234	1.334.227	27,88%	1.407.584
<b>Total financial liabilities</b>	<b>6.478.393</b>	<b>7.185.687</b>	<b>-9,84%</b>	<b>6.876.081</b>