

PRESS RELEASE

FONDIARIA-SAI S.p.A.:
CONSOLIDATED INTERIM REPORT AT SEPTEMBER 30, 2009 APPROVED
GROUP BALANCE SHEET SOLIDITY STRENGTHENED:
SOLVENCY MARGIN OF OVER 140%
TOTAL PREMIUMS WRITTEN OF EURO 9,201 MILLION, +13%
(EURO 8,143 MILLION IN 9M2008)
LIFE DIVISION PREMIUMS WRITTEN OF EURO 4,058 MILLION (+42.5%)

Direct premiums written

- In the Non-Life division: Euro 5,135.4 million (-2.9%)
- In the Life division: Euro 4,056.9 million (+42.5%)

Technical performance

- Combined operating ratio rises to 100.2% from 92.2%; Combined ratio to 103.3% from 95.5% - two percentage points of which attributable to catastrophic and natural events
- APE of Euro 375 million (+33.5%)

Result for the period

- Consolidated net profit of Euro 0.8 million (Euro 385.0 million in 9M2008)

Balance Sheet Solidity

- Shareholders' equity of Euro 4,083 million (Euro 3,895 million at 31/12/2008)
- Group Solvency Margin over 140%, up over 10% on 31/12/2008.

Following the Board of Directors' meeting, the Chief Executive Officer Mr. Fausto Marchionni commented:

"The results for the first nine months were affected by the worsening of the technical balance in the Non-Life Division in the second half of the year. The increase in claims for physical damage in the Motor TPL sector affected the entire division: this development, together with the economic crisis and extraordinary natural events, further affected the result in the period.

Despite such a challenging environment, we re-assert that presented in the recent Industrial Plan. The Group has already begun implementing all initiatives focussed on recovering profitability and maintaining its leadership in the Italian insurance market by next year."

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Capitale sociale € 167.043.712,00 int. vers. - Numero di iscrizione al Registro delle Imprese di Firenze, Codice Fiscale e Partita I.V.A. 00818570012 - Iscritta all'Albo Imprese presso l'ISVAP al numero 1.00006 - Società capogruppo del Gruppo assicurativo Fondiaria-SAI, iscritto all'albo dei gruppi assicurativi al n. 030 - Impresa autorizzata all'esercizio delle assicurazioni (art. 65 R.D.L. 29-4-1923 n. 966)

Milan, November 9, 2009 - The Fondiaria-SAI S.p.A. Board of Directors, meeting today, approved the consolidated results for the third quarter of 2009.

Consolidated net profit for the first nine months of 2009 amounted to Euro 0.8 million (Euro 385.0 million for 9M2008). This result, as well as being heavily impacted by the technical performance of the Non-Life Division, as described below, was affected by the impairment of financial instruments for approx. Euro 78 million. The recovery in values of equity instruments already subject to impairment tests at December 31, 2008 and June 30, 2009 was recorded, for the part already written down, to shareholders' equity and not the income statement in accordance with IAS 39. This amount was approx. Euro 28 million.

Total premiums written amounted to Euro 9,200.8 million, an increase of 13% year on year.

In the Non-Life Division, direct premiums written amounted to Euro 5,135.4 million (Euro 5,286.9 million; -2.9%).

In the Motor sector, premiums written fell by 4.2%, amounting to Euro 3,438.0 million. This result was affected both by the large drop in registrations of new motor vehicles (-6.2% in the first nine months of 2009) and by the increased competition within the market. The following factors must also be considered: the impact on the Bonus/Malus classes of the "Bersani bis" law; the introduction in 2008 of the new regulations under ISVAP provision No. 2590 according to which lower premium rises are incurred by insured parties involved in claims who are considered of "not principal" responsibility; the resizing, in line with the Group policy, of the multi-claim portfolio.

In the other Non-Life Classes, premiums written amounted to Euro 1,697.4 million, in line with the same period in the previous year.

Overall, the number of claims reported increased by 6.5%, principally related to Fire Guarantees, Other Property Damage and Land Vehicles hit in a significant manner by the previously reported natural and catastrophic events in the current year, in addition to greater competitiveness in the Motor TPL class.

Due to that outlined above, the Combined Operating Ratio (Loss+Expense Ratio) amounted to 100.2%, the Loss Ratio 79.3% and the Expense Ratio 20.9%. For completeness, the Combined Ratio amounted to 103.3%. The catastrophic and natural events accounted for approx. two percentage points. In the first nine months of 2008, the Ratios were respectively 92.2%, 71.2% and 95.5%.

The technical performance therefore deteriorated significantly on the same period of 2008 following, in addition to the previously mentioned drop in premiums and the increase in claims, a general increase in costs, in particular in the Motor TPL sector where difficulties concerning settlement of physical injury claims and operational problems in particular regions persist.

The Non-Life Division reports a pre-tax loss of Euro 40 million (profit of Euro 463 million in the first nine months of 2008), also reflecting the provisions relating to the previously mentioned catastrophic events, as well as the necessary strengthening of the technical reserves following the continued deterioration.

In the Life Division, direct premiums written reached Euro 4,056.9 million (+42.5%): this increase is due to the strong Class I performance, Euro 1,950.7 million (+77.5%), and the recovery in Class III product sales (Euro 1839.3 million, +21.6%); premiums written through bank branches, significantly aided by the agreement with Banco Popolare, amounted to Euro 3,067 million (76% of the total).

New premiums written in terms of APE improved to Euro 375 million (+33.5%). The New Business Margin increased from 6.5% in 2008 to 8.7% in the first nine months of 2009.

The Life Division reports a pre-tax profit of Euro 56.4 million (Euro 71.7 million in the first nine months of 2008): the first nine months of 2008 benefited from a gain of Euro 29 million from the sale of a subsidiary operating in the bancassurance sector.

Total management expenses amounted to Euro 1,410 million (Euro 1,422 million in the first nine months of 2008), a decrease entirely attributed to other administrative expenses.

The asset and financial management, excluding the income from investments whose risk is borne by policyholders (profit of Euro 701.6 million, loss of Euro 596.8 million in 9M2008), recorded net income from financial instruments and property investments of Euro 601.7 million (Euro 804.0 million in 9M2008), inclusive of valuation losses of approx. Euro 118.2 million and interest expense of Euro 78.9 million.

The real estate sector recorded a pre-tax loss of Euro 32.5 million (pre-tax loss of Euro 14.2 million in 9M2008), principally relating to the subsidiary Immobiliare Lombarda.

Other Activities recorded a profit of Euro 3.0 million.

The consolidated net equity, including the result for the period and minority interest share, increased from Euro 3,895 million at 31/12/2008 to Euro 4,083 million at 30/09/2009, principally due to the recovery in value of financial instruments held in portfolio. In particular, the net equity reserve for financial assets available-for-sale was negative for Euro 83 million, an improvement of approx. Euro 267 million on December 31, 2008.

The Group Solvency Margin increased to over 140%, up over 10% on December 31, 2008.

Within a financial and economic environment which lacks any clear signs of recovery, the Group is implementing suitable strategies and initiatives to deal with the difficulties faced in the final part of the year, which again will be negatively affected by the technical performance of the Non-Life Division, conditioned by significant systemic and market uncertainties.



It is hoped that the tentative signs of recovery in the financial markets during the quarter will continue.

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.

Further details on the Group's financial results will be provided to the financial community by the CEO Mr. Fausto Marchionni today at the time of 3:30 PM, through a conference call and webcasting. Further information is available on the Internet site of the company.

The presentation will also be available on the Internet site of the company at the beginning of the conference call.

Definitions and Glossary

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

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

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FONDIARIA-SAI GROUP

Highlights Net Financial Position

€/000

	9M2009	1H2009	CHANGE %	FY2008
INVESTMENTS				
Investment properties	2.634.177	2.612.126	0,84%	2.459.751
Investments in subsidiaries, associates and joint ventures	336.205	330.867	1,61%	292.879
Held to maturity assets	922.923	907.374	1,71%	845.789
Loans and receivables	2.840.213	2.783.029	2,05%	1.776.024
Available-for-sale financial assets	20.870.048	19.675.414	6,07%	19.982.715
Assets at fair value through profit and loss	9.939.829	9.289.076	7,01%	8.080.675
Total investments	37.543.395	35.597.886	5,47%	33.437.833
Tangible assets: buildings and other	1.269.415	1.261.433	0,63%	1.244.217
Total no-current assets	38.812.810	36.859.319	5,30%	34.682.050
Cash and cash equivalents	620.540	791.930	-21,64%	760.072
Total no-current assets and cash	39.433.350	37.651.249	4,73%	35.442.122
NET TECHNICAL RESERVES				
Non-Life net technical reserves				
Provision for unearned premiums	2.332.280	2.603.951	-10,43%	2.564.859
Provision for outstanding claims	8.209.725	8.000.721	2,61%	8.065.653
Other provisions	14.511	14.485	0,18%	14.444
Total Non-Life net technical reserves	10.556.516	10.619.157	-0,59%	10.644.956
Life net technical reserves				
Mathematical provision	187.855	179.686	4,55%	232.106
Provision for outstanding claims	14.810.755	14.270.679	3,78%	13.671.862
Provisions for policies where the investmen risk is borne by the policyholders	6.138.098	5.544.947	10,70%	4.245.012
Other provisions	203.370	-85.516	-337,82%	-305.948
Total Life net technical reserves	21.340.078	19.909.796	7,18%	17.843.032
Total net technical reserves	31.896.594	30.528.953	4,48%	28.487.988
FINANCIAL LIABILITIES				
Hybrid liabilities	1.047.044	1.048.840	-0,17%	1.050.497
Financial liabilities at fair value through profit and loss	3.529.385	3.435.279	2,74%	3.454.262
Other financial liabilities	1.779.012	1.931.108	-7,88%	1.758.449
Total financial liabilities	6.355.441	6.415.227	-0,93%	6.263.208

FONDIARIA-SAI GROUP

Consolidated Profit&Loss

€/000

	9M 2009	9M 2008	3Q 2009	3Q 2008
Net premium	9.189.817	8.086.923	2.973.324	2.377.351
Commission income	67.492	73.526	24.137	19.904
Net income on financial instruments at fair value through profit and loss	754.468	-443.495	336.841	-40.110
Income from subsidiaries, associates and joint ventures	9.253	41.185	7.639	11.011
Income from other financial instruments and investment property	881.734	966.213	280.774	290.087
<i>Interest income</i>	626.228	668.097	200.542	231.616
<i>Other income</i>	139.204	206.836	42.620	24.496
<i>Realised gains</i>	111.559	90.762	32.975	33.903
<i>Unrealised gains</i>	4.743	518	4.637	72
Other revenues	480.692	280.732	109.089	79.631
TOTAL REVENUES	11.383.456	9.005.084	3.731.804	2.737.874
Net charges relating to claims	-9.047.742	-6.080.669	-3.110.269	-1.845.464
Commission expense	-35.617	-36.835	-11.644	-8.685
Charges from subsidiaries, associates and joint ventures	-11.932	-3.736	-7.261	-173
Charges from other financial instruments and investment property	-330.248	-352.954	-71.659	-167.547
<i>Interest expense</i>	-78.890	-105.182	-19.677	-32.319
<i>Other expense</i>	-45.488	-48.781	-14.787	-15.888
<i>Realised losses</i>	-87.645	-133.190	-9.208	-75.552
<i>Unrealised losses</i>	-118.225	-65.801	-27.987	-43.788
Management expense	-1.410.094	-1.421.679	-437.168	-430.000
<i>Commissions and other acquisition expense</i>	-1.090.231	-1.077.398	-336.303	-315.794
<i>Investment management expense</i>	-8.087	-12.233	-2.918	-2.378
<i>Other administrative expense</i>	-311.776	-332.048	-97.947	-111.828
Other costs	-561.416	-568.887	-133.845	-120.170
TOTAL COSTS AND CHARGES	-11.397.049	-8.464.760	-3.771.846	-2.572.039
PROFIT (LOSS) FOR THE PERIOD BEFORE TAX	-13.593	540.324	-40.042	165.835
Tax	14.458	-155.332	8.508	-42.118
NET PROFIT (LOSS) FOR THE PERIOD	865	384.992	-31.534	123.717
PROFIT (LOSS) ON DISCONTINUED OPERATIONS	0	0	0	0
CONSOLIDATED PROFIT (LOSS)	865	384.992	-31.534	123.717
attributable to the Group	-3.207	306.691	-23.986	98.262
attributable to Minorities	4.072	78.301	-7.548	25.455

FONDIARIA-SAI GROUP

Segment Report

(€/000)

	Non-Life	Life	Real Estate	Other Activities	Intersegmental Elision	Total
1.1 Net Retained Premium	5.147.873	4.041.944	0	0	0	9.189.817
1.2 Commission income		31.883	0	37.048	-1.439	67.492
1.3 Net income on financial instruments at fair value through profit and loss	75.824	670.471	-527	8.700	0	754.468
1.4 Income from subsidiaries, associates and joint ventures	5.484	252	3.517	18	-18	9.253
1.5 Income from other financial instruments and investment property	261.695	538.937	35.159	63.281	-17.338	881.734
1.6 Other revenues	302.606	167.232	119.921	386.436	-495.503	480.692
1 TOTAL REVENUES	5.793.482	5.450.719	158.070	495.483	-514.298	11.383.456
2.1 Net charges relating to claims	-4.082.444	-4.965.298	0	0	0	-9.047.742
2.2 Commission expense		-24.395	0	-11.222	0	-35.617
2.3 Charges relating to subsidiaries, associates and joint ventures	-7.004	-266	-4.199	-463	0	-11.932
2.4 Charges relating to other financial instruments and investment property	-170.074	-93.928	-50.892	-32.692	17.338	-330.248
2.5 Management expense	-1.134.429	-219.429	-329	-240.459	184.552	-1.410.094
2.6 Other costs	-439.889	-91.043	-135.181	-207.693	312.390	-561.416
2 TOTAL COSTS AND CHARGES	-5.833.840	-5.394.359	-190.601	-492.529	514.280	-11.397.049
PROFIT (LOSS) FOR THE YEAR BEFORE TAX	-40.358	56.360	-32.531	2.954	-18	-13.593
PROFIT (LOSS) FOR THE YEAR BEFORE TAX PREVIOUS YEAR	462.950	71.657	-14.163	20.814	-934	540.324