

**PRESS RELEASE**

**FONDIARIA SAI GROUP: Q1 2010 CONSOLIDATED RESULTS APPROVED.**

- **STRONG GROWTH IN PREMIUMS WRITTEN: EURO 3,495 Million, +36.5% (NON-LIFE -2.5%; LIFE +131.2%)**
- **IMPROVED COMBINED RATIO ON FY09**

**Group result: loss of Euro 92.3 million (profit of Euro 21 million in Q1 2009)**

	<b>Q1 2010</b>	<b>FY 2009</b>	<b>Q1 2009</b>
<b>Operating CoR</b>	<b>100.3%</b>	<b>105.4%</b>	<b>90.1%</b>
<b>CoR</b>	<b>106.9%</b>	<b>108%</b>	<b>96.2%</b>

**“Profitability recovered in the quarter – stated Chief Executive Officer Fausto Marchionni – in fact the Loss Ratio related to current generation contracts improved on Q1 2009.” This is the first significant confirmation of the actions taken to progressively return to adequate levels of profitability. The effects of these actions will further become apparent in the coming months. We are on the correct path. “**

**Milan, May 12, 2010** - In a meeting chaired by Jonella Ligresti, the Fondiaria-SAI S.p.A. Board of Directors approved the consolidated results for the first quarter of 2010.

**Total premiums** written amounted to Euro 3,496.5 million, strong growth of 36.5% on the same period of the previous year. The excellent performance of the bancassurance companies contributed to this result, which in the first three months of 2010 recorded premiums of Euro 1,259 million (Euro 374 million in Q1 2009).

In the **Non-Life** Division, premiums written amounted to Euro 1,767.0 million compared to Euro 1,812.6 million in Q1 2009 (-2.5%).

In the **Motor Classes**, premiums written decreased by approx. 1% to Euro 1,170 million - affected by the continued difficult market conditions experienced in 2009. However, the substantial maintaining of the Motor TPL premiums is highlighted (-0.6% for a total of Euro 992 million) which demonstrates the effectiveness of the tariff adjustments made in the final part of 2009.



In the **Other Non-Life** classes, premiums decreased by 5.5% on Q1 2009 due to greater prudent underwriting criteria, in particular in the Corporate sector.

The **claims reported** in the Motor TPL class saw a significant drop of 5.5%.

The **Operating Combined Ratio** (Loss+Expense Ratio) was 100.3% from 90.1% in Q1 2009, due to the increased **Loss Ratio**, from 69.2 % to 79.6%, while the **Expense Ratio** decreased slightly from 20.9% to 20.7%.

Overall the **Combined Ratio** increased from 96.2% to 106.9%.

The turnaround in the Land Vehicle Classes was significant – an area which remained unaffected by the generalised increase in claims throughout 2009. In the Other Non-Life Classes, substantial breakeven was recorded.

The Non-Life sector recorded a pre-tax loss of Euro 118 million (profit of Euro 84 million in Q1 2009).

**Life Division premiums** amounted to Euro 1,728.6 million compared to Euro 747.5 million in Q1 2009 (+131.2%); the significant increase is principally due to the bancassurance channel, which in the first three months of the previous year was affected by the pervasive uncertainty following the financial crisis. Premiums written through agency networks of traditional products also reported positive results.

New premiums written in terms of **APE** amounted to Euro 152.3 million (Euro 65.2 million in the first quarter of 2009).

The sector recorded a pre-tax profit of Euro 27 million (loss of Euro 18 million in Q1 2009), benefitting from higher investment profits, although affected for Euro 14 million (Euro 39 million in Q1 2009) by the reduction in value of financial instruments in portfolio and available for sale recorded through profit and loss.

Excluding the contribution of the financial instruments recorded at fair value through profit or loss, the total net income from investments amounted to Euro 200 million (Euro 130 million in Q1 2009). This amount consists of Euro 172 million of interest income, Euro 22 million of net income and net profits to be realised on real estate and securities of Euro 69 million. Net valuation gains and losses reported a loss of approx. Euro 43 million. Interest expense amounting to approx. Euro 20 million (Euro 39 million in the first quarter of 2009) refers almost entirely to financial debt.

The total impairment on financial instruments available-for-sale was Euro 27.3 million (Euro 61.4 million in Q1 2009).



**Management expenses** amounted to Euro 460 million (Euro 450 million in Q1 2009): the increase is substantially due to acquisition commissions from Life Division premiums.

The **Real Estate sector** recorded a pre-tax loss of Euro 10 million (loss of Euro 8 million in the first quarter of 2009) due to the absence of significant sales in the period, while the **Other Activities sector** recorded a pre-tax loss of Euro 10 million (loss of Euro 4 million in the same period of the previous year).

The **Group net result** amounted to a loss of approx. Euro 92 million, compared to a profit of Euro 21 million in Q1 2009.

The Board of Directors also approved the Social Report relating to the year 2009, prepared in line with the national standards contained in the GBS social report model, which reports an added value of over Euro 1, 4 billion.

The Fondiaria Sai Group objective is to offset, in the current year, the reduction in the technical account, while safeguarding industrial management equilibrium and maintaining a policy to ensure balance sheet solidity in the medium-long term.

2010 will be a difficult year in which stabilisation will be established. In order to obtain greater management efficiencies, in the coming months the Fondiaria Sai Group will implement an industrial reorganisation, while not altering our market position nor the Group profile. In particular some policies, such as international expansion, will be revised and rationalised, due to the substantial capital requirements to carry out such initiatives.

Within an overall financial scenario still featuring low interest rates and highly volatile equity markets, the financial management will continue with its normal prudent approach, with the objective of optimising the risk-yield profile, alongside the commitments undertaken towards our Policyholders, through rigorous valuation of the creditworthiness of new investments and the introduction of coverage against share price risks.

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.

Annual Premium Equivalent (APE) = Total of new business annual premiums and one-tenth of single premiums.

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**FONDIARIA SAI GROUP**

**Consolidated Profit&Loss**

	03/31/2010	03/31/2009	12/31/2009
Net premium	3.501.295	2.507.216	11.888.742
Commission income	14.883	23.843	70.686
Net income on financial instruments at fair value through profit and loss	191.388	18.690	906.125
Income from subsidiaries, associates and joint ventures	0	0	14.212
Income from other financial instruments and investment property	301.682	313.411	1.130.956
<i>Interest income</i>	<i>171.939</i>	<i>217.071</i>	<i>765.794</i>
<i>Other income</i>	<i>38.537</i>	<i>43.207</i>	<i>159.180</i>
<i>Realised gains</i>	<i>90.561</i>	<i>53.068</i>	<i>201.391</i>
<i>Unrealised gains</i>	<i>645</i>	<i>65</i>	<i>4.591</i>
Other revenues	97.102	211.604	682.277
<b>TOTAL REVENUES</b>	<b>4.106.350</b>	<b>3.074.764</b>	<b>14.692.998</b>
Net charges relating to claims	-3.371.156	-2.156.568	-11.872.025
Commission expense	-10.806	-18.654	-38.261
Charges from subsidiaries, associates and joint ventures	-1.287	-1.311	-83.540
Charges from other financial instruments and investment property	-101.722	-183.602	-498.384
<i>Interest expense</i>	<i>-20.344</i>	<i>-39.050</i>	<i>-102.652</i>
<i>Other expense</i>	<i>-15.892</i>	<i>-29.432</i>	<i>-65.698</i>
<i>Realised losses</i>	<i>-21.410</i>	<i>-41.059</i>	<i>-110.428</i>
<i>Unrealised losses</i>	<i>-44.076</i>	<i>-74.061</i>	<i>-219.606</i>
Management expense	-460.273	-449.710	-1.910.631
<i>Commissions and other acquisition expense</i>	<i>-351.945</i>	<i>-338.713</i>	<i>-1.458.127</i>
<i>Investment management expense</i>	<i>-2.529</i>	<i>-3.297</i>	<i>-12.458</i>
<i>Other administrative expense</i>	<i>-105.799</i>	<i>-107.700</i>	<i>-440.046</i>
Other costs	-272.700	-210.850	-815.292
<b>TOTAL COSTS AND CHARGES</b>	<b>-4.217.944</b>	<b>-3.020.695</b>	<b>-15.218.133</b>
<b>PROFIT (LOSS) FOR THE PERIOD BEFORE TAX</b>	<b>-111.594</b>	<b>54.069</b>	<b>-525.135</b>
Tax	10.300	-22.870	132.940
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>-101.294</b>	<b>31.199</b>	<b>-392.195</b>
<b>PROFIT (LOSS) ON DISCONTINUED OPERATIONS</b>	<b>-3.069</b>	<b>0</b>	<b>682</b>
<b>CONSOLIDATED PROFIT (LOSS)</b>	<b>-104.363</b>	<b>31.199</b>	<b>-391.513</b>
<b>attributable to the Group</b>	<b>-92.281</b>	<b>20.964</b>	<b>-342.593</b>
<b>attributable to Minorities</b>	<b>-12.082</b>	<b>10.235</b>	<b>-48.920</b>

**FONDIARIA SAI GROUP**

**Highlights Net Financial Position**

	31-mar-10	31- dec- 09	Ch. %	€/ <i>000</i> 31-mar-10 Pro forma
<b>INVESTMENTS</b>				
Investment properties	3.009.804	2.580.936	16,62%	2.523.316
Investments in subsidiaries, associates and joint ventures	387.105	366.688	5,57%	295.876
Held to maturity assets	865.713	808.473	7,08%	890.458
Loans and receivables	2.776.079	2.908.010	-4,54%	2.737.664
Available-for-sale financial assets	19.746.770	18.896.658	4,50%	19.201.919
Assets at fair value through profit and loss	9.318.118	8.655.108	7,66%	8.001.727
<b>Total investments</b>	<b>36.103.589</b>	<b>34.215.873</b>	<b>5,52%</b>	<b>33.650.960</b>
Tangible assets: buildings and other	495.763	930.898	-46,74%	1.251.921
<b>Total no-current assets</b>	<b>36.599.352</b>	<b>35.146.771</b>	<b>4,13%</b>	<b>34.902.881</b>
Cash and cash equivalents	768.225	576.033	33,36%	519.789
<b>Total no-current assets and cash</b>	<b>37.367.577</b>	<b>35.722.804</b>	<b>4,60%</b>	<b>35.422.670</b>
<b>NET TECHNICAL RESERVES</b>				
<b>Non-Life net technical reserves</b>				
Provision for unearned premiums	2.499.458	2.587.895	-3,42%	2.546.789
Provision for outstanding claims	8.378.321	8.376.629	0,02%	7.914.383
Other provisions	12.419	13.542	-8,29%	14.157
<b>Total Non-Life net technical reserves</b>	<b>10.890.198</b>	<b>10.978.066</b>	<b>-0,80%</b>	<b>10.475.329</b>
<b>Life net technical reserves</b>				
Mathematical provision	14.095.568	13.339.830	5,67%	13.873.372
Provision for outstanding claims	219.195	153.354	42,93%	181.949
Provisions for policies where the investmen risk is borne by the policyholders	6.941.658	6.265.181	10,80%	4.255.855
Other provisions	189.361	111.319	70,11%	-247.192
<b>Total Life net technical reserves</b>	<b>21.445.782</b>	<b>19.869.684</b>	<b>7,93%</b>	<b>18.063.984</b>
<b>Total net technical reserves</b>	<b>32.335.980</b>	<b>30.847.750</b>	<b>4,82%</b>	<b>28.539.313</b>
<b>FINANCIAL LIABILITIES</b>				
Financial liabilities at fair value through profit and loss	1.038.981	1.040.425	-0,14%	1.047.769
Other financial liabilities	2.017.520	2.085.415	-3,26%	3.352.534
	1.554.594	1.624.620	-4,31%	1.833.178
<b>Total financial liabilities</b>	<b>4.611.095</b>	<b>4.750.460</b>	<b>-2,93%</b>	<b>6.233.481</b>

FONDIARIA SAI GROUP  
Segment Report

€/000

		Non-Life	Life	Real Estate	Other Activities	Intersegmental Elision	Total
1.1	Net Retained Premium	1.778.676	1.722.619				3.501.295
1.2	Commission income		3.375		12.049	-541	14.883
1.3	Net income on financial instruments at fair value through profit and loss	-804	191.245	-643	1.590		191.388
1.4	Income from subsidiaries, associates and joint ventures						0
1.5	Income from other financial instruments and investment property	94.786	185.986	7.954	17.580	-4.624	301.682
1.6	Other revenues	77.667	9.548	24.632	140.876	-155.621	97.102
<b>1</b>	<b>TOTAL REVENUES</b>	<b>1.950.325</b>	<b>2.112.773</b>	<b>31.943</b>	<b>172.095</b>	<b>-160.786</b>	<b>4.106.350</b>
2.1	Net charges relating to claims	-1.415.649	-1.955.507				-3.371.156
2.2	Commission expense		-6.559		-4.247		-10.806
2.3	Charges relating to subsidiaries, associates and joint ventures			-1.230	-57		-1.287
2.4	Chargers relating to other financial instruments and investment property	-49.987	-35.511	-13.408	-7.440	4.624	-101.722
2.5	Management expense	-384.434	-56.173	-46	-72.061	52.441	-460.273
2.6	Other costs	-218.213	-31.897	-27.732	-98.579	103.721	-272.700
<b>2</b>	<b>TOTAL COSTS AND CHARGES</b>	<b>-2.068.283</b>	<b>-2.085.647</b>	<b>-42.416</b>	<b>-182.384</b>	<b>160.786</b>	<b>-4.217.944</b>
	<b>PROFIT (LOSS) FOR THE YEAR BEFORE TAX</b>	<b>-117.958</b>	<b>27.126</b>	<b>-10.473</b>	<b>-10.289</b>	<b>0</b>	<b>-111.594</b>
	<b>PROFIT (LOSS) FOR THE YEAR BEFORE TAX PREVIOUS YEAR PROFORMA</b>	<b>84.068</b>	<b>-18.288</b>	<b>-7.895</b>	<b>-3.816</b>	<b>0</b>	<b>54.069</b>