

## PRESS RELEASE

### FONDIARIA-SAI S.p.A.: CONSOLIDATED INTERIM REPORT AT SEPTEMBER 30, 2012 APPROVED

**COMBINED RATIO AT 99.3% (103.9% IN 9M 2011)**

**IMPAIRMENTS ON AFS FINANCIAL INSTRUMENTS FOR EURO 79.5 MILLION (EURO 218.0 MILLION IN 9M2011)**

**CONSOLIDATED RESULT REPORTS SUBSTANTIAL BREAK-EVEN, DESPITE EXTRAORDINARY EVENTS, INCLUDING THE BANKRUPTCY OF IMCO AND SINERGIA AND THE EARTHQUAKE IN EMILIA, WITH NEGATIVE IMPACTS RESPECTIVELY OF EURO 86 MILLION AND EURO 44 MILLION**

**Total premiums written** of Euro 7,222 million, contracting 13.3% on 9M 2011.

#### Technical performance

- Total claims reported reducing 10.7%, with Motor TPL -17.9% on 9M 2011.

#### Consolidated net result for the period

Consolidated net loss reported of Euro 1.1 million (loss of Euro 211.7 million in 9M 2011)  
AFS financial instrument impairments impact for Euro 79.5 million (Euro 218.0 million in 9M 2011)  
and the bankruptcy of Imco and Sinergia for Euro 85.8 million.

#### Balance Sheet

Total Shareholders' Equity of Euro 3,237.2 million (Euro 1,556.7 million at December 31, 2011 and Euro 1,850.3 million at June 30, 2012).  
Adjusted Solvency margin of 142.5% (78.2% at the end of 2011).

**Bologna, November 13, 2012.** The Board of Directors of Fondiaria-SAI S.p.A., in a meeting today chaired by **Fabio Cerchiai**, approved the Group Interim Report at September 30, 2012 and the new Group organisational structure.

The **consolidated net result** for the first nine months of 2012 reports a loss of Euro 1.1 million (loss of Euro 211.7 million in 9M 2011): the result was impacted by AFS financial instrument impairments of Euro 79.5 million (Euro 218.0 million in the same period of the previous year) and the bankruptcy of Imco and Sinergia for Euro 85.8 million. However, the result benefitted from the strong financial management performance in the first part of the year and the significant technical improvement in the Non-Life division, in which the current operating performance remains strong with a significant reduction in claims reported in the Motor TPL Class and a drop in the claims frequency.

Premiums written in the Life segment decreased significantly due to the difficult global economic environment; however, the overall results of the segment were satisfactory thanks to the financial management performance.

"The Board has recently taken office and reviewed the results of the Fondiaria-SAI Group for the first nine months of 2012" declared Chief Executive Officer **Carlo Cimbri**. "From today, with the new structure, a new phase begins for the Group. Managerial transparency, quality and operational efficiency will be the key factors to re-establish the historic profit levels of the Fondiaria-SAI Group over time" continued Cimbri. "The commitment and quality which employees, agents and management have shown in this transitional phase are the founding qualities for improved performance which, following the review and resolution of pre-existing issues, are producing their first effects" concluded the Chief Executive Officer.

In the **Non-Life** Division, direct premiums written amounted to Euro 4,700 million – a contraction therefore (7.6%) on 9M 2011.

In the **Motor** sector, premiums amounted to Euro 3,194.1 million (Euro 3,459.8 million in 9M 2011). The decrease in direct business premiums in the **Motor TPL** class of approx. 7% highlights the stepping up of restructuring actions on the portfolio.

The contraction in premiums written in the **Land Vehicle** Class was in line with the half-year results (-12%), which continue to be affected by the drop in new vehicle registrations.

In the **Other Non-Life** Classes, premiums fell by approx. 7.3% to Euro 1,505.9 million; this decrease is principally due to the Corporate sector and the programmed withdrawal from the sectors reporting poor technical performances. Premiums from retail customers were stable despite the difficult economic environment.

The improvement in the technical performance of the Non-Life division follows the reduction in claims reported (-10.7%), particularly supported by the performance in the Motor sector (-18.8%).

Due to the outlined above the **Loss Ratio (net of reinsurance)** decreased to 74.7% while the **Expense Ratio** was 21.2% (respectively 79.2% and 21.8% in 9M 2011). The **Combined Ratio**, including Other Technical Items, amounted to 99.3% from 103.9% in 9M 2011. The Combined Ratio calculated on direct business stood at 101.6% compared to 103.8% in 9M 2011. The earthquake in Emilia Romagna impacted this result for 2.2 percentage points.

**Non-Life insurance operations** report a return to a pre-tax profit which totaled Euro 38.2 million, significantly improving on a loss of Euro 296.7 million in the first nine months of 2011.

**Life Division** direct premiums written amounted to Euro 2,518.8 million (-22.3%): the drop in premiums relates to the economic environment and the issues currently affecting the bancassurance market. Class III reports a contraction of approx. 61%, only partially offset by the significant growth in Class I (+54%).

This Sector reports a pre-tax profit of Euro 74.6 million (Euro 111.6 million in 9M 2011); the impact of impairments in the sector totaled Euro 28.1 million.



The **Real Estate** sector reports a pre-tax loss of Euro 35 million (loss of Euro 0.9 million in the first nine months of 2011). This sector performance did not benefit from sales and incurred depreciation on real estate investments of Euro 22.3 million, in addition to impairments on a number of real estate initiatives.

The **Other Activities** sector reports a loss of Euro 32.6 million (loss of Euro 36.6 million in the previous year). The loss is principally due to the poor performance of BancaSAI (impacted for Euro 16.7 million by the bad debts concerning Im.Co and Sinergia) and of Centro Oncologico Fiorentino. The result does not include the negative contribution of Atahotels, which was reclassified under discontinued assets.

The **discontinued operations result** was a loss of Euro 11.5 million and included the loss in the period of the Atahotels Group of Euro 13.8 million and the gain of Euro 2.3 million from the sale of the holding in IGLI S.p.A..

Excluding the contribution of the financial instruments recorded at fair value through profit or loss, the total net income from investments amounted to Euro 599 million (Euro 412 million in 9M 2011).

The **consolidated net equity**, including the results for the period and minority interest shares, increased from Euro 1,556.7 million at December 31, 2011 to Euro 3,237.2 million at September 30, 2012, principally due to the recent share capital increase.

In relation to the Adjusted **Solvency Margin**, at September 30, 2012 the coverage compared to the required Group margin stood at 142.5%<sup>1</sup> compared to 78.2% at the end of 2011.

### **Significant events after the end of the quarter and outlook**

On November 5, 2012 the new Board of Directors of Fondiaria-SAI took office, based on the slate presented by the majority shareholder Unipol Gruppo Finanziario S.p.A..

Management will focus on consolidating the work performed to date on the integration project, towards a conclusion of the merger operations between the companies Premafin, Fondiaria-SAI, Milano Assicurazioni and Unipol Assicurazioni, which represent a vital step for the restructuring and simplification of the Group, in order to fully draw on the synergies identified.

---

<sup>1</sup> The coverage ratio is determined with reference to the margin required at the end of the previous year.



The Interim Report at September 30, 2012 will be made available to the public at the registered offices in Turin, Corso G. Galilei 12 and at the stock market management company Borsa Italiana S.p.A. by November 14, 2012. The report will also be available at the internet site of the Company at [www.gruppofondiarisai.it](http://www.gruppofondiarisai.it).

The Executive Responsible for the preparation of the corporate accounting documents, Massimo Dalfelli, 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.

∞∞∞∞∞∞∞∞

Following the appointment of the new Board by the Shareholders' Meeting of October 30, 2012, the Board of Directors of the Company today considered the independence of the new directors.

Following the evaluations carried out today, in which each of the directors' positions were duly considered, applying criteria in line with best international practice which focuses particularly on "substantive" independence, the Board of Directors declared:

- the independence of Messrs. Ethel Frasinetti, Maria Lillà Montagnani, Nicla Picchi, Barbara Tadolini, Angelo Busani and Giampaolo Galli in accordance with Article 147-*ter* of Legislative Decree of No. 58/98 and the Self-Governance code of listed companies;
- the independence of Oscar Guidetti only in accordance with Article 147-*ter* of Legislative Decree No. 58/98.



## **Definitions and Glossary**

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

### ***Press Office***

Tel. +39 02-64029101

### ***Investor Relations***

Giancarlo Lana  
Floriana Amari  
Tel. +39 011-66 57 642  
Tel. +39 02-64 02 25 74  
[investorrelations@fondiaria-sai.it](mailto:investorrelations@fondiaria-sai.it)

### ***AD Hoc Communication Advisor***

Sara Balzarotti  
Mob. +39 335 1415584  
Pietro Cavalletti  
Mob. +39 335 1415577

## FONDIARIA SAI GROUP

### Highlights Net Financial Position

(in Euro thousands)

	Sep 30, 2012	June 30, 2012	Cge. %	Dec 31, 2011
<b>INVESTMENTS</b>				
Investment properties	2,495,763	2,449,163	1.90%	2,759,245
Investments in subsidiaries, associates and joint ventures	113,144	107,490	5.26%	116,558
Held to maturity assets	743,814	725,783	2.48%	599,713
Loans and receivables	3,637,108	3,873,274	-6.10%	3,688,865
Available-for-sale financial assets	20,126,899	18,033,249	11.61%	17,598,287
Assets at fair value through profit and loss	6,711,878	7,141,422	-6.01%	9,026,664
<b>Total investments</b>	<b>33,828,606</b>	<b>32,330,381</b>	<b>4.63%</b>	<b>33,789,332</b>
Tangible assets: buildings and other	377,634	375,925	0.45%	401,744
<b>Total non-current assets</b>	<b>34,206,240</b>	<b>32,706,306</b>	<b>4.59%</b>	<b>34,191,076</b>
Cash and cash equivalents	842,559	953,835	-11.67%	976,582
<b>Total non-current assets and cash</b>	<b>35,048,799</b>	<b>33,660,141</b>	<b>4.13%</b>	<b>35,167,658</b>
<b>NET TECHNICAL RESERVES</b>				
<b>Non-Life net technical reserves</b>				
Provision for unearned premiums	2,213,112	2,493,099	-11.23%	2,584,834
Provision for outstanding claims	9,341,222	9,149,333	2.10%	9,406,518
Other provisions	9,703	9,670	0.34%	10,353
<b>Total Non-Life net technical reserves</b>	<b>11,564,037</b>	<b>11,652,102</b>	<b>-0.76%</b>	<b>12,001,705</b>
<b>Life net technical reserves</b>				
Mathematical provision	296,083	462,187	-35.94%	357,543
Provision for outstanding claims	14,865,912	14,822,452	0.29%	15,073,121
Provisions for policies where the investmen risk is borne by the p	6,065,361	6,347,564	-4.45%	7,666,345
Other provisions	-279,175	-508,439	n.s	-693,089
<b>Total Life net technical reserves</b>	<b>20,948,181</b>	<b>21,123,764</b>	<b>-0.83%</b>	<b>22,403,920</b>
<b>Total net technical reserves</b>	<b>32,512,218</b>	<b>32,775,866</b>	<b>-0.80%</b>	<b>34,405,625</b>
<b>FINANCIAL LIABILITIES</b>				
Hybrid liabilities	1,040,681	1,050,006	-0.89%	1,049,467
Financial liabilities at fair value through profit and loss	579,445	716,578	-19.14%	1,303,886
Other financial liabilities	728,857	761,776	-4.32%	789,920
<b>Total financial liabilities</b>	<b>2,348,983</b>	<b>2,528,360</b>	<b>-7.09%</b>	<b>3,143,273</b>

**FONDIARIA SAI GROUP**  
**Consolidated Profit & Loss**

(in Euro thousands)

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

## FONDIARIA SAI GROUP

### Segment Report

(in Euro thousands)

	Non-Life	Life	Real Estate	Other Activities	Intersegmental	Total
1.1 Net Retained Premium	4,851,506	2,513,508				7,365,014
1.2 Commission income		2,110		17,554	-7,671	11,993
1.3 Net income on financial instruments at fair value through profit and loss	1,475	449,435	-628	1,688		451,970
1.4 Income from subsidiaries, associates and joint ventures	202		229			431
1.5 Income from other financial instruments and investment property	318,145	533,363	39,906	42,930	-19,399	914,945
1.6 Other revenues	297,232	42,188	17,084	402,004	-532,798	225,710
<b>1 TOTAL REVENUES</b>	<b>5,468,560</b>	<b>3,540,604</b>	<b>56,591</b>	<b>464,176</b>	<b>-559,868</b>	<b>8,970,063</b>
2.1 Net charges relating to claims	-3,624,886	-3,179,525				-6,804,411
2.2 Commission expense		-1,496		-4,293		-5,789
2.3 Charges relating to subsidiaries, associates and joint ventures	-8,603		-206	-2,213		-11,022
2.4 Charges relating to other financial instruments and investment property	-182,206	-63,737	-52,228	-18,602	11,448	-305,325
2.5 Management expense	-1,034,837	-150,198	-149	-226,540	184,325	-1,227,399
2.6 Other costs	-579,842	-71,094	-39,017	-245,129	364,095	-570,987
<b>2 TOTAL COSTS AND CHARGES</b>	<b>-5,430,374</b>	<b>-3,466,050</b>	<b>-91,600</b>	<b>-496,777</b>	<b>559,868</b>	<b>-8,924,933</b>
<b>PROFIT (LOSS) BEFORE TAX 30/9/21012</b>	<b>38,186</b>	<b>74,554</b>	<b>-35,009</b>	<b>-32,601</b>	<b>0</b>	<b>45,130</b>
3 Income tax						-34,741
<b>PROFIT (LOSS) AFTER TAX</b>						<b>10,389</b>
4 Profit (Loss) from discontinued operations						-11,509
<b>CONSOLIDATED PROFIT (LOSS) 30/9/2012</b>						<b>-1,120</b>
<b>o/w of the Group</b>						<b>-20,971</b>
<b>o/w of Minorities</b>						<b>19,851</b>
<b>PROFIT (LOSS) BEFORE TAX 30/9/2011</b>	<b>-296,689</b>	<b>111,559</b>	<b>-920</b>	<b>-36,568</b>	<b>0</b>	<b>-222,618</b>