INTERIM REPORT
AT 30 SEPTEMBER 2013

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 29 APRIL 1923, ENACTED INTO LAW NO. 473 OF 17 APRIL 1925

CORPORATE BOARDS OF 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

PRICEWATERHOUSECOOPERS 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 29 April 2013 for the three-year period 2013, 2014 and 2015 and therefore until the approval of the 2015 Annual Accounts.

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

The Board of Directors of FONDIARIA-SAI in the meeting of 8 May 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.

CONTENTS

INTERIM REPORT
AL 30 SETTEMBRE 2013

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

FIRST NINE MONTHS 2013 HIGHLIGHTS

- On 15 January 2013 IVASS announced the opening of the authorisation procedure of the merger by incorporation into Fondiaria-SAI of Premafin, Unipol Assicurazioni and Milano Assicurazioni, on 28 December 2012. On 25 July 2013, on conclusion of the process, IVASS approved the merger - as described in greater detail below;

- On 28 January 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 Milano Assicurazioni S.p.A., approved by the Board of Directors of the participating companies in the merger on 20 December 2012 was filed at the registered office of the Company and published on the Company website 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 7 September 2005;

- The Shareholders' Meeting of Fondiaria-SAI S.p.A. called on the request of the *ad acta* representative Mr. Matteo Caratozzolo and meeting on 14 March 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.
  In parallel, the Shareholders' Meeting of Milano Assicurazioni S.p.A. 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;

- The Special Class A Savings Shareholders' Meeting of Fondiaria-SAI S.p.A. of 26 March 2013 authorised the contestation of the motions taken by the Extraordinary Shareholders' Meeting of Fondiaria-SAI S.p.A. on 27 June 2012. For further details, reference should be made to the section "Other Information";

- On 17 April 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 20 March 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 21 December 2012. For further information in this 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 17 March 2013, Protocol No. 13032789";

- The Shareholders’ Meeting of Fondiaria-SAI S.p.A. of 29 April 2013 appointed the Board of Directors for the three years 2013, 2014 and 2015 and, therefore, until the approval of the 2015 Annual Accounts.
  Fabio Cerchiai was also appointed as Chairman of the Company, according to the proposal drawn-up by Premafin HP S.p.A..
  The Board of Directors at the meeting of 28 May 2013 formally verified the independence of the qualifying Directors, in addition to appointing the Corporate Boards and the members of the Board Committees;

- On 28 June 2013, Fondiaria-SAI S.p.A. and its direct and indirect subsidiaries Milano Assicurazioni S.p.A., Saifin Saifinanziaria S.p.A. and SIAT S.p.A., under the share capital increase of RCS Mediagroup S.p.A., approved by the Shareholders’ Meeting of 30 May 2013, fully exercised the 6,003,185 options available on the basis of shares held (post reverse stock-split), of which 5,777,150 bound by the RCS Mediagroup S.p.A. Blocking and Consultation Shareholder Agreement, with a further 226,035 shares not bound by the Agreement.

- The Shareholders’ Meeting of Fondiaria-SAI S.p.A. of 30 July 2013 in second call approved by a 99.99% majority of ordinary Shareholders represented at the meeting the pursuit of a corporate responsibility action against some ex-Directors and Statutory Auditors, as approved by the Board of Directors in the report prepared for the Shareholders’ Meeting and made public in accordance with law;

- The 30 July 2013 Meeting also approved the advance conclusion (with residual years 2013-2018) of the audit appointment of the company Reconta Ernst & Young S.p.A., in addition to the simultaneous appointment of PricewaterhouseCoopers S.p.A., principal Auditor of the Unipol Group, for the auditing of accounts for the period 2013-2021, in accordance with the terms and conditions indicated in the Shareholders’ Meeting proposals’ illustrative report also published in accordance with law.

Key Group data

(Euro millions)	9 M 2013	9 M 2012	Q3 2013	Q3 2012
Net profit/(loss) (*)	324	(1)	152	(26)
Total gross premiums written	6.992	7.222	1.676	2.228
of which:				
Gross Non-Life premiums written	4.201	4.703	1.149	1.300
Gross Life premiums written	2.791	2,519	527	928
Investment policies written	29	30	8	7
APE	262	222	48	84
Non-Life combined ratio (premiums retained)	91.8	99.3	86.6	101.8
Non-Life expense ratio (premiums retained)	22.1	21.2	22.9	19.6
Life expense ratio (premiums retained)	5.1	5.8	7.4	5.9
Non- Life combined ratio (direct premiums)	92.3	101.6	92.4	106.0
Non-Life expense ratio (direct premiums)	23.9	23.0	27.9	24.1

	30/09/2013	IFRS 5 (**)	31/12/2012
Investments	30,026	(3,332)	33,859
Cash and cash equivalents	819	(24)	560
Net technical provisions - Non-Life	8,265	(2,681)	11,793
Net technical provisions – Life	20,319	(539)	21,058
Shareholders’ equity(*)	3,065	-	2,763
Adjusted solvency margin	1.3	-	1.1
Index of individual solvency	2.0	-	1.8

(*) Includes the non-controlling interest.

(**) Best estimate at 30/9/2013 of investments and technical provisions ceded in accordance with Anti-trust Authority order of 19 June 2012.

OPERATING PERFORMANCE

The consolidated interim report at 30/09/2013 includes the recommendations of ISVAP Regulation No. 7/07 and was prepared in accordance with Article 154 of Legislative Decree 58/98 and subsequent modifications and based on the regulations for the preparation of financial statements applying the same accounting and consolidation principles utilised for the preparation of the consolidated financial statements at 31/12/2012. In particular, the statement of financial position and income statement data and the explanatory notes were prepared as per accounting standard IAS 34 relating to interim accounts and to satisfy the additional disclosure requirements related to the merger process with Unipol Assicurazioni, Premafin HP and Milano Assicurazioni. Also in relation to this process, the audit firm PricewaterhouseCoopers will carry out a limited audit of the condensed consolidated interim financial statements at 30 September 2013. In the preparation of the interim data, the application of the accounting principles and measurement criteria for the financial statements require, as also recalled in the notes, a greater recourse to estimates and projections.
The data therefore have the function of representing in a reasonably reliable manner the financial position of the Group at 30 September and of providing information on the principal risks and uncertainties for the remaining three months of the year.

Disposals under the Anti-trust Authority order

The Anti-trust Authority order of 19 June 2012 (the "Order") authorised the acquisition of control by Unipol of the Premafin/Fondiaria-SAI Group and specifically the companies Premafin, Fondiaria-SAI and Milano Assicurazioni, prescribing, in accordance with Article 6, paragraph 2 of Law No. 287/90, among other issues, that Unipol disposes of companies and business units comprising, among others, brands, insurance portfolios (comprising significant amounts of premiums) and agency contracts, infrastructure and instrumental resources, for a total value of approx. Euro 1.7 billion.
The Order also establishes that, following the sale of these assets, the Group post-merger shall have its market share at national and regional level reduced to under 30% (or to guarantee the disposal of the entire share acquired under the operation if the 30% share had been held pre-merger) for both the Non-Life and Life businesses considered individually and based on IVASS figures.

The parent company Unipol Gruppo Finanziario instigated a disposal process, inviting major Italian and overseas operators and interested financial investors to participate.
On 8 May 2013 the Board of Directors of Milano Assicurazioni and Fondiaria–SAI and on 9 May 2013 the Board of Directors of Unipol Gruppo Finanziario respectively identified, also in exercising direction and coordination of the Group, the assets subject to disposal, specifically identifying the companies, assets and liabilities, in addition to the contracts and the Mediobanca – Banca di Credito Finanziario S.p.A. debt to be disposed of, to ensure fulfillment of the Order.

In the days immediately following interested investors were sent the Information Memorandum concerning the assets and liabilities to be disposed of, in order to prepare any non-binding offers. In relation to the expressions of interest received following the sending of the Memorandum, a data room was organised and opened to interested parties, a number of which are currently involved in negotiations.

IFRS 5 – Non-current assets held for sale and discontinued assets was applied in relation to the assets subject to disposal from the preparation of the Condensed consolidated half-year financial statements.
In particular, in the consolidated statement of financial position at 30/09/2013 the assets held for sale, amounting to Euro 3,866 million were reclassified to the single account called "Non-current assets held for sale or disposal groups" (account 6.1 of Assets), while the liabilities for Euro 3,615 million were similarly reclassified to a single account called "Liabilities associated with disposal groups" (account 6.1 Liabilities). Both the accounts are net of inter-company transactions.
As the assets and liabilities within the disposal group do not represent collectively "disposed operating assets", the income components held for sale are stated according to the normal classification rules through the various income statement accounts.

The application of IFRS 5 did not have any effects on the consolidated results, nor on the consolidated equity.

The Anti-trust Authority Order also requires the reduction of the holdings in Mediobanca – Banca di Credito Finanziario S.p.A. ("Mediobanca") and Assicurazioni Generali S.p.A., through the full disposal of the equities portfolio held in these companies by the Premafin/Fonsai Group.
The holding in Assicurazioni Generali S.p.A. was fully disposed of in 2012.

In relation to the reduction of the holding of the Premafin/Fonsai Group in Mediobanca, overall comprising 33,019,886 shares (3.83% share capital), on 9 October 2013 Fondiaria-SAI, Milano Assicurazioni and Finsai International sold 23,114,386 ordinary Mediobanca S.p.A. shares, comprising approx. 2.68% of share capital, through an accelerated book-building procedure targeted exclusively at qualifying investors in Italy, under Article 34-*ter*, paragraph 1, letter b of CONSOB regulation NO. 11971/1999, and foreign institutional investors.

The consideration for the shares sold totalled Euro 135 million, with the The additional 9,905,500 Mediobanca shares held by Fondiaria-SAI, comprising 1.15% of the share capital, were not subject to the disposal as concerning forward sales contracts previously undertaken which will be settled by November 2013.

The shares sold were recognised to the financial statements at 30/09/2013 under available-for-sale financial assets and valued at fair value. IFRS 5 is not applicable, as financial assets governed by IAS 39 are expressly excluded under this standard.

Consolidated Income Statement

The following table presents the highlights for the first nine months and for the third quarter compared with the corresponding periods of the previous year.

(in Euro thousands)	9M 2013	9M 2012	Q3 2013	Q3 2012
Net premiums	7,111,648	7,365,014	1,876,780	2,439,327
Net charges relating to claims	5,967,448	6,804,411	1,592,796	2,356,868
Net commissions	1,007	6,204	(1,617)	5,635
Investment income	666,933	599,029	237,168	196,280
Income and charges from financial instruments at fair value through profit or loss	78,315	451,970	70,555	126,455
Operating expenses	1,166,425	1,227,399	365,987	368,792
Other income and charges	(157,913)	(345,277)	23,878	(81,759)
Profit/(loss) before taxes	**566,117**	**45,130**	**247,981**	**(39,722)**
Income taxes	242,263	34,741	95,638	(14,024)
Profit/(loss) after taxes	**323,854**	**10,389**	**152,343**	**(25,698)**
Profit/(loss) from discontinued operations	**31**	**(11,509)**	**31**	**(365)**
Consolidated profit/(loss)	**323,885**	**(1,120)**	**152,374**	**(26,063)**
Non-controlling interest profit	**89,765**	**19,851**	**36,160**	**2,473**
Group net profit/(loss)	**234,120**	**(20,971)**	**116,214**	**(28,536)**

The consolidated profit for the first nine months 2013 totaled Euro 323.9 million compared to a loss of Euro 1 million in 9M 2012. The Comprehensive Income Statement reports a profit of Euro 359 million compared to approx. Euro 630 million in 9M 2012.

The main factors are analysed below:

- The positive Non-Life business underwriting result consolidated in the first nine months of the year, with a combined ratio well below 100 at 91.8% compared to 99.3% in the first nine months of 2012. In relation to direct business, the indicator stands at 92.3% compared to 101.6% in the first nine months of 2012. The positive claims trend and the corresponding reduction in frequency offset the reduction in premiums, particularly in the MV class;

- A good recovery in Life Premiums (+10.8%), driven principally by the bancassurance company Popolare Vita and, in particular, by its subsidiary Lawrence Life. Companies operating through the traditional channels reported stable premiums - testament to the renewed trust in the Group - together with a significant reduction in redemptions;

- A strong financial management performance which, despite continued volatility, enabled an improvement on the 9M 2012 results;

- A limited impact from extraordinary items. The third quarter of 2012 was impacted for approx. Euro 86 million by the write-down of receivables from the bankrupt Im.Co and Sinergia;

- A significant tax charge in the period which highlights the recoverability (together with that recognised to the net equity reserves) of the deferred tax assets recognised to the financial statements in the previous year;

- At 30 September 2013, the adjusted solvency ratio was 1.28 compared with 1.09 at 31/12/2012. The ratio was calculated with reference to the margin required at period-end. If compared with the margin required at the end of the previous year, it would stand at 1.25. These results were not impacted by the application of IFRS 5 to the insurance contract portfolio subject to disposal, as required by the Anti-trust Authority Order of 19 June 2012.

In this context:

- The **consolidated profit** was Euro 323.9 million (loss of Euro 1 million in 9M 2012). Non-controlling interest profit totalled Euro 89.8 million due to the positive contributions from Milano Assicurazioni, Popolare Vita and Lawrence Life.

- The **Non-Life business** recorded a pre-tax profit of Euro 449.9 million, a significant improvement on Euro 38 million in the first nine months of 2012. The strong segment underwriting result (Euro 355.7 million) contributed, against an underwriting profit of Euro 34.6 million in the first nine months of 2012.
  MV premiums reduced significantly (approx. 13%) due to a number of factors, including the challenging economic environment, the selection activities in progress and the abolition of the tacit renewal of MV TPL contracts, which necessitated increased control of the invoicing process.
  A significant reduction in claims and frequency acted to offset this development, in addition to a substantial maintenance of the claims provisions established at the end of the previous year, therefore negating any significant impact on the income statement.
  The General classes reported a considerably more contained contraction (-4.4%), as the portfolio recovery actions were introduced over the preceding two-year period and the reduction was influenced by the domestic recession which hindered the undertaking of insurance coverage by households and businesses.
  The segment result is also affected by impairments of Euro 32.3 million relating to available-for-sale financial instruments (Euro 47.0 million in 9M 2012): of these Euro 10.4 million concerns the impairment of the investment in Alitalia - Compagnia Aerea Italiana S.p.A..

- The **Life business** reports a pre-tax profit of Euro 182.2 million (Euro 74.5 million in 9M 2012).
  Premiums were up significantly (+10.8%) thanks to the Class III contribution (+31%) of over Euro 1 billion, relating to the contribution of the subsidiary Lawrence Life, whose premiums are principally concentrated in the first half of the year.
  Class I premiums, which feature higher future profit margins, reversed the trend in the first half year to report an increase of 1.4% - a significant development in itself as occurring within a persistently volatile general economy. The slowdown in redemptions continued in the first nine months of 2013 compared to the first nine months of 2012.
  The financial management result improved on the first nine months of 2012, thanks to increased net gains in the third quarter.
  The impact of impairments on Available-for-sale Financial Instruments was significantly reduced to Euro 15.5 million (Euro 28.1 million in the first nine months of 2012).

- The **Real Estate sector** recorded a loss before taxes of Euro 41.6 million (compared with a loss of Euro 35 million in the first nine months of 2012), adversely affected by impairment losses on investment property of Euro 16.4 million (Euro 2.4 million in the first nine months of 2012) and depreciation of Euro 22.0 million (Euro 22.3 million in the first nine months of 2012). In particular, the further reductions in property values in the period principally concern the Porto di Loano real estate initiative (through the subsidiary Marina di Loano), for which the valuation model previously utilised at year-end was updated.
  Given the continued stagnation within the sector no disposals were made and operations focused on, in addition to cost control, the restructuring of the existing portfolio which features specific initiatives which may not be easily disposed of such as the Castello Area in Florence or the previously stated Porto di Loano.

- The **Other Activities sector**, which includes companies active in the financial and asset management sector, recorded a loss before taxes of Euro 24.3 million (loss of Euro 32.6 million in 9M 2012).
  The poor results are due to the ongoing structural losses of the Centro Oncologico Fiorentino and of Atahotels, in addition to the loss of Sainternational S.A. in liquidation following the write-down of the RCS shares in portfolio.
  The 2012 result did not include the negative impact from Atahotels, which had been included under assets held-for-sale, with subsequent removal from this classification due to the renewed interest of the Group in its future development.

- **Operating expenses** amounted to Euro 1,166.4 million (Euro 1,227 million in 9M 2012), decreasing approx. 5%, essentially due to the reduction in acquisition commissions following the contraction in Non-Life business.

- Excluding the contribution of the financial instruments recorded at fair value through profit or loss, the **total net income from investments** amounted to Euro 667.0 million (Euro 599.0 million in 9M 2012). This amount includes Euro 664.9 million of interest income, Euro 35.1 of other net income and Euro 124.5 million of net gains on movable and immovable property.
  Unrealised losses totalled approx. Euro 118.5 million. Interest expense of Euro 38.4 million (Euro 45.4 million in the first nine months of 2012) refers almost entirely to the financial debt.
  The balance of valuation items includes Euro 48.0 million (Euro 79.5 million at 30/09/2012) in value adjustments on available-for-sale financial assets and Euro 51.4 million (Euro 54.3 million at 30/09/2012) in investment property depreciation.

- The contribution of **financial instruments recognised at fair value through profit and loss** was Euro 78.3 million (Euro 452.0 million at 30/09/2012). This item includes net income from financial activities where the risk is borne by the policyholders (Euro 113.2 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. Excluding the life policyholder component, the account was negative essentially due to derivative hedging losses, in turn offset by gains on the underlying securities.

- **The net income (charge) from investments in subsidiaries, associates and joint ventures** was a charge of Euro 0.6 million.

- **Other revenues and costs** amounted to a net charge of Euro 157.9 million (net charge of Euro 345.3 million in 9M 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 25.4 million. The first nine months of 2012 includes write-downs of Euro 86.0 million against receivables from the Im.Co - Sinergia Group.

- The **income tax charge** totals Euro 242.3 million and includes the reversal of deferred tax assets following the significant absorption of some of the tax losses realised in prior periods in accordance with tax legislation.
  The tax rate for the period is substantially in line with the half-year, while significantly more contained compared to the same period of 2012 due to a higher pre-tax profit which normalised both IRAP and IRES rates, this latter benefitting from the normalised effects from exempt revenues.

- The **result from discontinued operations** includes the result of the subsidiary Saint George Capital Management S.A.. The result for the first nine months of 2012 included the loss for the period of the Atahotels Group of Euro 13.8 million (previously classified to discontinued operations) and a gain of Euro 2.3 million from the sale of the investment in IGLI S.p.A..

It is noted finally that the net result was not influenced by significant non-recurring events or transactions outside the normal course of business.

Comprehensive Income Statement

The Comprehensive Income Statement results, shown in the relevant tables and expanded upon in the notes, are summarised below.
The significant improvement in the first nine months of 2012 was principally due to the recovery of share prices in the period, benefitting the fair value of available-for-sale financial instruments in portfolio (in particular Italian sovereign debt securities).
Progress in the first nine months of 2013 was more contained, due to the relative stability of the financial markets in the period.

(in Euro thousands)	**9M 2013**	**9M 2012**	**Change**
Consolidated profit/(loss)	323,885	(1,120)	325,005
Other Comprehensive Income Statement items	35,478	630,946	(595,468)
Total Comprehensive Income Statement	**359,363**	**629,826**	**(270,463)**
of which:			
Group	260,844	417,829	(156,985)
Non-controlling interest	98,519	211,997	(113,478)

In accordance with paragraph IAS 1.82A, introduced with the amendment to IAS 1 issued on 16 June 2011 (see Amendments to IAS 1 “Presentation of Other Comprehensive Income Statement items”, enacted through Regulation (EC) 475/2012, and applicable to financial statements beginning 1 July 2012), the accounts of the section concerning “Other Statements of Comprehensive Income items” are separated based on type, in addition to whether or not they may be reclassified to profit (loss) for the period in the presence of particular conditions.

For a detailed breakdown of the Comprehensive Income Statement, please see the full version.

Premiums written

The first nine months of 2013 reported total premiums of Euro 6,991.8 million (-3.19%), broken down as follows:

(in Euro thousands)	9M 2013	9M 2012	Change %
DIRECT PREMIUMS			
Non-Life business	4,198,600	4,700,026	(10.67)
Life business	2,790,054	2,518,844	10.77
Total direct premiums	*6,988,654*	*7,218,870*	*(3.19)*
INDIRECT PREMIUMS			
Non-Life business	2,655	3,102	(14.41)
Life business	464	465	(0.28)
Total indirect premiums	*3,119*	*3,567*	*(12.56)*
TOTAL	**6,991,773**	**7,222,437**	**(3.19)**
of which:			
Non-Life business	4,201,255	4,703,128	(10.67)
Life business	2,790,518	2,519,309	10.77

Segment Income Statement

(in Euro thousands)

		Non-Life Insurance		Life Insurance		Real Estate		Other		Inter-segment Eliminations		Total	
		9M 2013	9M 2012	9M 2013	9M 2012	9M 2013	9M 2012	9M 2013	9M 2012	9M 2013	9M 2012	9M 2013	9M 2012
1.1	Net premiums	4,326,333	4,851,506	2,785,315	2,513,508	0	0	0	0	0	0	7,111,648	7,365,014
1.1.1	*Gross premiums written*	*4,556,664*	*5,079,240*	*2,790,519*	*2,519,309*		*0*		*0*		*0*	7,347,183	7,598,549
1.1.2	*Ceded premiums*	*-230,331*	*-227,734*	*-5,204*	*-5,801*		*0*		*0*		*0*	-235,535	-233,535
1.2	Commission income	0	0	476	2,110		0	13,846	17,554	-8,822	-7,671	5,500	11,993
1.3	Gains and losses of financial instruments at fair value through profit or loss	*-36,881*	*1,475*	115,296	449,435	-1,182	-628	1,082	1,688	0	0	78,315	451,970
1.4	Gains on investments in subsidiaries, associates and interest in joint ventures	*126*	*202*	1	0	18	229	0	0	0	0	145	431
1.5	Gains on other financial instruments and investment property	316,472	318,145	564,973	533,363	38,642	39,906	41,313	42,930	-34,859	-19,399	926,541	914,945
1.6	Other income	326,468	297,232	37,981	42,188	14,017	17,084	488,147	402,004	-523,762	-532,798	342,851	225,710
1	**TOTAL REVENUES AND INCOME**	**4,932,518**	**5,468,560**	**3,504,042**	**3,540,604**	**51,495**	**56,591**	**544,388**	**464,176**	**-567,443**	**-559,868**	**8,465,000**	**8,970,063**
2.1	Net charges relating to claims	-2,926,937	-3,624,886	-3,040,511	-3,179,525	0	0	0	0	0	0	-5,967,448	-6,804,411
2.1.2	*Amounts paid and changes in technical provisions*	*-3,024,579*	*-3,836,495*	*-3,042,999*	*-3,180,988*		*0*					-6,067,578	-7,017,483
2.1.3	*Reinsurers' share*	*97,642*	*211,609*	*2,488*	*1,463*		*0*					100,130	213,072
2.2	Commission expenses	0	0	-467	-1,496		0	-4,026	-4,293		0	-4,493	-5,789
2.3	Losses on investments in subsidiaries, associates and interest in joint ventures	-303	-8,603	0	0	-102	-206	-326	-2,213		0	-731	-11,022
2.4	Losses on other financial instruments and investment property	-120,872	-182,206	-61,658	-63,737	-64,493	-52,228	-18,994	-18,602	6,995	11,448	-259,022	-305,325
2.5	Operating expenses	-960,912	-1,034,837	-147,743	-150,198	-136	-149	-243,125	-226,540	185,491	184,325	-1,166,425	-1,227,399
2.6	Other costs	-473,586	-579,842	-71,478	-71,094	-28,407	-39,017	-302,250	-245,129	374,957	364,095	-500,764	-570,987
2	**TOTAL COSTS AND EXPENSES**	**-4,482,610**	**-5,430,374**	**-3,321,857**	**-3,466,050**	**-93,138**	**-91,600**	**-568,721**	**-496,777**	**567,443**	**559,868**	**-7,898,883**	**-8,924,933**
	PRE-TAX PROFIT/(LOSS)	**449,908**	**38,186**	**182,185**	**74,554**	**-41,643**	**-35,009**	**-24,333**	**-32,601**	**0**	**0**	**566,117**	**45,130**

Directors' Report

ECONOMIC OVERVIEW AND THE INSURANCE MARKET

International economic overview

The continued weakness of the Eurozone and the slowdown in the emerging Asian economies resulted in reduced levels of international trade - despite signs throughout 2013 that the principal advanced economies are improving.

The economies affected by current account deficits have been impacted by the recall of capital prompted by long-term US interest rate increases, leading to funding restrictions and weakening exchange rates. Short-term growth has therefore been affected, with the exception of Eastern Europe, which has benefitted from the strongest internal demand outlook in Europe.

In the first half of 2013, the major industrialised economies reported contained yet stable growth. The US economy improved 2.5% year-on-year, with similar growth expected in the third and fourth quarters of the current year.
The US economy, although expanding, is expected to slow in 2013 (+1.6% estimated 2013 GDP growth according to the Confindustria Research Centre, from 2.8% in 2012) - however taking up again in 2014 (+2.7%). The unemployment rate continues to drop (7.3% in August), consumption figures are improving and inflation is not expected to increase significantly (1.5% in August). The situation however is impacted by fiscal policy tensions and the increase in the debt ceiling which divides the two parties (Democrats and Republicans) in Congress. Growth in the emerging Economies is expected to slow to 4.7%, with a recovery to 5.1% next year.

Japan reported a similar performance with growth of 2.6% in the half-year, highlighting the recovery after the earthquake of March 2011, thanks to the introduction of expansive fiscal and monetary policies, while a number of initiatives to improve the public accounts have been drafted, the first of which concerns the VAT increase from 5% to 8% from next April. 1.6% growth is expected for 2013.

The European and Italian markets

“Country risk” within the Eurozone stabilised over the final weeks of September, although amid geopolitical tensions related to the Syrian crisis impacting the sovereign bond yields of a number of Zone Countries.
On September 5, the European Central Bank confirmed official rates on principal and marginal refinancing operations respectively at 0.5% and 1%.

According to the latest Confindustria Research Centre reports, the Eurozone GDP contraction appeared to level off in the second quarter of 2013, with a slight reduction expected for the 2013 average (-0.3%). An uptake should materialise in 2014 (+1.0%).

The Confindustrial Research Centre improved the GDP forecast for Italy for 2013 and 2014: -1.6% (from -1.9%) and +0.7% (from +0.5%). Economic growth is however still forecast for the fourth quarter of 2013. The sharp drop in overall internal demand, a distinctive feature of the recession in the 2011-2013 period, again decreased (-3.1%), although with a marginal recovery forecast for 2014 (+0.3%).
Exports however are expected to increase 1.4% this year and 2.9% next year, therefore leaving behind the height of the crisis which began seven years previously.

Household consumption is forecast to contract 2.8% in 2013 and 0.1% in 2014, totalling a cumulative contraction of 7.8% since 2007, while investments (including construction) are indicated to pick up in 2014 (+1.2%), after the 5.4% contraction expected for 2013.

Table 1 – Confindustria Research Centre forecasts (change in %)

	2011	2012	2013	2014
Gross Domestic Product	0.4	(2.4)	(1.6)	0.7
Consumption of resident households	0.1	(4.3)	(2.8)	(0.1)
Gross capital investments	(1.8)	(8.0)	(5.4)	1.2
of which: construction	(2.6)	(6.2)	(5.0)	(0.5)
Exports of goods and services	5.9	2.3	1.4	2.9
Imports of goods and services	0.5	(7.7)	(3.4)	1.7
Trade balance[1]	(1.1)	1.1	2.6	3.4
Total employment (FTE)	0.1	(1.1)	(1.5)	(0.2)
Unemployment rate[2]	8.4	10.7	12.1	12.3
Consumer prices	2.8	3.0	1.5	1.7
GNP[3]	1.3	1.0	1.5	1.5
PA current account balance[4]	1.2	2.5	2.3	3.0
PA current year debt[4]	3.8	3.0	3.0	2.6
PA deficit[4]	120.8	127.0	131.7	132.3

Source: CRC workings and estimates on ISTAT and Bank of Italy data
1) *Fob-fob, in % of GDP;*
2) *percentage values;*
3) *per FTE;*
4) *% of GDP.*

Since the beginning of the summer, household and business confidence has risen significantly across all sectors. Manufacturing order forecasts (principally from abroad) stand at the highest levels since October 2011, with consumer spending expectations at their highest since August 2011. The Manufacturing PMI ("Purchasing Manager Index", i.e. the composite index of domestic manufacturing activity) increased in July and August, for the first time in over two years.
In the first eight months of 2013, the trade balance reported a surplus of over Euro 18 billion (slightly under Euro 4 billion in the same period of 2012). Euro 13.7 billion of the improvement relates to lower imports, with Euro 0.3 billion concerning increased exports. On the other hand, internal demand appears very weak: retail sales in the year to July contacted 0.9%. The unemployment rate in August stood at 12.2% (40.1% youth unemployment) and those in employment dropped under 22.5 million, reducing 1.5% compared to August 2012.

On 18 September the ratings agency S&P placed a credit watch on the Italian long-term outlook (BB), with negative repercussions, due both to doubts concerning the capacity to deliver the fiscal consolidation objectives and the probability that Italy would not be able to withstand the requirements fixed by the European Union and International Monetary fund agreements.

Finally however, it is highlighted that in the first nine months of the year the European (EU 27, in addition to the European Free Trade Association countries) car market grew 5.5%, with 1,194,216 new vehicle registrations, compared to 1,132,238 in the same period of the previous year. In the year to August however sales declined 4.9%. In the first nine months of 2013, 9,338,897 new vehicles were registered, decreasing 4% compared to 2012.

The insurance sector

European economic uncertainty continued to affect the insurance industry in recent months.

The Life sector of the Italian insurance market was impacted by restricted household disposable income levels, in addition to very low guaranteed yield rates which could not compete with banking products supported by aggressive marketing campaigns. In particular, due to the liquidity problems experienced by the banks, the significant volatility in the banking channel affected Life product premiums, with insurance products taking a back seat to bonds and deposit accounts.
Despite this, in the first eight months of 2013 "new business" (individual sector) improved 32.8%.
Although disposable income dropped, Italian households continue to strive to ensure an adequate financial cushion, as seen by the savings levels recorded by ISTAT in the first six months of 2013.

The Non-Life business was further impacted by the poor MV sector performance, which was affected by a drop in new vehicle registrations and consequently of the number of insured vehicles, but particularly by the heightened competition between operators which has resulted in a significant reduction in the average premium. As previously indicated, the European car market only entered positive territory in September.

In addition, household budget restrictions resulted in increased client mobility, often in favour of direct insurance companies, in addition to individuals refusing to take up insurance - two factors which further impacted business volumes.

Overall Non-Life and Life business premiums of Italian companies and by representatives in Italy of non-EEA companies in the first half of 2013 amounted to Euro 59.8 billion, an increase of approx. 11.7% on the same period of 2012. The improvement particularly relates to Life insurance premiums of approx. Euro 42.6 billion, increasing by over 20.2%, with a percentage of the overall Life and Non-Life portfolio of 71.3% (66.2% in the same period of 2012).

On the other hand, the Non-Life portfolio, which totalled approx. Euro 17.2 billion, contracted by approx. 5%, accounting for 28.7% of the total portfolio (33.8% in the same period of 2012).

Changes to the regulatory framework

With reference to the principal regulatory developments concerning the Italian insurance market in the first nine months of 2013, the following information is provided.

Direct compensation

From 1 January 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 11 December 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 1 January 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 1 January 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 6 July 2012 (urgent provisions for the review of public expenditure with continuity of citizen services) converted into Law No. 135 of 7 August 2012, was undertaken in order to ensure the full integration of insurance supervisory activities through a closer link 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.

Anti-Money Laundering/Anti-Terrorism: sufficient checks and Centralised Archive

On 3 April the Bank of Italy adopted two measures concerning anti-money laundering/anti-terrorism (sufficient checks and a Centralised Archive).

The first, concerning sufficient checks, is not applied to insurance companies and their distribution network, however knowledge of such is considered necessary as forming a reference point for the IVASS measure on the same issue which will come under public consultation shortly.
The second, concerning a Centralised Archive, however also concerns insurance companies. The Centralised Archive, compiled and managed through IT systems, centralises the data and information acquired from the identification and registration requirements as set out under the Anti-Money Laundering Decree and the orders issued by the Bank of Italy.

The orders enter into force from 1 January 2014 and will be applied to contracts signed and operations carried out from that date.

Home insurance

In July, IVASS published the “Home insurance” provision, enacting Article 22, paragraph 8 of Legislative Decree No. 179 of 18 October 2012 concerning urgent measures for economic growth. From 1 September 2013, consumers signing an insurance policy may request access to a login area of the insurance company website, with protected access to consult in real time their insurance profile, verifying their coverage, the redemption value of their life policy or the value of insurance products with financial content, consulting and downloading the coverage certification for MV TPL policies and receiving periodic communications from their insurer.

The IVASS provision outlines the content of the protected areas and the transparency measures and allows the individual companies to provide further client options, such as for example online insurance premium payment procedures.

Reduction of tax deductions on Life policies

Legislative Decree No. 102 of 31 August 2013 “Urgent home property tax measures, other property taxes, in support of housing and local finance policies, in addition to lay-off scheme and pension provisions”, provides for a maximum premium deduction reduced to Euro 630 for 2013 and Euro 230 for 2014 and subsequent years from the current Euro 1,291.14.

The measure applies to policies covering the risk of death, permanent invalidity above 5% and long-term care (loss of self-sufficiency in everyday life). The provision, in addition, concerns also contracts signed or renewed before 2001, which included a tax on premiums of 2.5%.

At the time of writing, the provision has been approved with an amendment proposal increasing the 2014 deduction limit to Euro 530, which the Decree had reduced to Euro 230.
From the same tax period the ceiling returns to Euro 1,291.14, “limited to premiums” relating to the risk of non self-sufficiency. The deductibility of life and accident premiums signed or renewed by 2000 increases from Euro 230 to Euro 530.

The measure is financed by the removal of the deductibility of the share of MV TPL premiums allocated to the National Health Service. The deductibility reduction to Euro 630 for 2013 is therefore confirmed.

Car Tax Disks

The Ministry of Economic Development Decree No. 110 of 9 August 2013 defines the regulation enacted by the Liberalisation Decree (LD 1/2012), which entered into force from 18 October 2013. Over a period of two years, paper MV TPL discs will be phased out: during checks police may refer to a centralised MV policy databank, updated in real time.
The provision was introduced both to reduce incidences of fraud and to speed up and automate vehicle checks.

Solvency II: recent regulatory changes

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, likely to take place in February 2014. The document should include significant amendments to the 2014/138/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 2 October 2013, the European Commission also presented, on the request of Commissioner Michel Barnier, a further Directive proposal (so called "Quick Fix 2", which follows on from that of May 2012 ahead of the entry into force of the new system from 1 January 2014), which postpones Solvency II to 1 January 2016, in addition to the relative transposition into domestic law of the Member States to 30 January 2015.

As noted, 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); the Authorities must send the EIPOA a Progress Report from 25 February 2015 concerning 2014. The Guidelines, whose consultation on the market concluded on 19 June 2013, seek to establish a uniform advance introduction of Solvency II, concentrating efforts initially on a number of specific issues, such as: Governance, Own Risk and Solvency Assessment, the pre-application phase of the Internal Models and Reporting to the Supervisory Authority. On 27 September 2013, the EIOPA finally released the definitive version of the above-stated Guidelines, with publication planned in all official European Union languages.

Non-Life Insurance

THE NON-LIFE INSURANCE MARKET

At the end of the second quarter of 2013, the premiums portfolio of the MV TPL and Marine TPL Classes totalled approx. Euro 8.7 billion (-6.2% compared with the first half of 2012), representing 50.5% of total Non-Life premiums (51.1% in the corresponding period of 2012) and 14.5% of all premiums written (17.3% in the first half of 2012).

Of the other Non-Life classes, those with the highest premiums were: Land Vehicles, accounting for 7.4% (7.7% in the first half of 2012), Accident, with 8.4% (8% a year earlier), General TPL, with 7.8% (7.7% in 2012), Health, with 6% (5.9% in 2012), Property, with 7.4% (6.8% in 2012), and Fire and Other Natural Events, with 6% (5.7% in 2012).

The analysis by distribution channel continues to highlight the large proportion of premiums written through brokerage agencies, amounting to 81.1% of the Non-Life portfolio (81.5% in 2012) and 86.3% of the Motor TPL division (87.2% in the first half of 2012).

OPERATING PERFORMANCE

The segment result reports a pre-tax profit of Euro 450 million compared to Euro 38 million in the third quarter of 2012.

The technical balance reported a very strong contribution and the combined ratio returned to an excellent level and in line with budget forecasts. More specifically, the underwriting profit totalled approx. Euro 356 million, compared with a profit of approx. Euro 35 million in 9M 2012.

The strong result, within an overall market affected by the general recession and increased MV class competitivity, follows on from the strong current operating results, with the consolidation of the significant reduction in MV TPL claims reported and the consequent reduction in claim frequency.
The satisfying maintenance of the prior year claims provision is confirmed, while in the MV TPL class, average costs both of the current generation and the prior year generation contained increases, while the inventory taking activities in the final part of the year will be carefully analysed.
In relation to the other Non-Life Classes, the strong Land Vehicle Class performance continued, while in the Non-MV classes the cost of claims was not impacted by extraordinary events such as atmospheric or natural events, as opposed to 2012 with the earthquake in Emilia-Romagna, among other events.

As in the first half of the year, the financial management performance substantially improved on the first nine months of 2012.
Against lower unrealised gains, improved returns and lower write-downs on available-for-sale financial instruments in portfolio are reported (Euro 32.3 million compared to Euro 47 million in 9M 2012): of these Euro 10.4 million concerns the impairment of the investment in Alitalia - Compagnia Aerea Italiana S.p.A..

Premiums

The Fondiaria-SAI Group reports premiums of Euro 4,201.3 million in the first nine months of 2013 (-10.67%). Direct premiums totalled approx. Euro 4,198.6 million (-10.67%).
The breakdown by division is shown below:

(in Euro thousands)	9M 2013	9M 2012	Cge. %	Distribution % 9M 2013	Distribution % 9M 2012
Accident & Health	392,344	401,823	(2.36)	9.3	8.5
Marine, aviation and transport	103,697	98,924	4.82	2.5	2.1
Fire and Property	508,613	529,787	(4.00)	12.1	11.3
General TPL	277,767	312,924	(11.24)	6.6	6.7
Credit and Bonds	51,390	62,357	(17.59)	1.2	1.3
General pecuniary losses	31,783	35,686	(10.94)	0.8	0.8
Legal expenses	14,590	12,086	20.72	0.3	0.3
Assistance	59,411	52,302	13.59	1.4	1.1
TOTAL NON-MV CLASSES	**1,439,595**	**1,505,888**	**(4.40)**	**34.2**	**32.1**
MV TPL	2,398,194	2,772,236	(13.49)	57.1	58.9
Land vehicles	360,811	421,902	(14.48)	8.6	8.9
TOTAL MV CLASSES	**2,759,005**	**3,194,138**	**(13.62)**	**65.7**	**67.8**
TOTAL DIRECT PREMIUMS	**4,198,600**	**4,700,026**	**(10.67)**	**99.9**	**99.9**
INDIRECT PREMIUMS	**2,655**	**3,102**	**(14.41)**	**0.1**	**0.1**
TOTAL NON-LIFE SECTOR	**4,201,255**	**4,703,128**	**(10.67)**	**100.0**	**100.0**

The premiums written in the quarter amounted to Euro 1,150 million and represent 27.4% of all premiums in the first nine months of 2013.
The Parent Company in the first nine months recorded total direct premiums of Euro 2,263 million (-10.5%), of which approx. Euro 1,503 million (-13.8%) in the MV Classes.
The subsidiary **Milano Assicurazioni S.p.A.** contributed direct premiums at group level of Euro 1,758 million (-12%), recording a decrease of 13.7% in the Motor Classes and of 7.7% in the other Non-Life Classes.
The premiums ceded amounted to Euro 222 million (Euro 215 million in the first nine months of 2012).

The decrease in **MV TPL premiums** of 13.5% continues on from the poor performance of 2012.
This follows the multi-claim portfolio restructuring policies, together with the continued drop in new vehicle registrations also in the first nine months of 2013 of approx. 8.34% (approx. 19.87% in 2012, with a 22.51% drop in December alone). Domestic household demand continues to be squeezed by increases in almost all car related costs, but particularly fuel and road tolls - and within a prolonged recession.

In addition, the reduction in the average premium highlights the heightened market competition.

For the primary clients, which comprise the majority of the portfolio and to an increasing degree the new business, overall tariffs have been impacted by the MV TPL tariffs introduced from September 2012 and December 2012, in addition to increased bonus policies in the portfolio.

These tariff versions, in line with Group guidelines and the previously indicated actions, 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.

With a view therefore to making its MV TPL tariff structure more competitive and less mutualistic, the review of the technical and commercial policies on subsidised agreements continued in the first nine months of 2013 in order to reduce the proportion of the total subsidised agreements portfolio, both in terms of a lower number of policies and the relative and absolute decrease in discounts, whilst also seeking to redistribute agency discounts. Reference should be made to the section "New products launched on the markets" for specifics on the new tables and MV TPL products launched in October.

In any case the quickly changing motor insurance market, which in recent months and into the future is expected to report a generalised improvement in the technical indicators, generates increasing competition among the various players. In this regard, the provision of greater discounting in its various forms, resulting in a reduction in the average premium, further improves the competitivity of the offer, also with a view to optimising the risk selection, targeting new clients through development operations, in addition to focusing on the best clients already in portfolio through loyalty generating operations.
The review of the technical and commercial policies relating to vehicle fleets also continued, with efforts to consolidate and boost profitability, even to the detriment of a reduction in the fleet portfolio.
The **Land Vehicle Class** premiums continued to significantly contract (-14.5%) 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.
The reduction in the sector is principally due to the loss on the Corporate sales line, with the business presenting negative technical performances being overhauled.

In the **Other Non-Life Classes**, premiums report a reduction of approx. 4.4%.
The corporate sector portfolio in 2012 was significantly overhauled, both in relation to the property and casualty sectors; the impact of these operations, which concerned the high claim contracts both of the agency network and of the broker network, is 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 premiums following the discontinuation of the portfolio, the applicability of guarantees (late claims) must conclude to ensure also a reduction in claims.
The portfolio restructuring operations continued with actions focused on the contracts with poor technical performances.

Fire and Property
In 9M 2013 premiums reduced 4%.
The underwriting policy in 2013 again particularly focused on catastrophe cover, both with regard to the acquisition of new risks and through a review of the technical parameters for contracts in portfolio.
The portfolio reform actions on poorly performing contracts continue.

General TPL
The first nine months figures confirm those reported in the half-year, with a reduction in premiums of approx. 11.2% compared to 2012; the claims/premiums ratio stood at 79.4% compared to 81.5% in the same period of the previous year: these results stem particularly from the portfolio overhaul which resulted in, among others, a greater reduction in premiums compared to claims costs.
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 is available.
The portfolio reform actions on poorly performing contracts continue.

Accident & Health
Premiums in the first nine months of the year (approx. -2.4%, totaling Euro 392 million) continued to benefit from the implementation of appropriate technical parameters, following the reform measures taken on large clients.

Bonds

The contraction in premiums compared to the previous period is again confirmed for the first nine months of the year. This reduction stems from a fundamental weakness of the Bonds market in Italy, directly related to the general economy. The absence of economic growth has impacted the construction sector. The curtailment in public spending, increased bankruptcies and examinations, the further reduction in residential property sales (-9.3% in the first half of the year) and the prolonged restricted lending by institutions continues to affect one of the sectors which drives the Class.

In relation to profitability, the loss was significantly affected by claims relating to coverage within the residential construction sector (surety policies as per Law 210/2006). In particular, the bankruptcy of a number of client companies affected the completion of property initiatives, with a consequent payment to the beneficiaries of the relative surety policies.

In consideration of the widespread financial difficulties of businesses, the underwriting policy is based on increased prudency in the selection of clients and on an analysis of new property initiatives. It was also necessary to instigate control and monitoring activities on operations in progress, in order to establish well in advance any signs of difficulties for such businesses or for the initiative itself.

Claims paid and reported

The gross claims paid (including indirect) amounted to Euro 3,643 million, decreasing on the first nine months of 2012 (Euro 3,887 million).

The breakdown by class of claims reported and paid on direct Italian premiums, including expenses directly attributable to the claim and indirect expenses relating to the loss adjuster's department, is as follows:

	Claims paid (*) (in Euro thousands)			Claims reported by year (*) Number		
	9M 2013	**9M 2012**	**Cge. %**	**9M 2013**	**9M 2012**	**Cge. %**
Accident	130,188	148,079	(12.08)	50,563	53,287	(5.11)
Health	109,013	117,700	(7.38)	204,222	213,300	(4.26)
Railway	-	-	-	2	-	-
Aviation	5,122	1,335	283.67	11	81	(86.42)
Maritime	12,588	22,757	(44.69)	343	414	(17.15)
Merchandise transport	9,413	8,281	13.67	2,684	1,842	45.71
Fire and other natural events	200,052	173,646	15.21	42,886	49,789	(13.86)
Property	190,026	189,942	0.04	116,149	114,889	1.10
Aviation TPL	606	486	24.69	13	40	(67.50)
Maritime TPL	2,627	2,952	(11.01)	270	333	(18.92)
General TPL	362,895	320,707	13.15	62,067	67,750	(8.39)
Credit	92	524	(82.44)	4	-	-
Financial guarantees	47,335	49,484	(4.34)	2,212	2,601	(14.96)
Pecuniary losses	14,935	7,574	97.19	3,836	3,089	24.18
Legal expenses	2,057	1,717	19.80	1,425	1,166	22.21
Assistance	16,396	17,111	(4.18)	104,021	94,778	9.75
TOTAL NON-MV CLASSES	**1,103,345**	**1,062,294**	**3.86**	**590,708**	**603,359**	**(2.10)**
MV TPL	2,126,503	2,391,216	(11.07)	394,082	466,152	(15.46)
Land vehicles	239,079	265,371	(9.91)	175,282	184,580	(5.04)
TOTAL MV CLASSES	**2,365,582**	**2,656,587**	**(10.95)**	**569,364**	**650,732**	**(12.50)**
TOTAL NON-LIFE SECTOR	**3,468,927**	**3,718,882**	**(6.72)**	**1,160,072**	**1,254,091**	**(7.50)**

(*) The table excludes DDOR Novi Sad

As regards the MV TPL Classes, the claims paid 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 MV TPL claims made listed in the table refer to events in which our policyholder is liable.
The number of MV TPL claims reported managed by the Group totals 380,367 (-15.0%).

Total technical provisions, gross of reinsurance, amounted to Euro 8,860 million (Euro 12,522 million at 31/12/2012): the change is due for Euro 2,781 million to the reclassification to Liabilities associated with disposal groups under IFRS 5, of technical provisions related to the expected group of assets to be disposed of under the Anti-trust Authority order of 19/6/2012.
The percentage of operating expenses to premiums was 22.1% (compared to 21.2% in the first nine months of 2012).

The table below shows the principal technical indicators for the first nine months of 2013 and 2012, calculated net of reinsurance.

Figures expressed in %	**30/09/2013**	**30/09/2012**
Loss ratio	67.7	74.7
Expense ratio	22.1	21.2
Combined operating ratio	**89.8**	**95.9**
OTI ratio (*)	2.0	3.4
Combined ratio	**91.8**	**99.3**

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

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

	30/09/2013	**30/09/2012**
Loss ratio	66.4	75.5
Expense ratio	23.9	23.0
Combined operating ratio	**90.3**	**98.5**
OTI ratio (*)	2.0	3.1
Combined ratio	**92.3**	**101.6**

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

The sharp fall in claims made in the **MV TPL Class** continued (-15.5%), thanks to both a general positive market performance and the measures begun in 2010 to clean up poorly-performing portfolios, in addition to the constant monitoring of claims carried out by the Group’s dedicated anti-fraud unit.
With reference to prior year claims, the provision has maintained in line with amounts paid, together with a stringent allocation policy which did not have positive effects on the period income statement.

The **Land Vehicles Class** again saw claims made in the current year fall (by 5.0% in numeric quantity and by approx. 9.9% in value terms), partially offsetting the decline in premiums, caused largely by the general economic performance and the fall in new vehicle registrations.

For the **Other Non-Life Classes**, total claims paid increased (+3.9% on the first nine months of 2012), while the number of claims reported by generation decreased by 2.1%.
Overall, the General Classes report a lower number of significant claims. The first part of 2012 was impacted both by unfavourable events such as snow in the Adriatic region and the increased number of catastrophe cover claims, such as the earthquake in Emilia Romagna.

A brief overview of the results of the **Parent Company Fondiaria-SAI** is reported below.

In the **Motor TPL Class**, premiums totalled Euro 1,295 million (approx. -14%).

The number of claims reported in the period was 215,875 (-15.8%), while the number of claims settled was 199,510 (-16.2%).

The claims/premiums ratio, net of the costs for the Guarantee Fund for Road Victims, was 64.7% for the current year and 65.4% at global level.

The speed of settlement of the current generation on the claims managed was approx. 70% for the claims in the first nine months and 48.6% for the prior year claims. On the claims caused, the speed of settlement was 67.3% for the current year and 52.0% for previous years.
At 30/9/2013, the number of accepted claims (including the number of late claims) received from our policyholders under the direct indemnity system is 140,461, of which 107,621 have already been paid in full.

The number of accepted claims received from the clearing house in relation to claims for which our policyholders are fully or partly liable is 133,427, of which 96,059 have resulted in full payment of the compensation and 55,929 have been recorded under the provision.

For accounting purposes, up to 30/9/2013 recharges were received for a value of Euro 282 million from the clearing house. The amount of the credits received was Euro 265 million.

Premiums collected in the **Land Vehicles Class** totalled Euro 210.9 million (-13.6%). The amount of claims reported reduced (-4.9%) - as did claims paid (-6.9%). The cost of current generation claims increased (+6.8%).

With reference to the **Non-MV Classes**, direct Italian premiums amounted to Euro 757.1 million, a decrease of 3.3% compared to the first nine months of 2012. The number of claims reported decreased (-0.9%), as did the number of claims paid (approx. -3.9%).
The cost of current generation claims significantly reduced compared to the first nine months of 2012 (-25.3 %).

The performance of the Group's main subsidiaries in the first nine months of 2013 is summarised in the following table:

(in Euro thousands)	PREMIUMS WRITTEN	CHANGE %	INVESTMENTS	GROSS TECHNICAL PROVISIONS	PROFIT/ (LOSS)
NON-LIFE INSURANCE SECTOR					
INCONTRA ASSICURAZIONI S.p.A.	31,327	(1.89)	103,938	122,069	491
DDOR NOVI SAD ADO	51,965	(1.04)	32,644	68,010	(810)
DIALOGO ASSICURAZIONI S.p.A.	17,132	(20.81)	38,996	51,184	(3,066)
EUROPA TUTELA GIUDIZIARIA	799	(12.20)	13,614	4,853	522
LIGURIA ASS.NI S.p.A.	126,377	(18.70)	363,178	391,465	6,004
MILANO ASS.NI S.p.A. (*)	1,762,283	(12.02)	1,774,579	2,280,776	142,510
PRONTO ASSISTANCE S.p.A.	45,253	14.59	13,953	771	2,637
SIAT S.p.A.	107,830	4.34	113,990	253,065	3,071
THE LAWRENCE RE IRELAND Ltd.	47,363	(48.29)	246,804	369,972	1,785

(*) Consolidated figures for the Non-Life business

The financial highlights of some of the main Group companies' in the first nine months of the year are outlined below. The figures were prepared in accordance with IAS/IFRS.

DDOR Novi Sad ADO

The subsidiary DDOR Novi Sad ADO reported in the first nine months of 2013 a total net loss (Life & Non-Life) of approx. Euro 1.8 million (compared to a loss of Euro 0.15 million in the first nine months of 2012). The principal events in the third quarter were as follows:

- Gross premiums totalled Euro 55.8 million, in line with the third quarter of the previous year. These premiums, net of the change in the provision, decreased by approx. 14% on the same period of the previous year, significantly impacting the overall period results in terms of costs due to the provision for late claims. This relates to a more prudent provisioning policy introduced from the previous year, along with a reduction in premiums due to the Serbian economic crisis;
- Premiums contracted across the various business lines, among which we highlight the Fire (-6.9%) and Property Classes (-5.6%). On the other hand, the premiums in both the MV TPL Classes and the Accident and Health Classes increased 17.8%, with the General TPL Class improving by approx. 0.7%;
- Claims reported reduced 15.2%, principally due to reduced business in the final quarter of 2012 and in the first quarter of 2013;
- In May and June a series of serious hailstorm events in the Vojvodina region occurred, in which the Company has a particularly strong presence, resulting in heavy losses for the agricultural sector based product portfolio. Although these events were predominantly reinsured, their impact on the period income statement totalled approx. Euro 2 million.

DIALOGO ASSICURAZIONI S.p.A.

Premiums written in 9M 2013 amounted to Euro 17.1 million, decreasing 20.1% on 9M 2012, also as a result of the reduced advertising investments.

Claims reported in the first nine months of the year reduced 28.1%, although the direct business technical performance saw a deterioration in the claims/premium ratio, which increased to 86.7% compared to 84% in 9M 2012. In fact, despite the current claims improvement, the settlement of prior year claims highlighted the increased inadequacy of the provisions at the close of the previous year and negatively impacted the result.

In the first nine months a loss of Euro 3.1 million was recorded, improving on a loss of Euro 3.9 million in 9M 2012.

LIGURIA SOCIETÀ DI ASSICURAZIONE S.p.A.

Premiums written in 9M 2013 amounted to Euro 126.4 million compared to Euro 155.4 million in 9M 2012, a decrease of 18.7%. This particularly concerned TPL class premiums. Motor vehicles reported a reduction of approx. 23%. Land Vehicle Class premiums decreased approx. 20%. A reduction of 7.5% was reported for the other non-life classes.
The agencies at 30/09/2013 numbered 305 (296 at December 31, 2012).

The current generation claims performance was positive: MV TPL class claims decreased approx. 26%. The Land Vehicle and Other Non-Life Class claims reported reduced respectively 4.0% and 3.8%.

In the MV classes, the average premium reduced, while the contracts in portfolio dropped due to the overhaul measures and the discontinuation of non-profitable sales points.
The principal MV TPL Class indicators are robust: the frequency reduced to 5.8%. Prior generation claims also performed well with a substantially balanced run-off.

A profit of Euro 6.0 million is reported for the first nine months of 2013 compared to a loss of Euro 10.6 million in the same period of the previous year.

MILANO ASSICURAZIONI S.p.A.

The Group net profit for the first nine months of 2013 was Euro 169.7 million (loss of Euro 11.5 million in the first nine months of 2012). This significant improvement stems from the positive Non-Life technical performance and the absence of extraordinary costs which impacted the same period of 2012. The 2012 result was impacted by the bankruptcy of the companies Im.Co and Sinergia, resulting in charges of Euro 61.6 million against the property operations which Milano Assicurazioni had undertaken with Im.Co and its subsidiary Avvenimenti e Sviluppo Alberghiero.

The main components of the company's results can be summarised as follows:

- The Non-Life sector reported a pre-tax profit of Euro 230.5 million, a significant turnaround on the first nine months of 2012 which recorded a loss of Euro 22.5 million. The improvement principally stems from the technical performance, with an overall combined ratio of 92.6% compared to 102.6% in the same period of 2012.
  The MV TPL Class benefitted from the measures taken to boost profitability and the more favourable market, with significantly improved technical indicators. In particular, claims reported dropped 10%, with the frequency reducing and a positive technical balance, against a favourable current claims trend and a prior year claims performance which did not have a significant negative impact on the income statement, with the 2012 provision adequately covering liabilities.
  The Land Vehicle Class also reported a positive technical performance, although reducing on the same period of the previous year. The overall performance of the Other Non-Life Classes was also strong, with particularly satisfying results for the Accident, Bonds, Legal Protection and Assistance Classes. The General TPL Class again reported a loss, with a significantly improved technical balance compared to 30 September 2012, both due to the reduction in the current year claims/premiums ratio and the prior year claims performances, which did not significantly impact results;

- The real estate sector reported a pre-tax loss of Euro 9.5 million, relating to Immobiliare Milano s.r.l., which reported a pre-tax loss of Euro 7.6 million and whose ordinary income does not currently cover all maintenance costs and depreciation, also due to the fact that a number of complexes are largely not rented, and the Athens Real Estate Fund which lost Euro 1.9 million, principally due to the impairment on the "Petriolo Spa Resort" hotel complex;

- Asset and financial management reported overall net income of Euro 197.6 million (Euro 192.6 million in the first nine months of 2012);

- Non-Life operating expenses amounted to Euro 382 million, accounting for 20.8% of net premiums (20.1% in the first nine months of 2012).

SIAT – SOCIETÀ ITALIANA ASSICURAZIONI E RIASSICURAZIONI S.P.A.

The operating performance for the first nine months of 2013 compared to the same period of the previous year improved significantly, with a pre-tax profit of Euro 5.6 million (Euro 3.5 million in the first nine months of 2012).

The principal operating components in the period were:

- A significant improvement in the underwriting result to Euro 3.1 million compared to Euro 1.3 million in the first nine months of 2012.
  Total premiums amounted to approx. Euro 107.8 million, a slight increase on Euro 103.3 million in the same period of the previous year.
  The increase is principally due to the Hulls sector, which in 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 parent company Fondiaria-SAI S.p.A.. However, in 2012 the rating progressively stabilised, reaching BBB- in December 2012. This improvement was a significant factor in the renewal of a number of primary fleets in the first quarter of 2013.
  The Transport Class claims report a very small number of particularly serious claims. In relation to claims paid, the total amount of Euro 100.1 million was in line with the first nine months of 2012 (Euro 96.8 million) and refers principally to the Hulls class.
  At the same time, the claims provision has not changed significantly;

- A significant reduction in administration expenses, before the allocation to the technical segment. In particular the account benefitted from the containment of personnel costs;

- An increase in net investment income, which totalled approx. Euro 3.0 million, a satisfying improvement on the first nine months of 2012 (Euro 2.5 million).
  This benefitted in particular from the trading results (profit of Euro 1.1 million compared to Euro 0.3 million in the first nine months of 2012) and from increased interest income (Euro 2.2 million compared to Euro 1.8 million in the first nine months of 2012).
  These elements were offset by net investment charges (Euro 0.2 million compared to net income of Euro 0.5 million in the same period of 2012), principally concerning costs incurred for the extraordinary maintenance of buildings owned;

- An insignificant impact from extraordinary items;

- Against slight volatility in the US Dollar compared to 31 December 2012, prudent currency management resulted in insignificant net exchange differences (both from realisation and conversion), although with extremely significant financial cash flows in this currency.

THE LAWRENCE RE IRELAND LIMITED

In 2013, the company operated only partially as a reinsurer of the former Fondiaria-SAI Group.
The company undertakes the analytical valuation of the portfolio of the individual companies, in order to establish, and consequently provide, the necessary reinsurance cover to support specific positions.
Consequently a number of protections were put in place on the international market, after first standardising the portfolios underwritten, and considering also specific further retentions where considered appropriate.

The net profit for the first nine months of 2013 amounted to Euro 1.6 million (decrease on the same period of 2012 which recorded a net profit of Euro 4.9 million).
The company continued to adopt a prudent investment policy.

The premiums accepted for the first nine months of 2013 amounted to Euro 54.9 million (of which Euro 7.5 million in the Life sector). Premiums ceded to the market amounted to Euro 43.1 million (of which Euro 0.8 million related to the Life sector). This marks a reduction on the first nine months of 2012, reflecting the change in the underwriting strategy following the acquisition by the Unipol Group.

The Company also continues to perform the run-off activity of the Group companies which avail of this service. In relation to the active reinsurance accepted by the various companies in previous years, the objective of the Company is to conclude settlement agreements which permit the reduction of the administrative charge, without affecting the profit margin. The Company ceded part of this business, which reported a balanced result.

New products launched on the market

The significant initiatives are summarised below, undertaken both by Fondiaria-SAI and by Milano Assicurazioni:

- **"Autointelligente".** From 1 October, the range of motor policies linked to satellite technology was expanded. Thanks to the synergies developed together with the "new" Unipol Group and through extensive experience matured in various enterprises, also in relation to technological developments, a new model of **Auto Intelligente** has been designed, with increased functions and an extended capacity to offer services valued by Clients, providing new insurance solutions at more accessible prices. In addition to this, the **"new" Auto Intelligente** marks a further step forward in standardising the offer across the Unipol Group through a common service model which finally allows Agencies to offer the most standardised and suitable products.

- **New MV TPL Tariff.** From 1 October the new MV TPL Tariff entered into force, which s margins through redefining the portfolio, increasing the retention of the best Clients and new business, through modifying the "Client type" tariff factors (including a "welcoming bonus" for new clients, a review of vehicle groups, age categories, postcodes etc.).

- **Introduction of the Special LT "Bonus/Malus Work and Transport" Condition.** From 1 June the new special MV TPL Condition entered into force for vehicles other than cars, motorbikes and mopeds, structured into eighteen classes, with the dual objective of entering a more interesting risk profile and simultaneously rewarding our best Clients through a new bonus malus scale and classes which take into consideration other factors in addition to prior claims.
  The introduction of the Special Condition required the preparation of a new Information Document (containing the Notes and the Insurance Conditions) – 1 June 2013 – for vehicles other than cars, motorbikes and mopeds.

- **"Up selling" initiative (automatic invoicing adjustment) Home 2013 policies.** This concerns an increase in current policy insured amounts against a proportional lowering of the policy premium. This initiative – introduced in June – was drawn up to improve insurance coverage for Clients who currently do not have the resources available to undertake new policies.

- **Earthquake Coverage on home/buildings products.** From April for the *Retail Più Casa Classic* and from June for the *Retail Più Fabbricati Classic* products, the Earthquake coverage already in place in a non-automated form from the end of 2012 was completely automated and offered independently.

- **Overhaul of Home Insurance policies 2013.** The Group has continued over recent months 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 2013**. The Group continued 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 (Road Traffic Injury) product.** On 1 January 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.

In the first nine months of 2013, the Group also continued to scale back its product catalogue and monitor technically critical areas.

Finally, on Saturday 12 October the new Unipol Group advertising campaign was launched, the first joint Unipol Assicurazioni, Fondiaria-SAI and Milano Assicurazioni initiative following the integration of the three companies. The strategic objective of the campaign is to promote the monthly payment plans for motor policies, with 0% TAN (Annual nominal rate) and TAEG (Effective all-in annual rate) at no additional cost for current and future clients.
The campaign utilises various media: TV, radio, the press and internet. The communication concept is summarised in the slogan “Incredible but true!” and underlines the central importance of this initiative in a difficult time for Italian households. The Unipol Group seeks to ease the burden of the economic crisis by offering a payment method which suits their needs.
The communication style features irony and draws on the long-standing proximity of the group companies to the public.

Life

THE LIFE INSURANCE MARKET

In the second quarter of 2013, Class I (life insurance) life sector premiums recorded an increase of 18% on the same period of 2012 (premiums of approximately Euro 31 billion). Class III (unit-linked and index-linked insurance), with around Euro 9.4 billion of premiums written, grew 34.5% on the first three months of 2012. Class V premiums (capitalisation contracts) were up +10.3% to approx. Euro 1.6 billion.

These Classes account for 72.4%, 22.1% and 3.8% respectively of total Life premiums (73.8%, 19.8% and 4.1% in the same period of 2012).
In relation to the remaining Classes, Class VI premiums (pension funds) with approx. Euro 0.6 billion account for 1.5% of Life premiums (2.1% in the first half of 2012).

The total assets managed by pension funds increased by 6.8% compared with 30 June 2012 to approximately Euro 11.7 billion. At 30 June 2013 the total assets managed by pension funds broke down as follows: open pension funds (approx. Euro 5 billion), contractual pension funds with guarantees (Euro 3.7 billion), contractual pension funds without guarantees not included in Class VI (approx. Euro 3 billion).

Premiums written through bank and postal branches accounted for 57.7% of the Life portfolio (51.6% in 2012). These were followed by financial promoters (19.3% compared to 22.7% in the first six months of 2012), mandated agents (13.1% compared to 14.8% in the first six months of 2012), in-house agents (8.6% compared to 9.4% in the same period of 2012), brokers (1.1% compared to 1.2% in the first six months of 2012) and the other forms of direct sales (0.2% compared to 0.3% in the first half of 2012).

New business totalled approx. Euro 28.5 billion, up 20.6% compared to the first half of 2012.

In 2013 the industry federation estimated an overall premium increase of 15%, considering that by mid-July 2013 premiums had grown over 30% compared to the same period of the previous year.
The strong Life performance relates to short-term interest rates, which are inversely linked to insurance uptake.

Operating performance

The segment pre-tax profit was Euro 182 million (Euro 75 million in 9M 2012). Premiums continued to recover strongly in the first nine months of the year, driven in particular by the bancassurance channel.
Redemptions, payments and maturities also reduced considerably.
The 9M 2012 results were impacted by losses on Greek Government securities not passed on to Life policyholders under the restructuring operation which protected the policyholders from the impact of such losses. Segment financial activity improved compared to the same period of the previous year: unrealised gains on available-for-sale financial instruments increased (approx. Euro 85 million compared to Euro 54 million in the first nine months of 2012), while impairments on available-for-sale financial instruments reduced (Euro 15 million compared to Euro 28 million in the first nine months of 2012).

Premiums

Direct premiums in the period amounted to Euro 2,790.5 million, an increase of 10.8%.
The details by class compared to the previous period are shown in the table below:

(in Euro thousands)	**9M 2013**	**9M 2012**	**Change %**
DIRECT PREMIUMS			
I – Whole and term life insurance	1,561,821	1,539,771	1.43
III – Unit-linked/index-linked policies	1,034,422	789,506	31.02
IV - Health insurance	516	272	89.81
V – Capitalisation insurance	193,295	189,295	2.11
TOTAL DIRECT INCOME	**2,790,054**	**2,518,844**	**10.77**
INDIRECT PREMIUMS	**464**	**465**	**(0.28)**
TOTAL LIFE SECTOR	**2,790,518**	**2,519,309**	**10.77**

The increase in premiums is due to the renewed contribution from the bancassurance channel (+15% compared to 9M 2012) and in particular Lawrence Life, which reports premiums close to Euro one billion (although concentrated in the first half of the year).
Total premiums written by bank branches amounted to Euro 1,965 million and represent approx. 70% of total direct premiums written (approx. 67% in 9M 2012).

Total sector premiums also includes Euro 29 million (Euro 30 million in the first nine months of 2012) on investment contracts which may not be considered under IFRS 4 and therefore not included under premiums written but rather under financial liabilities according to the deposit accounting technique.

The premiums ceded amounted to Euro 5 million (Euro 6 million in the first nine months of 2012).
Charges relating to claims, net of reinsurance, amounted to Euro 3,041 million (Euro 3,180 million in the first nine months of 2012).

The breakdowns by Class and type for direct-premium Life payments are given below:

(Euro millions)	**Claims**	**Redemptions**	**Maturities**	**Total 9M 13**	**Total 9M 12**
I – Whole and term life insurance	69.6	1,019.1	488.7	1,577.4	1,626.5
III – Unit linked/index-linked policies	27.9	871.0	594.4	1,493.3	2,753.8
IV - Health insurance	-	-	0.1	0.1	-
V – Capitalisation insurance	1.8	178.8	34.0	214.6	640.7
Total	**99.3**	**2,068.9**	**1,117.2**	**3,285.4**	**5,021.0**

The reduction in redemptions is highlighted at Euro 2,068.9 million in the first nine months of 2013 compared to Euro 4,069.2 million in the first nine months of 2012.

Operating expenses on premiums decreased (5.1% in the first nine months of 2013 compared to 5.8% in 9M 2012), due to the increase in premiums from the bancassurance sector - a sector characterised by lower servicing costs.

Gross technical provisions total Euro 20,369 million, recording a decrease of Euro 767 million compared with the end of the previous year: the change relates for Euro -558 million to the reclassification to Liabilities associated with disposal groups in compliance with the Anti-trust Authority order of 19/6/2012.

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. For the Fondiaria-SAI Group, this is calculated both under IAS/IFRS, i.e. excluding the contracts processed under the deposit-accounting method, and under Italian rules, i.e. taking into consideration all new business in the sector, including investment contracts not covered by IFRS 4. The results of the above-mentioned valuations are reported below.

(in Euro thousands)	**9M 2013**	**9M 2012**	**Cge. %**
IAS/IFRS standards	**261,647.0**	**222,163.0**	**17.77**
Traditional companies	66,699	58,461	14.09
Bancassurance	194,948	163,702	19.09
Italian criteria	**262,434.4**	**223,309.3**	**17.52**
Traditional companies	67,336	59,513	13.15
Bancassurance	195,098	163,797	19.11

Individual Insurance

In the first nine months of 2013, the Individual Life policies underwritten by the distribution network was primarily focussed on the Segregated Fund 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, beating the strong production performances in 2012, achieved in part by the VALORE CERTO product with specific assets.
- The recurring premium products OPEN GOLD and OPEN RISPARMIO reported a very significant increase in new business, in particular for the OPEN GOLD product.
- For the constant annual premium format, an overall moderate increase was reported, particularly through the OPEN PIU' product.

In relation to the multi-class OPEN DINAMICO product, new business increased slightly on the first nine months of 2012, thanks to significant growth for the recurring premium form, although on insignificant levels.

The DEDICATA policy (Term Life) reports a slight improvement in new business, both in terms of the number of contracts and the amount of premiums.

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

Collective insurance and Pension Funds

In the first nine months of 2013, the Collective and Pension Funds sector reported a slight reduction in premiums written compared to the previous year.

In the supplementary pension sector, which features Pre-Existing Pension Funds and newly created Open Pension Funds, an overall reduction in premium volumes is reported.

Capitalisation contracts for Corporate Clients seeking to invest liquidity in insurance instruments show signs of recovery. Premiums, although not yet comprising significant volumes, increased on the previous year. The reduction in advanced policy redemptions is also highlighted.

The ongoing crisis impacting employers continues to affect revenues from employee leaving indemnity related products (TFR and TFM), which report a slight contraction on the previous year.

The sector covering risks resulting from collective bargaining continued to feature a favourable technical performance, while reporting a reduction in revenues.

The performance in the first nine months of 2013 for the subsidiaries is summarised in the table below:

(in Euro thousands)	PREMIUMS WRITTEN	CGE. %	INVESTMENTS		GROSS TECHNICAL PROVISIONS	RESULT	
LIFE INSURANCE SECTOR							
BIM VITA S.p.A.	97,885	30.45	532,484		460,676	1,215	
DDOR NOVI SAD ADO	3,845	1.44	14,384		14,360	(998)	
LIGURIA VITA S.p.A.	13,701	0.12	129,983		121,721	439	
MILANO ASS.NI S.p.A. (*)	248,975	(2.87)	3,106,802		2,741,591	35,847	
POPOLARE VITA S.p.A.	916,019	1.88	6,539,258	(**)	6,369,147	34,150	(**)
THE LAWRENCE LIFE ASS. CO. Ltd.	950,649	31.25	3,197,594		3,175,589	10,704	
THE LAWRENCE RE IRELAND Ltd.	7,510	(16.59)	18,069		9,725	(164)	

(*) Consolidated data of the Life Sector
(**) Excluding the valuation at equity of Lawrence Life

Some of the core operating elements for the first nine months of the current year determined in accordance with IAS/IFRS for the major Group companies are reported below.

- BIM VITA S.p.A.

Premiums in the first nine months of 2013 totalled Euro 97.9 million (Euro 75.0 million in the first nine months of 2012); the profit for the period amounted to Euro 1.2 million (Euro 1.1 million in the first nine months of 2012).
Bim Vita continues to develop the Freefinance and Freefund products, open architecture unit linked products, respectively placed by Banca IPIBI and Banca Intermobiliare.
Customer service operations were recently improved, with a focus on the needs of more demanding clients.
The Company remains focused on responding to the increasing demand for dedicated capital protection solutions: tax optimisation, the inter-generational transfer of equity, wealth privacy and pension planning.

- LIGURIA VITA S.p.A.

A profit of Euro 0.4 million was reported in the first nine months of 2013 (approx. Euro 0.3 million in the first nine months of 2012), with premiums remaining substantially stable: in the first nine months of 2013 premiums totalled Euro 13.7 million (in line with the first nine months of 2012). New business, which is concentrated principally in the single premium market, amounted to Euro 9 million – in line with the first nine months of 2012. Settlements and sums to be paid improved and totalled Euro 12.8 million in the first nine months of the year compared to Euro 16.1 million in the first nine months of 2012 and principally concern redemptions (Euro 7.3 million) and maturities (Euro 3.5 million). The corresponding values in the first nine months of 2012 totalled Euro 10.2 million and Euro 3.7 million.

- MILANO ASSICURAZIONI S.p.A.

The Life business reports a pre-tax profit in the period of Euro 52.9 million, significantly improving on Euro 32.1 million in the first nine months of 2012. The improvement principally owes to the greater differential between the total income and the portion attributable to policyholders. The profitability was supported in any case 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 satisfying 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.

Direct premiums in the first nine months of 2013 totalled Euro 249 million, reducing 2.9% compared to the same period of the previous year. The reduction in volumes, although significantly levelling off in the third quarter, were against the general market trend, also due to to the uncertainties surrounding the future of the brand in view of the disposal project in progress.

The gross sums paid amounted to Euro 368.6 million, reducing by 33% on Euro 550.3 million in the first nine months of 2012, which included a high number of redemptions on policies undertaken by institutional investors.

Premiums ceded amounted to Euro 94.4 million compared to Euro 79 million in the first nine months of 2012. The percentage on direct premiums written was 5.4% (4% in 9M 2012).

Operating expenses amounted to Euro 21 million, 8.6% of net premiums (8.3% in the first nine months of 2012).

POPOLARE VITA S.p.A.

In the first nine months of 2013 the net profit amounted to Euro 44.9 million (profit of Euro 41.2 million in the first nine months of 2012), of which Euro 10.7 million relating to the valuation of the subsidiary Lawrence Life (Euro 14 million in the first nine months of 2012).

During the period the Company continued to strengthen its position in the savings and supplementary pension product segment, also identifying specific commercial initiatives.

Gross premiums written amounted to Euro 916 million (Euro 899.1 million in 9M 2012).

In the first nine months traditional and pension product premiums increased by approx. 15% on budget estimates. Pension product premiums improved significantly compared to the same period of the previous year. In order to meet the year-end overall budget volume objectives, the launching of a new product (also in Class I) in October is scheduled.

The Life sums paid amount to Euro 1,427.2 million (Euro 1,075.9 million in 9M 2012).
Operating expenses amount to approx. Euro 38.9 million (in 9M 2012 amounting to approx. Euro 41.8 million) and comprise approx. 59.8% acquisition expenses and 40.2% administration expenses.
The volume of overall investments reached approx. Euro 6,559.3 million, a decrease on Euro 7,353.7 million at 31/12/2012, of which Euro 119.1 million relating to the value of the investment (Euro 108.2 million at 31/12/2012).
The gross technical provisions amounted to approx. Euro 6,369.4 million (approx. Euro 6,794 million at 31/12/2012).

THE LAWRENCE LIFE ASSURANCE CO. LTD

The Company reported a net profit in the first nine months of 2013 (according to International Accounting Standards) of Euro 10.7 million, reducing approx. 23% compared to approx. Euro 14 million in the first nine months of 2012.

In 2013, the Company reports premiums of approx. Euro 951 million, almost entirely concerning insurance contracts, through the issue of unit-linked products of a duration of 5 years (Euro 724.3 million in 9M 2012, almost entirely concerning insurance contracts).

At September 30, 2013 total investments of the Insurance Company amounted to Euro 3,197 million (Euro 2,993 million in 2012), of which Euro 3,105 million (Euro 2,893 million in 2012) were Class D investments.

New products launched on the market

On 16 October a new single premium product OPEN FIDELITY was launched, targeting clients seeking medium-term investments.

OPEN FIDELITY is a single premium mixed life insurance product, with the option to pay additional premiums in the first 5 years. A minimum yield of 1.50% is guaranteed, recognised on maturity of the contract or on death, although not in the case of redemption.

The placing of OPEN FIDELITY between 16 October and 20 December 2013 was undertaken to ascertain the impact of a highly-competitive product in relation to Client charges, in terms of front-end loading, but particularly in relation to annual yield commissions.

On 19 June 2013 the new product DEDICATA OBIETTIVO UNICO was launched.
This is a linearly decreasing capital and single premium Term Life Product, complying with ISVAP Regulation No. 40 and therefore utilisable in the case of mortgages or consumer loans which require the undertaking of life insurance for the issue of the loan in accordance with Article 28, paragraph 1 of Legislative Decree 24/01/12, enacted into Law No. 27 of 24/03/2012. This product is sold within the DEDICATA OBIETTIVO A PREMIO ANNUO range, whose products serve the decreasing capital life insurance market, which may be undertaken also independently of ensuring guarantees for mortgages or other forms of financing.

From 18 March 2013 the new version of the OPEN FREE product was distributed, specifically catering to the reinvestment of maturities on Life policies by clients. On maturity the client may convert the capital into one of the following annuity options: life annuity, reversible, certain for the first 5/10 years and then converted to an annuity. The conversion is made at the conditions in force on maturity and provided the annuity exceeds the state pension and the client is aged between 35 and 85 years.

Reinsurance

The reinsurance structure is in line with the protection system of the Parent Company. The proportional programme permits each company to hold a fair portion of premiums with reference to the volume of the individual portfolio, and to reinsure the underwriting elements which could negatively impact the final result.
The Unipol Group companies provides adequate reinsurance protection to each company and subsequently integrate the various portfolios in order to obtain specific protection on the international market.

Non-Life Reinsurance

In the first nine months of 2013, the reinsurance policy of the Non-Life segment resulted in outward reinsurance premiums of Euro 222 million and inward premiums of Euro 3 million: the outward reinsurance balance recorded a negative value of Euro 81 million.
In 2013, the placement of the entire portfolio took place through the Unipol Group companies, with the exception of the Aviation Classes placed directly on the international market by the individual companies.
The reinsurance policy is based on cessions on a non-proportional basis for the protection of the individual or cumulative risks deriving from a single event for the classes Fire, Accident, Theft, General TPL, Motor Vehicle TPL and Land Vehicles, while on a proportional basis for the Credit and Hailstorm classes. In the Transport, Aviation, Bonds and Technological Risk classes, the structure is based on proportional agreements and excess claims coverage. The subsidiary SIAT placed on the reinsurance market the protection relating to the Transport sector operating as reinsurer of the companies, with a mixed structure based on proportional agreements and excess claims coverage.
Liguria Assicurazioni, following the guidelines issued by the Parent Company, placed the Transport Classes through SIAT, while Group programmes were utilised for the other sectors, with the exception of the Assistance class which, no longer subject to reinsurance, is protected with separate programmes for each company.
In particular cases, where there was a lower priority, adequate underlying programmes were placed.
With regard to inward reinsurance, the data at 30/9/2013 includes all the optional business and the acceptances by the companies of the Group and the data at 30/9/2012 includes all the other types of agreements. After the prudent accounting in the previous financial statements, and net of the related retrocessions, the result for the overall portfolio remains balanced.

Life Reinsurance

The reinsurance programme, as in previous years, consists of a proportional agreement in excess. The retentions are variable according to the individual policies. The subsidiary The Lawrence Re reinsures this portfolio and obtains coverage on the international market through a non-proportional structure for the specific risks and a Stop Loss protection on the retained portfolio.
The retentions continue to be limited for subsidiaries and associates, especially when compared to the total capacity provided.

Real Estate

The Tax Agency Property Market Research Centre (OMI) reported that in the second quarter of 2013 the contraction in transactions which began at the beginning of 2012 continued (-7.7% compared to Q2 2012) - although at a decreasing rate compared to the preceding quarters - with a sixth consecutive contraction.

Property sales reduced across all sectors.

In particular, in the residential sector, which represents approx. 45% of the entire property market, sales totalled 108,618, reducing 9.3% compared to Q2 2012. A similar performance was seen in the accessory properties sector, principally for residential use, with 88,555 transactions (-7.5% compared to the same period of the previous year).

The collapse of the property market was confirmed by the contraction in sales across the eight largest Italian cities, with a reduction in the second quarter of 2013 of 5.3% - although the decrease was not as severe as the national average: the drop on the second quarter of 2012 was significant in Genoa (15.7%), Florence (-11.3%) and in Palermo (-9.4%). The contractions in Rome (-6.9%), Turin (-4.7%) and Milan (-2.0%) were more contained. The housing markets in the cities of Bologna (+5.0%) and Naples (+1.8%) represent exceptions. This latter performance is due to the extensive disposal of the public property portfolio of the Municipality of Naples.
The poor market performance was more evident in the provincial municipalities of the major cities, with the residential sector overall in the second quarter of 2013 reporting a drop of 10.3% (higher than the national average), with particularly poor figures in the smaller municipalities of the provinces of Rome, Milan and Genoa.

The service sector reported the worst data, with a reduction of 10.6%; the production sector reported a decrease (-6.5%), with the commercial sector also contracting, although to a lesser extent (-2.7%).

The greatest service sector contraction was in the South (-11.1%), with the North reporting a reduction of 10.8%. Despite the expected increase, after a slightly contracting quarter, the Centre again reported a significant reduction of 9.6%.

The curtailment of the commercial sector sales contraction follows the turnaround in the Central region which improved 9.7%. The reduction in the North continues (-8.1%), as does to a lesser extent that in the South (-2.5%).

In the production sector, the North reported a significant contraction (-9.4%), while the reduction in the South was more contained (-1.3%). The Centre did not return the expected increase as registered in the first quarter, reporting a reduction of 1.0%.

An across the board contraction was reported in average housing prices in the major Italian cities.

Table 2 – Major Italian cities: number of property transactions and price trend

City	Transactions Q2 2013	cge.% transactions Q2 2012 - 2013	1H 2013 €/m²	cge.% price 1H 2013-2012
Rome	6,709	(6.9)	3,276	(2.4)
Milan	4,058	(2.0)	2,972	(1.1)
Turin	2,491	(4.7)	2,657	(3.3)
Genoa	1,236	(15.7)	2,545	(4.0)
Naples	1,564	1.8	2,383	(2.9)
Palermo	954	(9.4)	1,451	(4.2)
Bologna	1,042	5.0	3,251	(3.5)
Florence	891	(11.3)	3,216	(0.6)

Source: OMINews Property Sector September 2013 – No. 3 – Year VI

Although the first two quarters of 2013 again reported reductions, the rate of decline is levelling off. However, the real estate market is expected to continue on this path throughout 2013, with an across the board contraction in market prices. If one takes a look at the main macroeconomic indicators with reference to the last quarter of 2013, all the elements which explain the fall in demand in the real estate market can be identified. In particular, the GDP contraction, increased unemployment, the reduction in household spending and the significant drop in mortgage lending have weighted on the market. The situation has been impacted further from the unstable political situation and the consequent uncertainty surrounding fiscal policy, not just for the real estate sector (Property Tax), but also affecting businesses and households.

Operating performance

The results of the real estate sector include the subsidiaries **Immobiliare Fondiaria-SAI** and **Immobiliare Milano**, the subsidiary **NIT S.r.l.** and other minor companies, as well as the closed-ended real estate funds **Tikal R.E.** and **Athens**.

The key data for the real estate sector are summarised below:

(in Euro thousands)	**9M 2013**	**9M 2012**
Profits realised	-	25
Total revenues	**51,495**	**56,591**
Interest expense	2,865	3,747
Total costs	**93,138**	**91,600**
Result before taxes	(41,643)	(35,009)

(in Euro thousands)	**30/9/2013**	**30/9/2012**
Investment property	953,953	1,044,749
Property held for sale (*)	55,434	-
Financial liabilities	173,685	175,521

(*) Concerns property investments measured according to IFRS 5 as relating to assets held for sale.

The pre-tax result of the sector was a loss of Euro 42 million (loss of Euro 35 million in the first nine months of 2012).
The real estate sector includes a series of assets, including the Castello Area in Florence, the Porto Turistico di Loano initiative, in addition to a number of hotels managed by the subsidiary Atahotels, which have been impacted by the economic uncertainties and the difficulties inherited from the previous management, related to the illiquidity of and lack of appreciation in asset values.
Difficulties have therefore arisen in the generation of revenues capable of offsetting depreciation and any further write-downs.

Despite the continued market difficulties, a number of sales contracts were signed, with consideration totalling over Euro 66 million.
These operations were principally in line with plan objectives.

The result in the period was also affected by depreciation on investment property of Euro 22.0 million (Euro 22.3 million in the first nine months of 2012) and impairments of Euro 16.4 million (Euro 2.4 million in the first nine months of 2012). As seen also in H1 2013, valuations were made on a number of assets held, with the consequent recognition of further write-downs to those already applied at the end of last year, in particular for the Porto di Loano initiative.

For comparative purposes, it is noted that 9M 2012 included write-downs of approx. Euro 11 million recognised against receivables relating to the real estate initiatives following the Im.co and Sinergia bankruptcy.

No changes occurred in relation to the debt.

The table below summarises the performance of subsidiaries in the real estate sector:

(in Euro thousands)	REVENUES	CGE %	COSTS	RESULT
REAL ESTATE SECTOR				
IMMOBILIARE LOMBARDA S.p.A.	7,697	(41.16)	10,204	(2,501)
IMMOBILIARE FONDIARIA-SAI S.r.l.	11,335	66.10	27,449	(16,142)
IMMOBILIARE MILANO S.r.l.	7,242	1.74	14,838	(6,748)
NUOVE INIZIATIVE TOSCANE S.r.l.	2	(93.26)	946	(944)
TIKAL R.E. FUND	17,410	(16.32)	25,663	(5,181)

Real estate operations in the period

The following real estate sales operations took place in the first nine months of 2013:

- properties owned by Milano Assicurazioni, located respectively in Milan (Via Trivulzio), Seregno (Piazza Mariani), Cuneo (Piazza Boves), Cortina and Pavia (viale Matteotti) for a total of approx. Euro 1.4 million;

- Fondiaria-SAI owned properties throughout Italy for a total amount of approx. Euro 10.4 million;

Preliminary sale contracts were signed concerning buildings held by Fondiaria-SAI for a total amount of approx. Euro 33 million.

Principal real estate investments

Butterfly AM S.a.r.l.
The Group has a 28.57% holding in the Company.
The Company owns 126,223 units in the ”Beta Closed Real Estate Investment Fund”, set up and managed by Idea Fimit S.g.r.. The Company extended the duration of the bank loan in place with Banca Monte dei Paschi di Siena until 15 September 2014.

Metropolis S.p.A.
In the first nine months of 2013, no payments were made by the Group to the company. Also during the period the liquidator of Metropolis tabled the sale of the investment held by Metropolis in Manifattura Tabacchi to the company Fintecna Immobiliare, which expressed an interest in the purchase.

The formalisation of the purchase proposal is expected in the coming quarter. The proposed purchase price should not include the finishing charges, estimated by the company Manifattura Tabacchi at approx. Euro 7 million to complete the bureaucratic – authorisation process.

Penta Domus S.p.A.
At the end of 2012, the Company, in order to cover the needs of the associated company Cinque Cerchi, approved a capital increase in several tranches. The first tranche was subscribed pro-quota by the shareholders Immobiliare Milano Assicurazioni S.r.l., Codelfa S.p.A. and Zoppoli&Pulcher. In January 2013, these latter companies also subscribed to a part of the unopted shares and in April 2013 subscribed to the second and final tranche of the capital increase.
Consequently the original holdings in Penta Domus altered, as outlined below:

- Immobiliare Milano Assicurazioni S.p.A., Codelfa S.p.A. and Zoppoli&Pulcher SpA each hold equal shares of 24.66%;
- Maire Tecnimont S.p.A. and Imato S.r.l. in liquidation hold equal shares of approx. 13.01%.

Overall therefore, in the first nine months of 2013 Immobiliare Milano Assicurazioni S.r.l. paid Euro 0.6 million, entirely as share capital.

Sviluppo Centro Est S.r.l.
On 16 July 2013 the company was placed into liquidation, with the lapse of the original corporate scope following the sale of the investment in the company Quadrante.

Ex Var Sca
In the first nine months of 2013 the residential component sales activities continued. By 30 September 2013 the construction of offices (including Torre Diamante) had concluded, while the residential construction was close to completion.
In the first nine months of 2013, exclusively concerning financial year 2013, Profit Participation Bonds (PBB's) were paid out totalling approx. Euro 2.2 million, of which approx. Euro 1.4 million by Fondiaria-SAI and approx. Euro 0.8 million by Milano Assicurazioni.

Garibaldi S.C.A.
The company is involved in the real estate project Porta Nuova Garibaldi which concerns an area in Milan between viale Don Sturzo, via Melchiorre Gioia, via Viganò, via De Cristoforis, via Rosales, corso Como and piazzale Freud. The updated project concerns the development of approx. 58,100 sq.m. for office use, 4,300 sq.m. for residential use, 18,000 sq.m. for retail use and 4,000 sq.m. for exposition use.

Isola S.C.A.

The company, through its subsidiaries, is involved in the "Porta Nuova Isola" real estate project, promoted and managed by the US group Hines. The area concerned is located in Milan, between Via G. De Castillia and Via F. Confalonieri and involves the development of 29,000 sq. m. divided into: 22,000 sq.m. for residential use, 6,300 sq.m for service use and 650 sq. m for local retail use.

Castello Area

In relation to the criminal case concerning the area, the Florence Court on 6 March 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. The Court also granted the release from seizure and the restitution of the Castello Area. The Company legal representatives pursued the release from seizure by the Legal Police which occurred in November 2008.

The expert valuation of property pertaining to the Castello Area at 30/9/2013 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.

Currently a modification to the architectural plans of the initiative is under review, both to align the initial project with current property market demand and to incorporate recent urban planning regulation amendments following the adoption of the Tuscan Regional Plan.

Merger by incorporation of a number of subsidiaries of Immobiliare Fondiaria-SAI

On 21 June the Board of Directors of Immobiliare Fondiaria-SAI approved the merger by incorporation into Immobiliare Fondiaria-SAI S.r.l. (the “merging entity”) of the property companies entirely held by it:

- Carpaccio S.r.l.;
- Pontormo S.r.l.;
- Nuova Impresa Edificatrice Moderna S.r.l. (N.I.E.M.);
- Masaccio S.r.l.;
- Meridiano Primo S.r.l. (jointly, the “companies being merged”).

subject to the approval of the respective corporate boards.

The Project guidelines were approved by the Board of Directors of the Parent Company Unipol Gruppo Finanziario S.p.A. (“Unipol”) on 9 May 2013 and, for that pertaining to it, by the Board of Directors of the direct parent company Fondiaria-SAI S.p.A. on 28 May 2013.

The Project, in pursuit of the fixed cost reduction objectives, forms part of the restructuring of the Unipol Insurance Group through the merging of those companies without significant income streams and/or asset bases, whose corporate scope is currently considered within the overall Group context to have substantially lapsed, having not drawn up development projects within the strategic planning for the real estate sector or for reasons of economic necessity and rationalisation. The resources and activities of the companies being merged would therefore be pooled into the principal Group operating structures, reducing operating and administration costs overall by approx. Euro 50 thousand annually.

In relation to the merger process which is expected to take place based on the 2012 financial statements, we highlight the following:

- as concerning a wholly-owned subsidiary of the merging entity Immobiliare Fondiaria-SAI S.r.l., the merger will take place in simplified form, without any share swap, Directors’ Report or Experts’ Report and the cancellation of the shares held by the merging entity, which will be replaced by the assets and liabilities of the companies being merged;

- following the lapsing of 30 days from filing of the merger at the relative company registration offices, the merger resolutions may be adopted by the Shareholders’ Meetings of the participating companies and following the lapsing of 60 days from filing of the relative resolutions at the company registration offices, made available for the registering of opposition by creditors in accordance with Article 2503 of the Civil Code (except for the case of the adoption - on fulfilment of the relative requirements – of an advanced merger procedure), the merger may be completed, with accounting and tax effects backdated to 1 January 2013;

- the merger process is therefore expected to be completed during the current year, considering that on 17 October 2013 the Shareholders' Meetings of
  - Carpaccio S.r.l.;
  - Pontormo S.r.l.;
  - Nuova Impresa Edificatrice Moderna S.r.l. (N.I.E.M.);
  - Masaccio S.r.l.;
  - Meridiano Primo S.r.l.;

  approved the merger by incorporation project into Immobiliare Fondiaria SAI S.r.l. and on 18 October 2013 the Shareholders' Meeting of Immobiliare Fondiaria SAI S.r.l. approved the merger by incorporation of the above-stated entirely held property companies.

<u>On the regulatory front</u>, with letter of 6 June 2013 the Project was communicated by Unipol to IVASS, in accordance with Article 9 of ISVAP Regulation No. 15 of 20 February 2008, as concerning an operation substantially amending the corporate scope and /or the organisational structure of the Unipol Insurance Group, as considered a restructuring operation of the Group.

The Merger does not require approval by IVASS in accordance with ISVAP Regulation No. 14/2008 as not involving insurance companies.

<u>On the procedural front</u>, the proposed Merger, involving companies belonging to the same Group, falls within the remit of the sector regulations concerning related party operations. In this regard it is stated that the Merger: (i) as concerning subsidiaries of Fondiaria-SAI, directly and indirectly held for more than 95% of the share capital, is exempted from application of the Procedure for related party operations adopted by the direct parent company Fondiaria-SAI in accordance with CONSOB Regulation No. 17221 of 12 March 2010.

The 2012 key financial highlights of the merging entity and the companies being merged are outlined below.

Immobiliare Fondiaria-SAI S.r.l.
The company has been operational since 1 October 2009, following the partial non proportional spin-off of Immobiliare Lombarda S.p.A. which allocated a spun-off asset portfolio of Euro 409 million comprising property, shareholdings in subsidiary and associated companies, cash and cash equivalents and financial debt.
At 31 December 2012, the real estate assets totalled approx. Euro 67 million and were in the residential, service, commercial and land sectors.

Carpaccio S.r.l.
The book value of the investment in Immobiliare Fondiaria-SAI is substantially in line with shareholders' equity. The operation does not give rise to merger differences.

Pontormo S.r.l.
The book value of the investment in Immobiliare Fondiaria-SAI is in line with shareholders' equity (Euro 150,000 at 31 December 2012). The operation gives rise to contained merger differences.

Nuova Impresa Edificatrice Moderna S.r.l. (N.I.E.M.)
The book value of the investment in Immobiliare Fondiaria-SAI amounts to approx. Euro 0.8 million, against shareholders' equity of Euro 4.6 million at 31 December 2012. The company has receivables of approx. Euro 5 million, principally concerning a loan issued to its parent company Immobiliare Fondiaria-SAI. The above-stated loan receivable would be settled through commingling with the corresponding payable of the merging entity.

Masaccio S.r.l.
The book value of the investment in Immobiliare Fondiaria-SAI is in line with shareholders' equity (Euro 90,000 at 31 December 2012). The operation does not give rise to merger differences.

Meridiano Primo S.r.l.
The book value of the investment in Immobiliare Fondiaria-SAI is in line with shareholders' equity (Euro 58,000 at 31 December 2012).

Reimbursement of payments by Immobiliare Milano Assicurazioni

Milano Assicurazioni S.p.A. in previous years made payments in a number of tranches to Immobiliare Milano Assicurazioni S.r.l. for future capital increases totalling Euro 190.4 million.

Taking account that:

- in 2012 the investment held in IGLI S.p.A. was sold, with receipt of approx. Euro 44 million;
- that these funds are fully available to the Company;
- that the total amount of such payments exceeded the Company funding requirements to achieve its mission and on 21 June, firstly the Board of Directors and thereafter the Shareholders' Meeting of Immobiliare Milano Assicurazioni S.r.l., approved the repayment of a portion of the total payments (Euro 25 million) to the sole shareholder Milano Assicurazioni S.p.A..

Other activities

The savings of Italian households

According to the Bank of Italy, Italian credit market conditions remain tight: in the first four months of the year household lending restricted further, with business lending even more difficult to procure. The difficulties are across the board, although impacting small/medium-size enterprises to a greater degree, as such businesses have fewer alternative options to bank lending.
The drop in bank lending to the non-financial private sector continued, reducing 3.7% in May year-on-year compared to three months previously. Business lending contracted 5.4%, with household lending reducing 1.6%. The contraction concerned both smaller businesses (-4.4% in the twelve months to May, from -3.9% in February), in addition to medium/large enterprises (-3.6%, from -2.4%).

The reduced lending follows the drop in loan demand, but continues also to be impacted by the tightened credit conditions. Despite plentiful liquidity, bank lending policies have been impacted by the deteriorating credit risk prompted by the continued recession. The increased loan risk is reflected also in the cost of credit, offset by the beneficial effects of official interest rate reductions and the partial resolution of sovereign debt market difficulties.
Based on future indicators, the default rate is expected to remain high in the remaining part of the year, although the capital base of the banks will remain solid following the strengthening of 2012.
In relation to the mortgage market, according to the Abi figures published in June 2013, the total amount of client loans issued by banks operating in Italy (Euro 1,893 billion) was significantly higher than the total amount of clients deposits (Euro 1,735.4 billion). Due to the current crisis loan risk remains high, with a net default rate on total loan commitments of 3.6% in May 2013 (increasing on 2.7% in May 2012).
Household and business lending confirms the annual reduction of 3.1% to June 2013 (the same as May 2013).
In June 2013, interest rates on loans dropped even further: the average on total loans was 3.75% (2 cents below the previous month and 22 basis points lower than June 2012). The average rate on new business financing operations decreased to 3.34% (from 3.52% in May 2013), while the average rate on new home purchases was 3.67% (from 3.71% in the previous month).

Asset Management

Households, following the erosion of their built-up equity (both financial and in property) due to the crisis, find themselves in a new cycle of equity building. In fact, despite the poor jobs market, according to the ISTAT data for the second quarter of 2013, household savings represented 9.4% of disposable income (7.7% in the corresponding period of 2012).
Debt undertaken by households is in fact reducing. This is due to the deteriorating economic conditions, the difficulties experienced by the banks in relation to lending and the weakness of the property market.
Compared to 2012, household financial asset growth has slowed due to a more contained improvement in the performance of financial market securities.
In 2013 household portfolios containing bank and postal deposits, investment fund units and insurance products performed best. Only in recent months has the trend appeared to revert, with a gradual shift away from savings deposits and a reduced aversion to government securities.

A shift back to investment instruments has emerged. In the first eight months of 2013 investment funds attracted close to Euro 40 billion of additional funds.
The total equity held totalled Euro 520.9 billion, over Euro 45 billion more than the end of 2012. The market uncertainty has boosted capital protection instruments, contributing to the improvement in life policy uptake.

The Banking Sector

Any Italian economic recovery is linked also to an improvement in bank lending - which however continues to contract. To August 2013, compared to the same period of the previous year, lending to non-financial companies decreased 4.6%. Similarly, household lending reduced 1.2%. The reduction in bank lending follows a more extensive crisis in Italy than the Eurozone average. This is reflected in the high risk profiles of businesses and, to a lesser degree, also of households. These elements combined to elevate the risk perception of the banks, resulting therefore in a limited scope to grant credit.
In August, the average cost of new business loans remained at May levels (3.5%). The Italian rate stands approx. 90 basis points higher than the Eurozone average. The average rate for new household mortgages remains stable at 3.6%, following a reduction of one-tenth of a percentage point (to 3.4%) for variable rate loans, offset by an increase of four-tenths (to 4.7%) for fixed rate loans.
In the second quarter of 2013, the new default rate, net of seasonal factors and on a year-on-year basis, remained high at 2.9%; an increase of two-tenths of a percentage point was reported for business loans (to 4.7%), while reducing two-tenths (to 1.3%) for household loans. Preliminary figures for July and August indicate a first time default rate slightly above the same period of 2012.

Operating performance

The sector includes Group companies operating in the banking and hotel industries, and in sectors other than insurance and real estate.

The loss before taxes for the segment was Euro 24 million (loss of Euro 33 million in 9M 2012), with the loss of the Villanova Florence Oncology Centre accounting for Euro 12.0 million (loss of Euro 11.2 million in 9M 2012), with that of Atahotels accounting for Euro 8.6 million.

The segment pre-tax result for the first nine months of 2012 did not include the Atahotels Group contribution reclassified to assets held for sale, with a negative impact of Euro 13.9 million.

The key highlights of the companies operating in the banking and managed funds sector are shown below:

(in Euro thousands)	BROKERAGE MARGIN	CHANGE %	RESULT
OTHER ACTIVITIES			
BANCASAI S.p.A.	23,057	7.66	2,368
SAI INVESTIMENTI SGR S.p.A.	206	33.51	1,285

The results of the other companies in the sector are reported below:

(in Euro thousands)	RESULT 9M 2013	RESULT 9M 2012	CHANGE %
OTHER ACTIVITIES SECTOR			
ATAHOTELS S.p.A.	(9,069)	(13,821)	(34.38)
C.O.F. VILLANOVA S.p.A.	(11,985)	(11,206)	6.95
FINITALIA S.P.A.	1,162	885	31.33
FINSAI INTERNATIONAL S.A.	(1,522)	1,103	n.a.
FONDIARIA-SAI NEDERLAND B.V	110	331	(66.62)
SAIAGRICOLA S.P.A.	(6,528)	(1,113)	n.a.
SAI HOLDING ITALIA S.P.A.	(780)	(896)	(13.04)
SAIFIN - SAIFINANZIARIA S.P.A.	851	(558)	n.a.
SAILUX S.A.	162	455	(64.35)
SAINTERNATIONAL S.A. in liquidation	(2,539)	(4,802)	(47.12)

BANCASAI S.p.A.

The consolidated result reported a profit of approx. Euro 2.4 million (loss of Euro 11.4 million in 9M 2012).

Direct and indirect premiums and funding strategies
During the period the number of current accounts decreased from 15,816 at 31 December 2012 to 13,841 at 30 September 2013.
At 30 September 2013, assets managed by the bank amounted to Euro 20,294 million compared to Euro 20,141 million at 31 December 2012.
At 30 September bond loans totaled Euro 28 million (Euro 146 million at 31 December 2012). The reduction relates to bonds maturing in the period.
Total indirect deposits increased to Euro 19,577 million at 30 September 2013 from Euro 19,240 million at 31 December 2012.

Loans

Lending activity continued to weaken in the third quarter of 2013, with a more significant reduction in the business component. The recession and continued economic uncertainty resulted in a drop in loan demand by non-financial businesses, both in relation to short-term and long-term lending. The reduction in loan commitments was more contained however for the household component, in particular in relation to home loans. The bank therefore focused predominantly on the management of problem positions, introducing a number of actions to offset the reduction in credit risk.
The amount of credit undertaken (mortgage loans and uses of various credit lines, before value adjustments) stands at year-end at Euro 752 million (Euro 785 million at 31 December 2012).

Net of the exposure to the subsidiary Finitalia (Euro 154.8 million in the form of a current account credit line, in addition to Euro 25 million of bonds subscribed by BancaSai), loans to third parties decreased from Euro 608 million at the end of 2012 to Euro 572 million at the end of September 2013 (- Euro 36 million).
Lending activity has always focused on traditional business, supporting household credit needs and providing the necessary support to the business sector – in particular small and medium-sized enterprises – which have demonstrated, even in the current economic environment, a sufficient basis for growth and operational continuity. The credit policies and disbursement and monitoring processes therefore marry the client's requirements with the need to maintain the quality of the loan book.
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.
Bank capital requirements amounted to Euro 90 million (Euro 88 million at 31 December 2012).

- FINITALIA S.p.A.

The net profit in the first nine months of 2013 totalled approx. Euro 1.2 million, increasing approx. Euro 0.7 million compared to first nine months of 2012.

Administrative expenses in the first nine months of 2013 amounted to Euro 9.1 million, increasing on the same period of 2012 (approx. Euro 8.6 million). Personnel expenses were Euro 0.2 million higher than 2013. The limited change is due to the benefit in April 2012 from the prudent provisioning made in previous years for the payment of arrears and contributions for the renewal of the national collective employment contract (insurance sector).

In relation to the operational results for the first nine months of 2013, an interest margin and a brokerage margin of Euro 16.7 million and approx. Euro 16 million are respectively reported (in 9M 2012, respectively approx. Euro 16 million and Euro 14.7 million), with write-downs of approx. Euro 4.8 million (Euro 4.5 million in 9M 2012).

At 30/9/2013, total loans of Euro 246 million had been issued, compared to Euro 218 million at 30/9/2012. The number of operations also reduced significantly (approx. -38%).

The Unipol Group (Unipol Assicurazioni, Fondiaria-SAI, Milano Assicurazioni and Liguria Assicurazioni) Insurance company agencies which in the first nine months of 2013 signed the agreement with Finitalia numbered 4,138, increasing on 2,682 in December 2012. The significant increase is due to the beginning of a number of Unipol Assicurazioni Agency agreements from 1 July, in addition to the start-up of the related operational agencies: sales points issuing loans increased therefore to 4,460.

The principal activities carried out by the Company in the third quarter concerned the optimisation of procedures for the provision of a targeted and efficient service to the agencies, to ensure improved knowledge concerning the Finitalia "service". Support was provided for all measures relating to the training of staff within the agencies and sub-agencies.

On 12 October the advertising campaign in support of the 0% insurance premium financing projects for all Group Companies was launched.

- Atahotels S.p.A.

In the first nine months of 2013, total revenues reduced Euro 1.9 million compared to the previous year, due principally to the contraction in room revenues of Euro 0.7 million and other revenues of Euro 0.8 million.

The decrease in "Room revenues" principally relates to the "Ripamonti" structure (- Euro 1.3 million relating to the contraction in the Groups and Commercial market) and the Trade Fair Expo sector (-Euro 0.4 million for the Events and Groups market).

On the other hand, the seaside resorts (Capotaormina, Naxos and Tanka) reported improved room revenues of approx. Euro 1.3 million.

The decrease in other revenues however is principally due to the Villa Pamphili (- Euro 0.2 million) and Quark Hotel (- Euro 0.2 million), due to the contraction in the Congress sector.

Despite the reduction in revenues, the operating margin of the facilities improved compared to the previous year by approx. Euro 1.6 million, thanks to:

- a reduction in personnel costs (principally at Tanka) of Euro 0.6 million, following the staff optimisation measures;
- an improvement in purchasing efficiency (- Euro 1.2 million), particularly in relation to food & beverage and consumable material costs;
- a reduction of other service costs of approx. Euro 0.6 million.

The operating margin (excluding rental charges) increased Euro 2.6 million compared to the previous year, due to a reduction in overhead costs (approx. Euro 1.1 million).

The pre-tax profit improved by approx. Euro 10.4 million compared to the same period of the previous year, due to the reduction in rental charges (- Euro 4.7 million) and depreciation (- Euro 2.8 million).

- CENTRO ONCOLOGICO FIORENTINO S.R.L.

Revenues in the first nine months of 2013 decreased approx. 17% compared to the previous year - however in line with budget forecasts. Overall, revenues amounted to approx. Euro 9.7 million compared to Euro 11.7 million in the first nine months of 2012.
This follows both the reduction in 2013 of the "activity ceiling" allocated by the Healthcare Authority and the drop in admissions of patients from regions other than Tuscany (-14%), also covered by an agreement with the National Healthcare Service, but not subject to budget limitations.
In relation to the activities conferred by the Tuscan Region, in the first part of the year a slowdown took place due in part to a substantial alteration in the mix allocated by the Healthcare Authority, while from September an increase began which allowed for a partial recovery and which indicates that the entire budget is expected to be discharged by the end of the year.

Against a significant reduction in revenues, the result (as per IAS) was substantially in line with the previous year (loss of approx. Euro 12 million compared to Euro 11.2 million). Total operating costs, despite a number of extraordinary items, decreased from Euro 19,997 thousand to Euro 17,897 thousand. This is in part due to a lower and altered base of activities and partly to the significant efficiency measures introduced by the Company Board. The lower business volumes generated reduced sanitary material costs, while the reduction in the oncology budget had an impact on the cost of oncological medicines, which decreased from Euro 1.0 million to Euro 0.5 million.
The number of personnel decreased from 133 in September 2012 to 118 currently, with a cost reduction of 3%. In addition, a number of fixed remuneration consultant contracts concluded and, where possible, were converted into contracts in which remuneration is exclusively based on the amount of services rendered.

On the operating front, the significant internal reorganisation and review of all support service contracts (catering, cleaning, maintenance etc.) continued.

Overhead and administrative costs were in line with budget, although savings were achieved compared to the previous year in consultancy and other costs.

The Parent Company made two capital payments in April and June for a total of Euro 13.0 million in support of the development plan of the company. Shareholders' equity totalled Euro 1.3 million and therefore, in consideration of the company performance, further capital payments in line with those already approved by the Board of Directors of the Parent Company on 24 April 2013 will likely be necessary.

Finally, the Tuscan Region has expressed interest in utilising the Florence Oncology Centre for its institutional activities, which will involve an expert task-force which has yet to begin its work.
A successful conclusion to negotiations could radically improve company operations.

Asset and financial management

INVESTMENTS AND LIQUIDITY

In relation to data comparison, in compliance with the Anti-trust Authority order of 19/6/2012 No. 23678, activities concerning the disposal of a number of insurance assets within the Milano Assicurazioni consolidation scope have begun.
Consequently, under IRFS 5 which defines the accounting policies applied to assets held for sale, from 30 June 2013 the assets and liabilities held for sale have been presented in the assets and liabilities of a group for sale accounts.
For improved understanding of the following comparative data, the change in the balance sheet items of an operating nature and those deriving from the application of IFRS 5 are indicated separately.

At 30/9/2013, the volume of the total investments reached Euro 30,026 million, compared to Euro 33,859 million at 31/12/2012.

The investments, tangible fixed assets and liquidity at 30/9/2013 compared to the previous year are shown below.

(in Euro thousands)	30/09/2013	Comp. %	31/12/2012	Comp. %	Cge. %
INVESTMENTS					
Investment property	1,976,953	6,34	2,200,774	6.33	(10.17)
Investments in subsidiaries, associates and interests in joint ventures	136,442	0,44	125,799	0.36	8.46
Loans and receivables	3,400,468	10,91	3,527,030	10.14	(3.59)
Held to maturity investments	577,441	1,85	718,119	2.06	(19.59)
Available-for-sale financial assets	18,052,050	57,89	20,848,041	59.92	(13.41)
Financial assets at fair value through profit or loss	5,882,234	18,86	6,439,319	18.51	(8.65)
Total investments	**30,025,588**	**96,29**	**33,859,082**	**97.32**	**(11.32)**
Property, plant & equipment: buildings and other fixed assets	337,040	1,08	373,111	1.07	(9.67)
Total non-current assets	**30,362,628**	**97,37**	**34,232,193**	**98.39**	**(11.31)**
Cash and cash equivalents	819,283	2,63	560,228	1.61	46.24
Total non-current assets and cash equivalents	**31,181,911**	**100,00**	**34,792,421**	**100.00**	**(10.38)**
Investments, non-current assets and cash and cash equivalents held for sale	**3,888,504**	**-**	**3,335**	**-**	**-**

The account “Investments, non-current assets and cash and cash equivalents held for sale” includes Euro 3,866 million concerning assets held for sale in compliance with the Anti-trust Authority order of 19/6/2012.
Reference should be made to the Explanatory Notes for further details.

The AFS financial assets and the financial assets at fair value through profit or loss are as follows:

(in Euro thousands)	30/09/2013	31/12/2012	IFRS 5	Change
Available-for-sale financial assets	**18,052,050**	**20,848,041**	**(3,018,037)**	**222,046**
Equity securities	828,246	914,069	(5,198)	(80,625)
Fund units	512,494	627,184	(25,667)	(89,023)
Debt securities	16,711,310	19,306,788	(2,987,172)	391,694
Financial assets at fair value through profit or loss	**5,882,234**	**6,439,319**	**(35,740)**	**(521,345)**
Equity securities	51,499	50,000	-	1,499
Fund units	1,765,942	1,104,362	-	661,580
Debt securities	3,951,236	5,153,874	(35,740)	(1,166,898)
Other financial investments	113,557	131,083	-	(17,526)

The table below shows the results of the financial and real estate activities for the first nine months of the current year compared with the same period of the previous year:

(in Euro thousands)	30/09/2013	30/09/2012	Change
Gains/losses on financial instruments at fair value through profit or loss	78,315	451,970	(373,655)
Gains on investments in subsidiaries, associates and interest in joint ventures	(586)	(10,591)	10,005
Gains on other financial instruments and investment property of which:			
Interest income	664,937	607,872	57,065
Other income	84,603	130,191	(45,588)
Realised gains	174,840	170,080	4,760
Unrealised gains	2,161	6,802	(4,641)
Total income	**1,004,270**	**1,356,324**	**(352,054)**
Losses on other financial instruments and investment property of which:			
Interest expense	38,376	45,387	(7,011)
Other charges	49,542	50,664	(1,122)
Realised losses	50,373	68,909	(18,536)
Unrealised losses	120,731	140,365	(19,634
Total costs and expenses	**259,022**	**305,325**	**(46,303)**
TOTAL NET INCOME	**745,248**	**1,050,999**	**(305,751)**
Net income from financial instruments at fair value through profit or loss where the risks are borne by policyholders (Class D).	113,159	448,066	(334,907)
TOTAL NET INCOME EXCLUDING CLASS D	**632,089**	**602,933**	**29,156**

As highlighted in the table the net income from financial instruments at fair value through the profit or loss includes net income relating to contracts in the Life sector whose risk is borne by policyholders for Euro 113 million (Euro 448 million in the first nine months of 2012).
The net income is offset by a similar charge for commitments against policyholders.

Unrealised losses include Euro 48.0 million relating to impairments on available-for-sale financial instruments (Euro 79.5 million in the first nine months of 2012).
The residual refers for Euro 16.4 million to write-downs on property and for Euro 51.4 million to depreciation of buildings.

FINANCIAL MANAGEMENT

The US economy is in its fifth consecutive year of expansion and, despite the still partially restrictive fiscal policy, is growing at over 2% annually. Unemployment levels continue to decline (7.3% according to the latest available data), with consumer spending increasing and inflationary pressures absent for the time being (1.5% according to the most recent data). Political tensions continue to surround the drawing up of a fiscal policy which could play a similar role to the monetary policy of recent years.
The Federal Reserve announced at the meetings of mid-June and the end of July the imminent normalisation of monetary policy through a gradual reduction of extraordinary stimuli, prompting a significant increase in the rate curve and in particular of maturities related to the setting of mortgage rate levels (10 and 30 years). The movement in US yields is reflected in the increase of Eurozone rates.
In order to stave off a weakening in the real estate sector driven by continued economic growth and considering that the lack of a consistent economic policy has impacted lending conditions, not just in the USA, but also in other regions (as in a number of emerging economies and partly in the Eurozone where market rates on similar maturities, 10 and 30 years in particular, rose slightly and out of line with the underlying fundamentals), the US Central Bank decided in the meeting of mid-September to postpone this action.
The recovery, although weak, was confirmed by a series of economic indicators from various Eurozone countries. Economic conditions improved slightly, due essentially to a loosening of fiscal policy and increased exports, which benefitted from constant yet weak global economic growth.
The European Central Bank therefore, although leaving the discount rate unchanged at 0.5%, altered its stance, stating that official rates will remain at this level or lower for an “extended period” as long as growth is weak and in the absence of inflationary pressures. Inflation in fact at 1.1% in September is not of concern and well under the Monetary Authorities target of close to but not over 2%.
In Italy, credit conditions are slowly normalising and the trade balance is improving, not only due to reduced imports but also due to an increase in exports. The risks of political instability remain however, but recent concerns of legislative intervention have - for now - abated.

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:

Country	31 December 2012		28 March 2013		28 June 2013		30 September 2013	
	Rate 10 years	Spread vs Germany	Rate 10 years	Spread vs Germany	Rate 10 years	Spread vs Germany	Rate 10 years	Spread vs Germany
Germany	1.32	-	1.29	-	1.73	-	1.78	-
France	2.00	0.68	2.03	0.74	2.35	0.62	2.32	0.54
Italy	4.50	3.18	4.76	3.47	4.55	2.82	4.43	2.65
Belgium	2.06	0.74	2.24	0.95	2.63	0.90	2.57	0.79
Greece	11.90	10.58	12.44	11.15	10.98	9.25	9.32	7.54
Ireland	4.95	3.63	4.33	3.04	4.19	2.46	4.15	2.37
Portugal	7.01	5.69	6.37	5.08	6.45	4.72	6.68	4.90
Spain	5.27	3.95	5.06	3.77	4.77	3.04	4.30	2.52

Outside of Europe, the Standard & Poor's 500 Index, representing the major U.S. listed Companies, was up 4.7% in the third quarter (+17.9% for the first nine months), while the Japanese Nikkei Index, after a strong first half-year, gained a further 5.7% (+39.1% in the first nine months). Finally, in relation to the emerging market indices, the most representative index, the Morgan Stanley Emerging Market, reported gains of 4.9% in Q3 2013 (-1.7% in 9M 2013).
The continual improvement of the US and Japanese economies, the Eurozone exit from the recession and the consistent presence of the Monetary Authorities contributed to a further and gradual improvement of the Itraxx Senior Financial index, which represents the average spread of finance sector companies with high credit ratings, reducing by 19.2 basis points from 166.8 to 147.6 at the end of the quarter (from the beginning of the year increasing 6.3 basis points from 141.3 to 147.6).
The European Stock Markets in the third quarter of 2013 were in the black and continued to close the gap between the “core” and “peripheral” areas. The Eurostoxx 50 index, representing the major Eurozone blue chips, gained significantly in the third quarter (+11.2%, +9.8% for the first nine months). The German DAX was in positive territory, up 8.0% (+12.9% from the beginning of 2013), with the Italian Stock Market also performing very strongly (the FTSE MIB of Milan improving 14.4% (+7.1% from the beginning of the year). Finally, the IBEX of Madrid improved 18.3% in the period (+12.5% from the beginning of the year).

Financial operations in the third quarter

The financial management in Q3 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 business, focused principally on Eurozone government bonds, particularly Italian bonds, which comprise 77.9% of the Fondiaria-SAI portfolio and 80.8% of the Milano Assicurazioni portfolio.

Net bonds purchases in the quarter totalled Euro 22.6 million (Euro 73.2 million for Milano Assicurazioni), of which Italian Government security purchases of Euro 115.2 million (Euro 106.1 million for Milano Assicurazioni).

The overall portfolio duration, slightly increasing on the end of the previous year and the second quarter, respectively 4.4 years at 31 December 2012 and 4.8 years at 30 June 2013, at the end of September stood at 4.7 years (for Milano Assicurazioni respectively 3.7, 3.9 and 3.9).

For the Non-Life Fondiaria-SAI portfolio, net bonds sales totalled Euro 62.8 million, of which Italian Government security purchases for Euro 68.1 million and other government security purchases for Euro 14.9 million, while for the Milano Assicurazioni Non-Life portfolio net bond purchases totalled Euro 9.7 million, of which net sales in Italian Government securities of Euro 10.9 million.
During the quarter a structural position in Italian Inflation-indexed bonds (BTPi) was taken up, in light of the interesting level of real yields and in line with the Non-Life class liabilities profile.

For Fondiaria-SAI, the Non-Life portfolio duration increased on the end of the previous year and reduced compared to 30 June, respectively 3.1 years at 31 December 2012 and 3.8 years at 30 June 2013 and is forecast at 3.3 years for 30 September (for Milano Assicurazioni respectively 3.2, 3.3 and 3.2).

In the Life business, net bond purchases in the quarter amounted to Euro 85.4 million (Euro 63.4 million for Milano Assicurazioni), of which Italian Government security purchases for Euro 183.3 million (Euro 117.1 million for Milano Assicurazioni), with a duration of 5.3 years (4.5 years for Milano Assicurazioni), increasing slightly on the end of the previous year and the second quarter, respectively 4.9 years at 31 December 2012 and 5.3 years at 30 June 2013 (for Milano Assicurazioni respectively 4.3 and 4.5 years). 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. Investments in corporate bonds comprise 17.7% of the bond sector for Fondiaria-SAI and 12.8% for Milano Assicurazioni. For both companies, the segregated fund operations, in line with the liability profile, featured purchases of long maturity government securities with guaranteed minimum yields.

In relation to the equity component, Non-Life Business operations featured, against substantially unchanged volumes, tactical trading both on individual securities and through ETF's. In relation to "sensitive" securities, the Fondiaria-SAI exposure to Banca Intermobiliare bonds was further reduced, while the liquidation of almost the entirety of the Saint George funds for both listed companies began.

In the Life Business, particularly in a rising market, the weighting of the asset class on the Segregated Funds portfolios was again reduced. The sale of the Saint George funds also began.
In relation to the strategic investments, the reduction of risk actions continued, carried out through the purchasing of options, which resulted in the first nine months of 2013 in the neutralisation of risk equal to over 65% of the overall positions.

Finally, at the beginning of July the share capital increase of RCS Mediagroup took place following the requests of the shareholder pact, subscribing 12,029,616 new Fondiaria-SAI shares (5,646,444 for Milano Assicurazioni) at Euro 1.235 per share, with an overall payment of Euro 14.9 million for Fondiaria-SAI (Euro 7 million for Milano Assicurazioni). 3.8% of the company is held by Fondiaria-SAI and 1.8% by Milano Assicurazioni.

Following the end of the quarter, on 10 October Fondiaria-SAI sold through private placement to institutions 17.1 million Mediobanca shares (3.1 million shares sold by Milano Assicurazioni) at a price of Euro 5.85 per share. The Mediobanca shares still held by Fondiaria-SAI (approx. 9.9 million shares) have been protected from market fluctuations through forward sales derivatives and will be gradually disposed of by 14 November 2013, in line with the Anti-trust Authority Order.

Fondiria-SAI
The **Non-Life business** is composed of 54.3% of fixed income bonds, 25.6% at variable rate and 16.5% in shares and funds, with a residual 3.6% in liquidity.
The total duration of the portfolio is 3.3 years and the return on the Non-Life portfolio is equal to 3.6%.
The **Life business** has a higher fixed rate bond allocation (82.4%), compared to the variable quota of the same class (12.8%) and that of shares and funds (2.5%) and liquidity (2.3%), with a total duration of the portfolio of 5.3 years and a return of 5.3%.

Milano Assicurazioni
The **Non-Life business** is composed of 65.5% of fixed income bonds, 27.6% at variable rate and 2.9% in shares and funds, with a residual 4.1% in liquidity.
The total duration of the portfolio is 3.2 years and the return on the Non-Life portfolio is equal to 3.2%.
The **Life business** has a higher fixed rate bond allocation (82.9%), compared to the variable quota of the same class (10.9%) and that of shares and funds (4.2%) and liquidity (2.0%), with a total duration of the portfolio of 4.5 years and a return of 5.4%.

Share capital increase of RCS Mediagroup S.p.A.

On 28 June 2013, Fondiaria-SAI S.p.A. and its direct and indirect subsidiaries Milano Assicurazioni S.p.A., Saifin Saifinanziaria S.p.A. and SIAT S.p.A., under the share capital increase of RCS Mediagroup S.p.A. ("RCS), approved by the Shareholders' Meeting of 30 May 2013, fully exercised the 6,003,185 options available on the basis of shares held (post reverse stock-split), of which 5,777,150 bound by the RCS Mediagroup S.p.A. Blocking and Consultation Shareholder Agreement, with a further 226,035 shares not bound by the Agreement.

Currently and as a result of the subscription to the recent share capital increase, the indirect parent company Finsoe holds overall, through Fondiaria-SAI S.p.A. and this latter company's direct and indirect subsidiaries, a 5.651% stake in the ordinary share capital of RCS.

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 following table, which highlights a reduction in the debt of over Euro 60 million.

(Euro millions)	30/09/2013	31/12/2012	Change
Subordinated loans	1,042.3	1,048.1	(5.8)
Banks and other lenders	195.0	249.8	(54.8)
Total debt	**1,237.3**	**1,297.9**	**(60.6)**

The reduction in the debt is principally due to the repayment by BancaSai of bonds issued for an overall book value of Euro 65.3 million, in addition to the undertaking by Finitalia of short-term loans (with maturity 14 October 2013) totalling Euro 10 million from UBI – B. Pop. Bergamo.

The account **Subordinated loans** includes 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 subordinated loan of Euro 100 million agreed by Fondiaria-SAI on 20/12/2005 (received on 31/12/2005), with the same subordination 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 14 July 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 14 July 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 14 July 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.

The financial liabilities concerning the assets held for sale and therefore measured under IFRS 5 include Euro 150 million of nominal value in relation to the subordinated loan undertaken with Mediobanca by Milano Assicurazioni on 22 June 2006 and also following the indications from the Anti-trust Authority.
It is reported in fact that, with reference to the order C/11524 in relation to the "Evaluation of the measures to be prescribed" and, in particular, with reference to the "Measures relating to the shareholding ties of the entity post-merger with Mediobanca" initiated on 26 April 2012 by the Anti-trust Authority in relation to the companies Unipol Gruppo Finanziario S.p.A., Premafin Finanziaria S.p.A., Fondiaria-SAI S.p.A., Milano Assicurazioni S.p.A., Unipol Assicurazioni S.p.A., Mediobanca S.p.A. and Assicurazioni Generali S.p.A., the net debt of Milano Assicurazioni with Mediobanca should be reduced, as well as with the post-merger entity, in order to significantly reduce the ties with this latter.

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. Of these, the three subordinated loan hedging contracts totalling Euro 400 million matured on 23 July 2013, for which the notional value of these instruments currently amounts to Euro 650 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 Fondiaria-SAI, 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 Fondiaria-SAI (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 Fondiaria-SAI 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 downgrading of the Standard & Poor's rating (or any other agency to which the Parent Company Fondiaria-SAI is voluntarily subject, being 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.

This disclosure was provided even though non-compliance with the above-stated clauses is not at issue, with little possibility of the contractually established events in safeguarding of shareholders occurring.

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 **Payables to banks and other lenders** of Euro 195.0 million, the most significant amounts are detailed below:

- Euro 111.8 million (Euro 111.3 million at 31/12/2012) 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 19.5 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 the first nine months of 2013 bond loans for a total book value of approx. Euro 65 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 17 March 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 10 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 Fondiaria-SAI at 30/9/2013 and at 31/12/2012, are outlined in the table below:

(in Euro thousands)	30/09/2013		31/12/2012	
	Number	**Book value**	**Number**	**Book value**
Ordinary 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	3,149	18,340,027	2,353
Milano Assicurazioni	9,157,710	1,572	9,157,710	1,175
Saifin - Saifinanziaria	66,588	12	66,588	9
Total	**27,564,325**	**4,733**	**27,564,325**	**3,537**
Unipol Gruppo Finanziario shares held by:				
Fondiaria-SAI	24,000	76	24,000	36
Milano Assicurazioni	16,000	51	16,000	24
Total	**40,000**	**127**	**40,000**	**60**

PERFORMANCE OF THE LISTED SHARES OF THE GROUP

The share capital of the company at 30 September 2013 of Euro 1,194,572,973.80 comprises: 920,565,922 ordinary shares, 1,276,836 Class A saving shares and 321,762,672 Class B saving shares: all share categories are without stated nominal value.

At 30 September 2013 the market share prices were as follows:

(in Euro)	**30/09/2013**	**30/12/2012**	**Change %**
Fondiaria-SAI ord.	1.5659	0.9498	64.87
Fondiaria-SAI sav. Class A	124.094	79.3612	56.37
Fondiaria-SAI sav. Class B	1.3721	0.673	103.88

The market prices of Milano Assicurazioni were as follows:

(in Euro)	**30/09/2013**	**30/12/2012**	**Change %**
Milano Assicurazioni ord.	0.5192	0.3131	65.83
Milano Assicurazioni sav.	0.7361	0.3645	101.95

Other information

INSPECTIONS

As part of the investigation launched following the lodging of the merger application, IVASS, in order to fully assess compliance with the stipulated regulatory requirements, on 21 February 2013 carried out inspections at Fondiaria-SAI and Milano Assicurazioni, reviewing the measures put in place following the previous inspections which concluded at the end of 2011 concerning the MV class claims cycle, the General TPL claims cycle, in addition to compliance with the regulation regarding assets in coverage of technical provisions, particularly in relation to investments in the real estate sector and technical receivables.
These inspections were also extended on 24 April 2013 to ascertain compliance with the Anti-money laundering Regulation at both Companies.
The inspections concluded in June 2013 and on 18 September 2013 IVASS outlined to the Boards of Directors of the Companies the results of the inspections and the significant issues raised by the oversight authority. These issues, which form the basis of the corrective measures described by IVASS on the approval of the Merger on 25 July 2013, were not of a sufficiently critical nature so as to invoke possible future disciplinary procedures against the companies.

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 IAS/IFRS standards, for 9M 2013 the constituting elements were 1.28 times the minimum required, improving therefore on 31 December 2012. This represents an estimate at period-end of the ratio between the constituent elements and the required margin. If measured with reference to the margin required at the end of the previous year, it would stand at 1.25.
It is noted that the Fondiaria-SAI Group did not make use of the provisions of ISVAP Regulation 43 of 12 July 2012 (published in Official Gazette No. 166 on 18 July 2012) and that the ratio does not include possible effects from the application of IFRS 5.

NUMBER OF GROUP EMPLOYEES

At 30/9/2013, the Group headcount was 7,418 (7,377 at 31/12/2012) and the breakdown is as follows:

Number	**30/09/2013**	**31/12/2012**	**Change**
Italian companies	5,898	5,873	25
Foreign entities	1,520	1,504	16
Fondiaria SAI S.p.A. Group	**7,418**	**7,377**	**41**

The above table does not include the seasonal personnel of Atahotels, comprising 356 persons at 30/9/2013 (79 at 31/12/2012).
Also note that employees in foreign companies include 591 agents (552 at 31/12/2012).

GROUP INDUSTRIAL RELATIONS

Industrial relations in the first nine months of 2013 continued to be handled according to the consolidated principles of Fondiaria-SAI and its subsidiaries, centred on transparency, dialogue and constructive interaction with the Trade Unions on common matters.

In particular, we highlight the introduction of the procedures in accordance with Article 47 of Law No. 428 of 29/12/1990 and Articles 15 and 16 of the ANIA National Collective Agreement in relation to the merger project of Fondiaria-SAI, Unipol Assicurazioni, Premafin and Milano Assicurazioni.

In this regard, on 20/3/2013 a preliminary Agreement was signed under which the procedure as per Article 47 of Law No. 428/90 was carried out and the principles were established on which the agreement following the negotiations currently in progress in accordance with Article 15 and 16 of the National Collective Agreement between the Parties will be based.
We highlight also the signing of an agreement concerning funding from the Fondo Banche Assicurazioni (FBA) of a collective training plan for the updating, requalification and professional development of Group employees.

An agreement was also signed on 27/2/2013 which incorporated the indications of the Personal Data Protection Authority concerning video surveillance, in particular in relation to transit areas used by workers.

A slight reduction was also reported in terms of the number of judicial actions taken by employees compared to the previous year. In fact, at 30 June 2013 there were 40 cases pending for Fondiaria-SAI and 30 cases for Milano Assicurazioni.

At national level, on the conclusion of delicate negotiations, an Agreement was signed on 20/5/2013 concerning the "Inter-segment Solidarity Fund to support the income, employment, retraining and requalification of insurance and assistance company personnel" (the so called Inter-segment Solidarity Fund).

This agreement fulfils the requirement to amend by 30/6/2013 the pre-existing insurance sector Solidarity Fund in line with the new Fornero Law provisions. In addition, the agreement provides for the extension of the Fund also to the AISA (Italian Association of Assistance Companies) and to companies represented by it, which together with the sector Trade Unions requested inclusion in the insurance sector Solidarity Fund.

The objectives of the Fund are: 1) to act on behalf of employees which, under restructurings/reorganisations and/or crisis situations, require a changing and an updating of professional skills; 2) to introduce policies to support the salary of workers affected by a reduction in hours or a temporary suspension of employment and 3) to introduce actions to "assist the pension" of those workers who will reach pensionable age within a maximum period of five years.

Also on a national level, on 27/6/2013 the ANIA National Collective Agreement for Senior Managers of Insurance Companies which renewed the previous Agreement of 15/10/2007 was signed. The renewal did not increase salary levels and introduced a number of regulatory changes made necessary by the new pension provisions (Fornero law). The new National Collective Agreement is effective from 1/7/2013 and concludes on 30/6/2015.

SPONSORSHIP

In 2013, Fondiaria-SAI supported FAI – Fondo per l'Ambiente Italiano (Italian Environment Fund), the main Italian non-profit foundation for the protection, safeguarding and preservation of the artistic and natural heritage of our country.

FURTHER INFORMATION

Approval of the merger by incorporation into Fondiaria-SAI S.p.A. of Unipol Assicurazioni S.p.A., Premafin Finanziaria S.p.A. and Milano Assicurazioni S.p.A.

With letter of 28 December 2012, supplemented on 22 May 2013, Fondiaria-SAI S.p.A., Unipol Assicurazioni S.p.A., Premafin Finanziaria S.p.A. and Milano Assicurazioni S.p.A. presented an application for approval in accordance with Article 201 of Legislative Decree No. 209 of 7 September 2005 and ISVAP Regulation No. 14/2008 for the merger by incorporation into Fondiaria-SAI S.p.A. of Unipol Assicurazioni S.p.A., Premafin Finanziaria S.p.A. and Milano Assicurazioni S.p.A.. The company established under the merger will take the name "UnipolSai Assicurazioni S.p.A.", in short "UnipolSai S.p.A.".

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

On 28 January 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 Milano Assicurazioni S.p.A., approved by the Board of Directors of the participating Companies in the merger on 20 December 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.

On 21 February 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.

Following the preliminary investigations, IVASS declared in accordance with Article 201 of Legislative Decree No. 209 of 7 September 2005 and ISVAP Regulation No. 14/2008 the fulfillment - both in the case of the participation and non-participation of Milano Assicurazioni S.p.A. - of the conditions for the merger's authorisation, concerning proper and prudent management and the holding of sufficient assets to cover the technical provisions and the solvency margin of the merging entity.

The Authority on 25/7/2013 approved, in accordance with Article 201 of Legislative Decree No. 209 of 7 September 2005 and ISVAP Regulation No. 14 of 18 February 2008, the merger by incorporation into Fondiaria-SAI S.p.A. of Unipol Assicurazioni S.p.A., Premafin Finanziaria S.p.A. and Milano Assicurazioni S.p.A. and approved the related amendments to be made to the By-laws of the merging entity.

The Supervisory Authority also advised the implementation of a number of corrective measures to ensure over time greater operating efficiency and control, considering the increased complexity and size of the post-merger entity.
The above-stated corrective measures concern corporate governance, dividend policy, reinsurance and the development of controls and procedures over investments and contracted liabilities.

As outlined in the section concerning Significant events subsequent to period-end, following the motions passed by the Shareholders' Meetings of 25, 26 and 28 October 2013, Milano Assicurazioni will also be involved in the merger.

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 14 March 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 14 March 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, with decision of the Board of the Bank of Italy and provision No. 32-13-96 of 29 January 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 31 January 2013 (as defined by ISVAP Provision No. 3001 of 12 September 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.

Class A Special Savings Shareholders' Meeting

On 26 March 2013 the Class A Special Savings Shareholders' Meeting of Fondiaria-SAI S.p.A. approved the actions necessary to contest the motions passed by the Extraordinary Shareholders' Meeting of Fondiaria-SAI S.p.A. of 27 June 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 reiterates that – for the reasons illustrated in detail in the document published on 21 March 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.

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

On 17 April 2013, CONSOB requested Fondiaria-SAI (and Milano Assicurazioni under a separate request) 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 20 March 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 21 December 2012.
Given the position of CONSOB, the Board of Directors considered it appropriate to adjust the consolidated financial statements approved on 20 March 2013 and on 24 April 2013 approved the inclusion, where applicable, in the Consolidated Directors' Report, Financial Statements and Explanatory Notes of the above-mentioned 2011 comparative figures restated in line that published on 27 December 2012, following the above-stated CONSOB Decision No. 18430.

This change did not affect the balance sheet and income statement at 31 December 2012, which were unchanged on those approved by the Board of Directors on 20 March 2013 and on which the re-statement of the 2011 data did not have any impact.
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 17 March 2013, Protocol No. 13032789".

Appointment of new Board of Directors

The Shareholders' Meeting of Fondiaria-SAI S.p.A. of 29 April 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 meeting of 28 May 2013 formally verified the independence of the qualifying Directors, in addition to appointing the Corporate Boards and the members of the Board Committees.

Actions against former Directors and Statutory Auditors

The Shareholders' Meeting of Fondiaria-SAI S.p.A. of 30 July 2013 in second call approved by a 99.99% majority of ordinary Shareholders represented at the meeting the pursuit of a corporate responsibility action against some ex Directors and Statutory Auditors, as approved by the Board of Directors in the report prepared for the Shareholders' Meeting and made public in accordance with law.

The action concerns a number of operations carried out by companies of the ex-Fondiaria-SAI Group with companies indirectly controlled by the Ligresti family, other than operations for which the Shareholders' Meeting of 14 March 2013, on the proposal of the *ad acta* Representative Mr. Matteo Caratozzolo, had approved similar actions.

Appointment of the Independent Audit Firm

On 30 July 2013 the Shareholders' Meeting of Fondiaria-SAI approved the advance conclusion (with residual years 2013-2018) of the audit appointment of the company Reconta Ernst&Young S.p.A., in addition to the simultaneous appointment of PricewaterhouseCoopers S.p.A., principal Auditor of the Unipol Group, for the auditing of accounts for the period 2013-2021, in accordance with the terms and conditions indicated in the Shareholders' Meeting proposals' illustrative report.

Bankruptcy of Im.Co. and Sinergia

On 14/6/2012 the second civil section of the Milan Court declared the bankruptcy of Sinergia and Im.Co., related companies of the Fondiaria SAI Group, as indirectly controlled by members of the Ligresti family.

Overall the companies of the Fondiaria SAI Group hold gross receivables for Euro 231 million, including the receivable from the company Avvenimenti e Sviluppo Alberghiero S.r.l. (ASA S.r.l.), not yet declared bankrupt and wholly-owned by Im.Co..
Against these receivables and with the only exception of that from ASA S.r.l. (amounting to Euro 101.7 million), debt claim admissions for the liquidations of Im.Co. and Sinergia were presented.
Therefore, against receivables totalling Euro 129.3 million (excluding the receivable from ASA), claims were admitted for unsecured receivables of approx. Euro 111.4 million. For the residual receivables, oppositions which are still pending were filed.

The principal lending banks of Im.Co. and Sinergia reached an agreed bankruptcy (which provides for the participation also of the subsidiary BancaSai), in which all debts to "related parties", therefore companies of the ex-Fondiaria SAI Group, are cancelled through the transfer of land and buildings in their current state.

In this regard, on 7 and 31 October 2013 respectively, the principal lending banks of Im.Co S.p.A. in liquidation, presented agreed bankruptcy proposals to be implemented through a vehicle company (Visconti S.r.l.), incorporated for such purposes and in which the subsidiary BancaSai also holds an investment. Visconti S.r.l. will ensure the full settlement of all Fondiaria-SAI obligations to the European Oncological Institute (EOI) concerning surety polices granted by Fondiaria-SAI to EOI on behalf of Im.Co..
The agreed bankruptcy solution has the objective to entirely restructure the debt position of Im.Co. and its parent company Sinergia, through business initiatives trusted to highly regarded operators in the real estate sector. This is to ensure that the assets of the bankrupt companies do not further deteriorate within a normal bankruptcy process.
The objective of Fondiaria-SAI and its subsidiaries is to permit a recovery of the real estate initiatives, currently held by Im.Co. under future sales contracts signed in the past and in which significant investments were made.

In view also therefore of current developments within the administration procedures of Im.Co. S.p.A. and Sinergia, in addition to the liquidation of Avvenimenti e Sviluppo Alberghiero S.r.l., the valuations of receivables held concerning the bankrupt companies are considered reasonably prudent.

LITIGATION

Actions by shareholders of La Fondiaria Assicurazioni (Public Purchase Offer Cases)

From 2003, a number of shareholders of La Fondiaria Assicurazioni S.p.A. ("**Fondiaria**") began a series of legal actions for the recognition of compensation (on differing legal grounds) due to the absence of a public purchase offer ("**PPO**") on Fondiaria shares by SAI Società Assicuratrice Industriale S.p.A. ("SAI") in 2002.

Thirteen cases remain pending before the courts, for which Fondiaria-SAI, Mediobanca Banca di credito Finanziario S.p.A. ("Mediobanca") and, for nine of the cases, Premafin have been called.

The level of judgement at 30 September 2013 (the last summons was notified on 15 February 2012) is broken down as follows:

- one case awaits the terms of the appeal at the Milan Court of Appeal;
- four cases are pending at the Milan Court of Appeal, two of which under reconsideration;
- one case awaits the terms for the counterparty appeal at the Court of Cassation;
- five cases are pending before the Supreme Court;
- two cases await the terms of a possible reconsideration by the Court of Appeal following the judgements of the Supreme Court.

In relation to the judgements:

- all first instance first level decisions (with the exception of that of the Florence Court in favour of the companies called, in addition to that of August 2013 by the Milan Court which invoked the statute of limitations) for differing reasons accepted the plaintiff demands and ruled in favour of the payment of significant amounts of compensation by the companies called; all judgements (with the exception of two) were suspended at the Court of Appeal;
- at the current date, all decisions issued by the Milan Court of Appeal accepted the defences put forward by Fondiaria-SAI, Mediobanca and Premafin;
- the Court of Cassation, in the three judgements filed in August 2012, in addition to that filed in September 2013, accepted the appeals, quashing the second level judgements and forwarding the cases to the Milan Court of Appeal for re-examination and judged also upon costs.

The following is stated in relation to the most recent legal proceedings:

- on 18 March 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;
- on 12 April 2013 the Milan Court of Appeal judged in favour of the appeal presented by Premafin in relation to the case taken by a number of former Fonsai shareholders, rejecting the plaintiff demands;
- on 17 August 2013, the Milan Court rejected the cases of a number of Fonsai shareholders, invoking the statute of limitations;
- on 18 July 2013, the Court of Cassation, with judgement filed on 26 September 2013, partially accepted the appeal brought by a number of shareholders, quashing the sentence and forwarding the case to the Milan Court of Appeal.

The four judgements of the Court of Cassation in 2012 and 2013 indicate a changed outlook in point of law by the Supreme Court in relation to the defence of the companies called, a defence which has been shared by the Court of Appeal judgements consistently to-date. The four Court of Cassation judgements in fact confirmed the principal of law that in the case of the violation of a Public Purchase Offer obligation by those who – following the purchases – hold less than 30% of the share capital, the shareholders to which the Public Purchase Offer would have concerned have the right to receive compensation having demonstrated a possible loss of income. However, confirming the complexity of the issue at hand, in 2013, following the above-mentioned judgements of the Supreme Court of 2012, the Florence Court of Appeal rejected the appeals presented by a number of Fonsai shareholders against the favourable first level judgement on behalf of the companies and the Milan Court of Appeal accepted the appeal brought forward by Premafin, rejecting the plaintiff demands.

The provisions for risks and charges are sufficient against the litigation in course.

Tax assessments

On 30 July 2013, the Large Contributions Office of the Tuscany Inland Revenue Department notified of ten tax assessments, contesting the deductibility of a portion of remuneration paid in the 2004-2008 period by Fondiaria-SAI to Jonella Ligresti, Maria Giulia Ligresti, Gioacchino Paolo Ligresti, Fausto Marchionni, Massimo Pini and Antonio Talarico and consequently requested the payment of higher IRES taxes, in addition to penalties and interest.
The tax assessments also contested the deductibility of costs for the funding of the company Laità S.r.l. in the 2004-2008 period and consequently requested higher IRES and IRAP taxes, in addition to penalties and interest.
The overall amount requested for IRES, IRAP, interest (calculated until 30/7/2013) and penalties (at a rate of 150%) totalled Euro 25.7 million. If accepted by the company the amount would reduce to Euro 13.7 million.
The contestations are based on the reasoning outlined in the *ad acta* Representative report prepared for the legal action requested by IVASS, the Board of Statutory Auditors' reports as per Article 2408 of the Civil Code of 16 March 2013, 18 April 2012 and 26 October 2012, Order No. 12096145 of 11 December 2012 of CONSOB and on the activities carried out on the appointment of the Public Prosecutor at the Florence Court (criminal proceeding No. 2199/09).
The company is evaluating whether to appeal the above-stated assessments, considering also the use of other legal instruments which would reduce the taxes and penalties sought. Sufficient provisions were made to offset the amounts requested.

Following the tax assessments notified in December 2012 by the Tuscany Regional Office, under which remuneration paid to Mr. Salvatore Ligresti for consultancy was examined, an agreed settlement was reached with the payment of approx. Euro 8 million in February 2013. The charge was fully expensed to the 2012 income statement, as already fully provisioned.

The subsidiary Milano Assicurazioni settled through similar procedures assessments brought by the Lombardy Regional Office, with the payment in February 2013 of approx. Euro 4 million and the reduction of tax credits by Euro 0.8 million. Also in this case the charge had already been reflected in 2012 income statement.

Preventative seizure order

On 12 August 2013, within the criminal proceedings taken by the Turin Public Prosecutor against members of the Ligresti family and some former Directors of Fondiaria-SAI, the Public Prosecutor notified of a preventative seizure order for assets held by Fondiaria-SAI or its subsidiaries for a total value at 30 June 2013 of Euro 106.3 million.
In particular, the properties placed under sequestration are the Golf Hotel Campiglio di Madonna of Campiglio, the Naxos Beach at Giardini Naxos (Messina), the Hotel Principi di Piemonte of Turin, the Ata Hotel Varese and the Grand Hotel Fiera of Milan.
The seizure did not affect the ordinary operations of the hotels involved.

This order was made in accordance with Articles 19 and 53 of Legislative Decree No. 231/2001.

On 25 September 2013 the Turin Court Re-examination Section, judging on appeals against the seizure order put forward by the Company and by a number of those cited, quashed the seizure order, allowing the addressees full access to the assets concerned. The Turin Public Prosecutor has challenged the cancellation order before the Court of Cassation.

SIGNIFICANT EVENT AFTER THE PERIOD END

Sale of Mediobanca S.p.A. shares

On 9 October 2013 Fondiaria-SAI S.p.A., together with the subsidiaries Milano Assicurazioni S.p.A. and Finsai International S.A. (hereafter jointly the "**Vendors**"), announced the successful conclusion of the sale of 23,114,386 ordinary Mediobanca S.p.A. shares held by the Vendors, comprising approx. 2.68% of the share capital (hereafter the "**Shares**"), through an accelerated book-building procedure (the "**Operation**") targeted exclusively at qualifying investors in Italy, as established by Article 34-*ter*, paragraph 1, letter b of CONSOB Regulation No. 11971/1999, and overseas investors. Equita SIM S.p.A. acted as the sole bookrunner of the Operation.

The consideration for the shares totalled Euro 135,219,158. The Operation was executed on 15 October 2013.

The Operation is part of the disposal of the entire investment held by the Vendors in Mediobanca, totalling 33,019,886 shares (3.83% of the share capital), under the measures ordered by the Anti-trust Authority on 19 June 2012.

The additional 9,905,500 Mediobanca shares held by Fondiaria-SAI S.p.A., comprising 1.15% of the share capital, were not included in the Operation as subject to forward sales contracts previously undertaken which will be settled by November 2013.

Publication of the merger disclosure document prepared in accordance with Article 70, paragraph 6 of CONSOB Regulation No. 11971/1999.

The merger disclosure document prepared by Fondiaria-SAI S.p.A., jointly with Premafin Finanziaria - S.p.A. – Holding di Partecipazioni, Milano Assicurazioni S.p.A. and Unipol Assicurazioni S.p.A., in accordance with Article 70, paragraph 6 of the Regulation approved through CONSOB Regulation No. 11971 of 14 May 1999, as subsequently amended and supplemented, is available from 9 October 2013, together with the relative attachments, on the Company website at www.fondiaria-sai.it.

Extraordinary Shareholders' Meeting of 24-25 October 2013

The Extraordinary Shareholders' Meetings of Unipol Assicurazioni S.p.A. ("**Unipol Assicurazioni**"), Fondiaria-SAI S.p.A. ("**Fondiaria-SAI**") and Premafin Finanziaria – S.p.A. – Holding di Partecipazioni ("**Premafin**"), meeting on 25 October 2013, and the Extraordinary Shareholders' Meeting of Milano Assicurazioni S.p.A. ("**Milano Assicurazioni**") of 26 October 2013, approved the merger by incorporation of Premafin, Unipol Assicurazioni and Milano Assicurazioni into Fondiaria-SAI (the "**Merger**").

The Special Savings Shareholders' Meeting of Milano Assicurazioni of 28 October 2013 approved with the favourable vote of 97.82% of the Class share capital represented at the Shareholders' Meeting, in accordance with Article 146, paragraph 1, letter b) of Legislative Decree No. 58 of 24 February 1998, the motion adopted by the Extraordinary Shareholders' Meeting of the Company in relation to the Merger.

Following the approval of the Special Shareholders' Meeting, Milano Assicurazioni will therefore also be involved in the Merger.

The merging entity will take the new name "UnipolSai Assicurazioni S.p.A.", in short "UnipolSai".

As previously communicated to the market, the Merger forms an integral and essential part of the integration project between the Unipol Group and the former Premafin-Fondiaria-SAI Group, announced to the market on 29 January 2012, with the objective to create a leader in the Italian insurance market (the "**Integration Project**").

The Extraordinary Shareholders' Meetings approved, without amendments or supplements, the Merger project proposed on 20 December 2012 by the Board of Directors of the companies participating in the Merger, following approval by the respective Committees for transactions with related parties (the "**Merger Project**").

Share Swap Ratio

The share swap, previously outlined in the Merger Proposal and drawn up with the support of the respective financial advisors, is based on:

- 0.050 Fondiaria-SAI ordinary shares for every Premafin ordinary share;
- 1.497 Fondiaria-SAI ordinary shares for every Unipol Assicurazioni share;
- 0.339 Fondiaria-SAI ordinary shares for every Milano Assicurazioni share;
- 0.549 Class "B" Fondiaria-SAI savings shares for every Milano Assicurazioni savings share.

Following the Merger, all shares of the companies being merged will be cancelled and exchanged with shares of the incorporating company, which will issue a maximum 1,632,878,373 new ordinary shares and a maximum of 55,430,483 new Class "B" savings shares.
The issue of Fondiaria-SAI ordinary shares and Class "B" savings shares, to facilitate the share swap, will take place through a Fondiaria-SAI share capital increase of Euro 0.565 for every new share issued and for a maximum Euro 953,894,503.64.

The ordinary shares and Class "B" savings shares of Fondiaria-SAI allocated in exchange will have the same rights as those currently in circulation and will be listed on the MTA segment together with the Fondiaria-SAI shares already in circulation.

The Fondiaria-SAI ordinary shares and Class "B" savings shares to facilitate the share swap will be made available to shareholders of the companies being merged from the first working day subsequent to the effective legal date of the Merger. This date will be announced through a notice published in at least one national daily newspaper. Shareholders will not incur any charges for the share swap operations.

Premafin shareholders opposed to the Merger proposals – which, as noted, comprise an integral and essential part of the Integration Project - have the right to withdrawal in accordance with Article 2437, paragraph 1, letter a) of the Civil Code. The settlement value of ordinary Premafin shares subject to withdrawal is Euro 0.1747 per share (as announced to the market on 24 September 2013), set in accordance with Article 2437-*ter* of the Civil Code and exclusively based on the average closing price of ordinary Premafin shares in the six months preceding publication of the call notice of the Shareholders' Meeting in which the right to withdrawal was approved.

The Milano Assicurazioni savings shareholders opposed to the Merger proposal – which, as noted, comprises an integral and essential part of the Integration Project, have the right to withdrawal in accordance with Article 2437, paragraph 1, letter g) of the Civil Code. The settlement value of Milano Assicurazioni savings shares subject to withdrawal is Euro 0.6860 per share (as announced to the market on 24 September 2013), set in accordance with Article 2437-*ter* of the Civil Code and exclusively based on the average closing price of Milano Assicurazioni savings shares in the six months preceding publication of the call notice of the Shareholders' Meeting in which the right to withdrawal was approved.

Withdrawals, exercised in accordance with Article 2437, paragraph 1, letter a) or letter g) of the Civil Code, will be effective on conclusion of the Merger.

In relation to the settlement procedure concerning shares subject to withdrawal under Article 2437-*quater* of the Civil Code, reference should be made to the Merger Disclosure Document. For further details, reference should be made to the press releases of 31 October, published on the websites of Milano Assicurazioni and Premafin (respectively www.milass.it and www.premafin.it).

Resultant Company
With the legal efficacy of the Merger, the parent company Unipol Gruppo Finanziario S.p.A. ("**UGF**") will take control of the resultant company, assuming a 63% holding in the ordinary share capital and of 63.66% in the total share capital.

From the effective date of the Merger, the resultant company will modify its By-laws, adopting the By-law amendments subject to completion of the Merger, including the conferment to the Board of Directors, in accordance with Articles 2420-*ter* and 2443 of the Civil Code, of the faculty to issue, on one or more occasions (subject to the Merger efficacy), bonds “convertible” into ordinary shares of the resultant company, for a maximum amount of Euro 201,800,000.00, with consequent share capital increase in service of the conversion for a total maximum amount of an equal amount, including share premium, on one or more occasions and divisible, through issuing ordinary company shares without indication of the nominal value, with full rights and the same features as those in circulation at the issue date, with the faculty for the Board of Directors to exclude the option right and offer the instruments to third party financers of the company in order to reduce the debt exposure of the company to such third parties.

The signing of the Merger deed is subject to the completion of the Merger process. For tax and accounting purposes, the operations carried out by the companies being merged will be recognised to the financial statements of the incorporating company from 1 January of the year in which the Merger is legally effective.

Further information on the Merger is available in the Disclosure Document prepared in accordance with Article 70, paragraph 6 of Consob Regulation No. 11971 of 14 May 1999, initially made available to the public on 9 October 2013 at the registered offices of the companies participating in the Merger and published on the website of the companies and of Unipol Gruppo Finanziario S.p.A. at: www.fondiaria-sai.it, www.milass.it, www.premafin.it, www.unipolassicurazioni.it and www.unipol.it, and subsequently updated through the supplement published on 22 October 22 2013.

OUTLOOK

With IVASS's approval of the Merger at the end of July, in addition to the approval at the end of October of the Proposal both by the Extraordinary Shareholders' Meetings of Unipol Assicurazioni, Fondiaria-SAI, Premafin, Milano Assicurazioni and by the Special Savings Shareholders' Meeting of Milano Assicurazioni, in the coming months the actions already taken concerning the integration with the Unipol Group will be stepped up, in accordance with the conditions previously communicated to the market.

The merger is a fundamental and integral part of this operation, undertaken in order to establish a leading player in the insurance sector, improving and restructuring the management and coordination of the resulting entity, with a greater focus on the insurance business and strengthening the capital and solvency structure, within a simpler and increasingly transparent Group model.

The synergies gained from the merger will allow the new entity to benefit from the sharing and strengthening of those areas and processes which represent its best practice.

Bologna, 13 November 2013

For the Board of Directors
The Chairman

Fabio Cerchiai

Condensed consolidated interim financial statements at 30 September 2013

The present condensed consolidated interim financial statements at 30/9/2013 of the Fondiaria SAI Group were prepared in accordance with IAS 34 and Article 154-*ter* of Legislative Decree No. 58/1998 (the CFA). The valuation and measurement of the amounts in the Explanatory notes are in accordance with IAS/IFRS as currently endorsed by the European Union and their current interpretation by the official accounting organisations.

These financial statements do not include all of the information required for the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2012.
The financial statements (financial position, income statement, comprehensive income statement, changes in net equity, cash flow, segment financial position and income statement) comply with that established by ISVAP Regulation No. 7 of 13 July 2007.

In the preparation of the interim financial statements Fondiaria-SAI prepares the consolidated financial statements according to IAS/IFRS applied on a consistent basis.

It should be noted that due to the requirements of having timely information and also to avoid repeating information already present in the annual financial statements, the present condensed half-year consolidated financial statements provide more limited information than the annual financial statements, although in accordance with the minimum disclosure as per IAS 34 and other regulatory provisions.

Financial Statements

STATEMENT OF FINANCIAL POSITION - ASSETS

(in Euro thousands)

		30/09/2013	31/12/2012
1	**INTANGIBLE ASSETS**	**1,049,824**	**1,160,227**
1.1	Goodwill	1,002,634	1,101,715
1.2	Other intangible assets	47,190	58,512
2	**PROPERTY, PLANT & EQUIPMENT**	**337,040**	**373,111**
2.1	Property	288,739	304,203
2.2	Other property & equipment	48,301	68,908
3	**TECHNICAL PROVISIONS - REINSURERS' SHARE**	**644,491**	**807,304**
4	**INVESTMENTS**	**30,025,588**	**33,859,082**
4.1	Investment property	1,976,953	2,200,774
4.2	Investments in subsidiaries, associates and interests in joint ventures	136,442	125,799
4.3	Held-to-maturity investments	577,441	718,119
4.4	Loans and receivables	3,400,468	3,527,030
4.5	Available-for-sale financial assets	18,052,050	20,848,041
4.6	Financial assets at fair value through profit or loss	5,882,234	6,439,319
5	**OTHER RECEIVABLES**	**1,396,939**	**2,090,995**
5.1	Receivables relating to direct insurance business	725,464	1,322,826
5.2	Receivables relating to reinsurance business	56,908	64,750
5.3	Other receivables	614,567	703,419
6	**OTHER ASSETS**	**5,070,279**	**1,534,590**
6.1	Non-current assets held for sale or disposal groups	3,888,504	3,335
6.2	Deferred acquisition costs	55,082	52,250
6.3	Deferred tax assets	726,466	954,429
6.4	Current tax assets	271,158	299,485
6.5	Other assets	129,069	225,091
7	**CASH AND CASH EQUIVALENTS**	**819,283**	**560,228**
	TOTAL ASSETS	**39,343,444**	**40,385,537**

STATEMENT OF FINANCIAL POSITION – SHAREHOLDERS' EQUITY & LIABILITIES

(in Euro thousands)

		30/09/2013	31/12/2012
1	**EQUITY**	**3,064,944**	**2,762,674**
1.1	**attributable to the owners of the Parent**	**2,368,833**	**2,115,707**
1.1.1	Share Capital	1,194,573	1,194,573
1.1.2	Other equity instruments	0	0
1.1.3	Equity related reserves	198,876	669,626
1.1.4	Income-related and other reserves	612,137	898,822
1.1.5	(Treasury shares)	-68,197	-68,197
1.1.6	Translation reserve	-68,238	-65,970
1.1.7	Gains or loss on available-for-sale financial assets	257,278	257,597
1.1.8	Other gains and losses recognised directly in equity	8,284	-21,027
1.1.9	Profit/(loss) for the period attributable to the owners of the Parent	234,120	-749,717
1.2	**attributable to non-controlling interests**	**696,111**	**646,967**
1.2.1	Share capital and reserves attributable to non-controlling interests	574,356	673,611
1.2.2	Gains and losses recognised directly in equity	31,990	23,236
1.2.3	Profit/(loss) for the period attributable to non-controlling interests	89,765	-49,880
2	**PROVISIONS**	**265,840**	**271,877**
3	**TECHNICAL PROVISIONS**	**29,228,519**	**33,657,899**
4	**FINANCIAL LIABILITIES**	**2,082,874**	**2,315,626**
4.1	Financial liabilities at fair value through profit or loss	549,722	568,575
4.2	Other financial liabilities	1,533,152	1,747,051
5	**PAYABLES**	**566,141**	**764,922**
5.1	Payables arising from direct insurance business	80,611	96,388
5.2	Payables arising from reinsurance business	62,831	67,876
5.3	Other payables	422,699	600,658
6	**OTHER LIABILITIES**	**4,135,126**	**612,539**
6.1	Liabilities associated with non-current assets held for sale	3,615,518	0
6.2	Deferred tax liabilities	109,624	178,189
6.3	Current tax liabilities	52,121	54,101
6.4	Other liabilities	357,863	380,249
	TOTAL EQUITY AND LIABILITIES	**39,343,444**	**40,385,537**

INCOME STATEMENT

(in Euro thousands)

		9M 2013	9M 2012
1.1	Net premiums	7,111,648	7,365,014
1.1.1	*Gross premiums written*	*7,347,183*	*7,598,549*
1.1.2	*Ceded premiums*	*-235,535*	*-233,535*
1.2	Commission income	5,500	11,993
1.3	Gains and losses on financial instruments at fair value through profit or loss	78,315	451,970
1.4	Gains on investments in subsidiaries, associates and interests joint ventures	145	431
1.5	Gains on other financial instruments and investment property	926,541	914,945
1.5.1	*Interest income*	*664,937*	*607,872*
1.5.2	*Other gains*	*84,603*	*130,191*
1.5.3	*Realised gains*	*174,840*	*170,080*
1.5.4	*Unrealised gains*	*2,161*	*6,802*
1.6	Other income	342,851	225,710
1	**TOTAL REVENUES AND INCOME**	**8,465,000**	**8,970,063**
2.1	Net charges relating to claims	-5,967,448	-6,804,411
2.1.2	*Amounts paid and changes in technical provisions*	*-6,067,578*	*-7,017,483*
2.1.3	*Reinsurers' share*	*100,130*	*213,072*
2.2	Commission expenses	-4,493	-5,789
2.3	Losses on investments in subsidiaries, associates and interests in joint ventures	-731	-11,022
2.4	Losses on other financial instruments and investment properties	-259,022	-305,325
2.4.1	*Interest expense*	*-38,376*	*-45,387*
2.4.2	*Other charges*	*-49,542*	*-50,664*
2.4.3	*Realised losses*	*-50,373*	*-68,909*
2.4.4	*Unrealised losses*	*-120,731*	*-140,365*
2.5	Operating expenses	-1,166,425	-1,227,399
2.5.1	*Commissions and other acquisition expenses*	*-844,892*	*-910,876*
2.5.2	*Investment management expenses*	*-11,826*	*-9,679*
2.5.3	*Other administration expenses*	*-309,707*	*-306,844*
2.6	Other costs	-500,764	-570,987
2	**TOTAL COSTS AND EXPENSES**	**-7,898,883**	**-8,924,933**
	PRE-TAX PROFIT FOR THE PERIOD	**566,117**	**45,130**
3	Income tax	**-242,263**	**-34,741**
	NET PROFIT FOR THE PERIOD	**323,854**	**10,389**
4	**PROFIT/LOSS FROM DISCONTINUED OPERATIONS**	**31**	**-11,509**
	CONSOLIDATED PROFIT/(LOSS)FOR THE PERIOD	**323,885**	**-1,120**
	attributable to the owners of the parent	234,120	-20,971
	attributable to non-controlling interest	89,765	19,851

COMPREHENSIVE INCOME STATEMENT FOR THE FIRST NINE MONTHS OF 2013

In accordance with IAS 1.82A (introduced with the amendment to IAS 1 issued on 16 June 2011, enacted through Regulation (EC) 475/2012 and applicable to financial statements beginning 1 July 2012), the "Other Comprehensive Income Statement items" accounts are categorised by type and as to whether or not they may be reclassified to profit (loss) for the period in the presence of particular conditions.

While awaiting the issue of a new statement which includes the recent regulatory amendments, the Comprehensive Income Statement in accordance with IVASS Regulation No.7 has been replaced with that attached below in order to satisfy the disclosure requirements of IAS 1.82A.

COMPREHENSIVE INCOME STATEMENT

(in Euro thousands)

	9M 2013	9M 2012
CONSOLIDATED PROFIT/(LOSS)	**323,885**	**-1,120**
Other income net of taxes which may not be recognised to P&L		
Change in equity of holdings		
Change in revaluation reserve of intangible assets		
Change in revaluation reserve of tangible fixed assets		
Income/(charges) on non-current assets held for sale or disposal group		
Actuarial profits and losses and adjustments to defined benefit plans	483	-4,279
Others items		
Other income net of taxes which may be recognised to P&L		
Change in reserve for net exchange differences	-2,269	-12,123
Gains or loss on available-for-sale financial assets	7,415	661,020
Gains or loss on cash flow hedges	18,629	-13,781
Gains or loss on net foreign investment hedges		
Change in equity of holdings	11,220	109
Income/(charges) on non-current assets held for sale or disposal group		
Others items		
TOTAL OTHER COMPREHENSIVE INCOME	**35,478**	**630,946**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME	**359,363**	**629,826**
attributable to owners of the Parent	**260,844**	**417,829**
attributable to non-controlling interests	**98,519**	**211,997**

STATEMENT OF CHANGES IN THE CONSOLIDATED SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2013

In relation to the statement of change in shareholders' equity, the statement requested by Regulation No. 7/07, which satisfies the disclosures of IAS 1 and the amendments introduced by ISVAP measure No. 2784 of 8 March 2010 is presented below.

In particular:

- The "Allocation" relates to, among others, the allocation of the result for the year, the allocation of the result for the previous year to reserves, the increase in share capital and other reserves, and the changes in unrealised gains and losses through equity.
  The column "Adjustments from reclassification to the Income Statement" includes the gains and losses previously recorded through equity which are reclassified in the to the Income Statement in accordance with international accounting standards;
- The account "Transfers" reports, among others, the ordinary distribution of dividends and the decrease of capital and other reserves, among which the purchase of treasury shares.

The statement highlights all the changes net of taxes and of profits and losses, deriving from the valuation of financial assets available-for-sale, attributable to policyholders and recordable under insurance liabilities.

(in Euro thousands)

		Balance at 31-12-2011	Change in opening balances	Allocation	Adjustments from reclassifications to Income Statement	Transfers	Balance at 30-09-2012
Group equity	Share Capital	494,731		699,842			1,194,573
	Other equity instruments	0					0
	Equity-related reserves	315,460		349,844			665,304
	Income related and other reserves	1,834,570	-286,000	-660,655			887,915
	(Treasury shares)	-213,026		144,829			-68,197
	Loss	-852,719	286,000	545,748			-20,971
	Other comprehensive income	-542,064		436,353	2,447		-103,264
	Attributable to owners of the group	**1,036,952**	**0**	**1,515,961**	**2,447**	**0**	**2,555,360**
Non-controlling interest equity	Share capital and reserves	903,659	-53,000	-178,845			671,814
	Loss	-181,919	53,000	148,770			19,851
	Other comprehensive income	-201,984		174,799	17,347		-9,838
	Attributable to non-controlling interests	**519,756**	**0**	**144,724**	**17,347**	**0**	**681,827**
Total		**1,556,708**	**0**	**1,660,685**	**19,794**	**0**	**3,237,187**

(in Euro thousands)

		Balance at 31-12-2012	Change in opening balances	Allocation	Adjustments from reclassifications to Income Statement	Transfers	Balance at 30-09-2013
Group equity	Share Capital	1,194,573					1,194,573
	Other equity instruments	0					0
	Equity-related reserves	669,626		-470,750			198,876
	Retained earnings and other reserves	898,822		-286,685		0	612,137
	(Treasury shares)	-68,197					-68,197
	Profit/(loss)	-749,717		983,837		0	234,120
	Other comprehensive income	170,600		82,278	-55,554	0	197,324
	Attributable to owners of the group	**2,115,707**	**0**	**308,680**	**-55,554**	**0**	**2,368,833**
Non-controlling interest equity	Share capital and reserves	673,611		-99,255		0	574,356
	Profit/(loss)	-49,880		89,796		49,849	89,765
	Other comprehensive income	23,236		12,112	-3,358		31,990
	Attributable to non-controlling interests	**646,967**	**0**	**2,653**	**-3,358**	**49,849**	**696,111**
Total		**2,762,674**	**0**	**311,333**	**-58,912**	**49,849**	**3,064,944**

CONSOLIDATED CASH FLOW STATEMENT AT 30 SEPTEMBER 2013

In relation to the Cash Flow Statement, the attachment as per Regulation 7/2007, which complies with IAS 7, is provided; this accounting standard requires that the preparation of the statement satisfies some minimum requirements and, that the presentation of the cash flow from operating activities is prepared using, the direct method, which indicates the main categories of gross receipts and payments, or alternatively the indirect method, in which the results for the period are adjusted for the effects of non-cash items, of any deferral or accrual of future operating receipts and payments, and of revenues or costs relating to financial cash flows deriving from investments or financial activities.
The following cash flow statement, prepared using the indirect method, sets forth separately the net cash flow from operating activity and the net cash flows from investing and financing activities.

CASH FLOW STATEMENT (indirect method)

(in Euro thousands)	30/09/2013	30/09/2012
Profit before taxes	**566,117**	**45,130**
Non-cash adjustments	**-1,181,496**	**-2,337,806**
Change in non-life unearned premium provision	-354,850	-371,723
Change in claims provision and other non-life technical provisions	-492,395	-65,945
Change in actuarial provisions and other life technical provisions	-221,179	-1,789,744
Change in deferred acquisition costs	-7,761	620
Change in provisions	15,156	20,400
Non-cash income/charges from financial instruments, property investments and holdings	-34,790	-118,834
Other Changes	-85,677	-12,580
Change in payables and receivables from operating activities	**439,683**	**491,926**
Change in payables and receivables from direct insurance business and reinsurance	278,898	457,342
Change in other payables and receivables	160,785	34,584
Income taxes paid	**-41,290**	**-9,336**
Net Cash generated/absorbed from cash items relating to investing and financing activities	**575,237**	**1,610,916**
Liabilities from financial contracts issued by insurance companies	9,105	-762,661
Bank and interbank payables	17,951	-41,195
Loans and receivables from banks and interbank	37,795	-115,401
Other financial instruments at fair value through profit or loss	510,386	2,530,173
TOTAL NET CASH FLOW FROM OPERATING ACTIVITIES	**358,251**	**-199,170**
Net cash generated/absorbed from property investments	19,817	154,909
Net cash generated/absorbed from investments in subsidiaries, associates and joint ventures	-9,678	-24,603
Net cash generated/absorbed from loans and receivables	17,672	166,460
Net cash generated/absorbed from investments held to maturity	82,549	-144,101
Net cash generated/absorbed from AFS financial assets	-104,355	-1,300,118
Net cash generated/absorbed from intangible and tangible fixed assets	-18,132	6,373
Net cash generated/absorbed from investing activities	31	87,152
TOTAL NET CASH FLOW FROM INVESTNG ACTIVITIES	**-12,096**	**-1,053,928**
Net cash generated/absorbed from Group equity instruments	0	1,054,008
Net cash generated/absorbed from treasury shares	0	0
Distribution of dividends relating to the Group	0	0
Net cash generated/absorbed from minority interest capital and reserves	0	0
Net cash generated/absorbed from subordinated liabilities and financial instruments in holdings	0	0
Net cash generated/absorbed from other financial liabilities	-59,572	67,997
TOTAL NET CASH FLOW FROM FINANCING ACTIVITIES	**-59,572**	**1,122,005**
Exchange difference effect on cash and cash equivalents	**-510**	**-2,930**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	560,228	976,582
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	286,073	-134,023
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD *	846,301	842,559

* includes cash and cash equivalents of non-current assets held for sale or disposal groups (Euro 27.0 million)

Explanatory Notes

PART A - Accounting principles

The accounting principles utilised, the measurement and recognition criteria, in addition to the consolidation principles applied for the preparation of the Condensed consolidated interim financial statements at 30/9/2013, are in line with those adopted for the Consolidated financial statements at 31 December 2012 - to which reference should be made - and therefore are in compliance with the IAS/IFRS international accounting standards issued by the IASB approved by the EU and interpreted by the official bodies.
The adoption of new accounting standards starting from 1 January 2013 (including the amendment to IAS 12 – “Income Tax – Deferred Taxes: recovery of the underlying assets”, adopted by the European Commission with Regulation 1255/2012 of 11 December 2012, published in the Official Gazette of the European Union No. 360 of 29 December 2012, did not have significant impacts on the present Condensed Consolidated Interim Financial Statements at 30/9/2013.
In June 2012 the new IAS 19 was approved which, among other issues, abolishes the corridor approach. The standard has been effective from 1 January 2013, however it has not had a significant impact on the consolidated financial statements.
Regulation (EC) No. 1254/2012 of the Commission of 11 December 2012 published in the Official Gazette No. 360 of 29 December 2012, adopted IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements”, IFRS 12 “Disclosure of interests in other entities”, in addition to the amendments to IAS 27 “Separate financial statements” and IAS 28 “Investments in associates and joint ventures”, establishing that the companies may apply the above-stated standards at the latest from the beginning of their first financial period after 1 January 2014.
In particular, IFRS 10 establishes a single consolidated financial statement model which establishes control as a basis for the consolidation of all types of entities. IFRS 10 replaces IAS 27 Consolidated and Separate Financial Statements and Interpretation 12 of the Standing Interpretations Committee (SIC) “Consolidation – Special purpose entities” (SIC 12); compared to the provisions of IAS 27, the changes introduced by IFRS 10 require management to undertake discretional assessments to determine which companies are subsidiaries, and therefore, must be consolidated by the parent company.
Following the issue of IFRS 13 “Fair value measurement”, in force from 01/01/2013, no significant impacts are recorded, while the new disclosure requirements have been complied with.

The statement of financial position and the income statement data and related Explanatory notes have been prepared in accordance with IAS 34 “Interim Financial Reporting”, presenting the significant operations and events occurred in the period.
In the preparation of the interim financial statements, the application of the accounting standards and policies requires a greater use of estimates and assumptions which affect the amount of assets, liabilities, revenues and expenses.
The estimates and assumptions are revised regularly, and any changes are recorded in the period in which they are carried out.

Non-Life Claims Provisions

Current claims – MV TPL
For current claims, the valuation of the provision, in consideration of the low maturity levels reached by these claims, also took account of valuations related to the average cost of the same generation, relating this value also to the available market targets. In particular the technical provisions, established through a precise table of statistical average costs (except for specific changes made by the loss adjuster 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 present year, the development of the portfolio and the proportion of injury claims.

Current claims – Other Non-Life Classes
As the loss adjusters carry out inventory taking of claims made in the final quarter of the year, the claims provision valuation at 30 September 2013 was carried out in consideration of the loss adjuster's estimates, taking account also the overall revaluation made last year and evident on conclusion of inventory taking.

Prior year claims – All Non-Life Classes
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 robust statistical methodology of the claims cost, taking account of the reversals to the provision in the period.

Reinsurance

The reinsurers share of insurance liabilities are calculated based on the portion ceded for the proportional reinsurance contracts and in a provisional manner for reinsurance contracts in excess and stop-loss, on the basis of the information available and utilising the same criteria for the direct premium provision, taking into account the contractual clauses.
The items relating to the indirect insurance premiums represent the portion of the results estimated for the full year; in the determination of the amounts, reference was made to the certified data relating to mandatory contracts accepted by the companies outside of the Group, whose technical results refer to the year 2012.

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 financial instruments listed in active markets, the stock exchange price at 30/9/2013 was utilised.

Consequently in the present report, the income statement includes impairment losses on AFS financial assets, due to the application of the automatic criteria already described in the consolidated financial statements for the year ended 31/12/2012 and which identified temporal and quantitative limits for the recording of a prolonged or significant reduction of fair value as per paragraph 61 of IAS 39.

It is recalled that for the purposes of objective impairment, the Group has defined the conditions of a prolonged or significant reduction of fair value, 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.

The Group decided to avail of this option and at 1 January 2009 reclassified to “Loans and Receivables” some debt securities for Euro 808,419 thousand that at 31 December 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 31 December 2008 through mark to model, with the objective to provide maximum transparency and clarification in the valuations of the accounts.
The value transferred is equal to 2.4% of the total amount of the Investments of the Group at 1/1/2009: therefore this reclassification operation was not considered significant for the purposes of the compilation of the attachment relating to the “Details of the financial assets reclassified and of the effects on the income statement and on comprehensive income”.

At 30/9/2013 the residual value of the transferred securities was Euro 690,741 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. There was no permanent loss in value on any security and the effect of the amortised cost resulted in the recording of income of Euro 12,596 thousand in the Income Statement. The residual negative AFS reserve recorded on these securities at 1/1/2009 amounted to Euro 75,222 thousand and is amortised in accordance with the provisions of IAS 39. At 30 September 2013 the residual value amounted to Euro 27,328 thousand (Euro 33,386 thousand at 31/12/2012).

Application of IFRS 5

Considering that outlined in the Directors’ Report concerning the planned disposals under the Anti-trust Authority Order, in May 2013 the Board of Directors of Milano Assicurazioni S.p.A., of Fondiaria – SAI S.p.A. and of Unipol Gruppo Finanziario S.p.A. identified, within their respective remits, also in exercising direction and coordination of the Group, the assets subject to disposal and approved the Information Memorandum which was sent to interested investors.
At the date of the present Report, no binding offers have yet been received, however the requirements for the application of IFRS 5 – Non-current assets held for sale have been fulfilled and the amounts relating to assets and liabilities associated with disposal groups are classified according to IFRS 5.

In particular, in the consolidated statement of financial position the assets held for sale were reclassified to the single account called “Non-current assets held for sale or disposal groups” (account 6.1 of Assets), while the liabilities were similarly reclassified to a single account called “Liabilities associated with disposal groups” (account 6.1 Liabilities). Both the accounts are net of inter-company transactions.
As the assets and liabilities within the disposal group do not represent collectively “disposed operating assets”, the income components held for sale are stated according to the normal classification rules through the various income statement accounts. However, considering that the group held for sale comprises a very small composition of assets and liabilities relating to an independently identified cash generating unit, for completeness, in Part E of the present notes the results of this cash generating unit are reported.
The application of IFRS 5 did not have any effects on the consolidated results, nor on the consolidated equity.

The breakdown of reclassified assets and liabilities are shown also in Part E, to which reference should be made.

Consolidation principles

The consolidation methods utilised in the present report are consistent with those applied for the last consolidated financial statements.
For detailed information on them, reference should be made to the latter. Any references to 31 December should be considered as similar for 30 September.

For the preparation of the consolidated interim report at 30 September 2013, the financial statements approved by the Boards of Directors of the respective Companies were utilised or, alternatively, the interim financial statements at 30 September which were reviewed by the respective management boards.

Currency

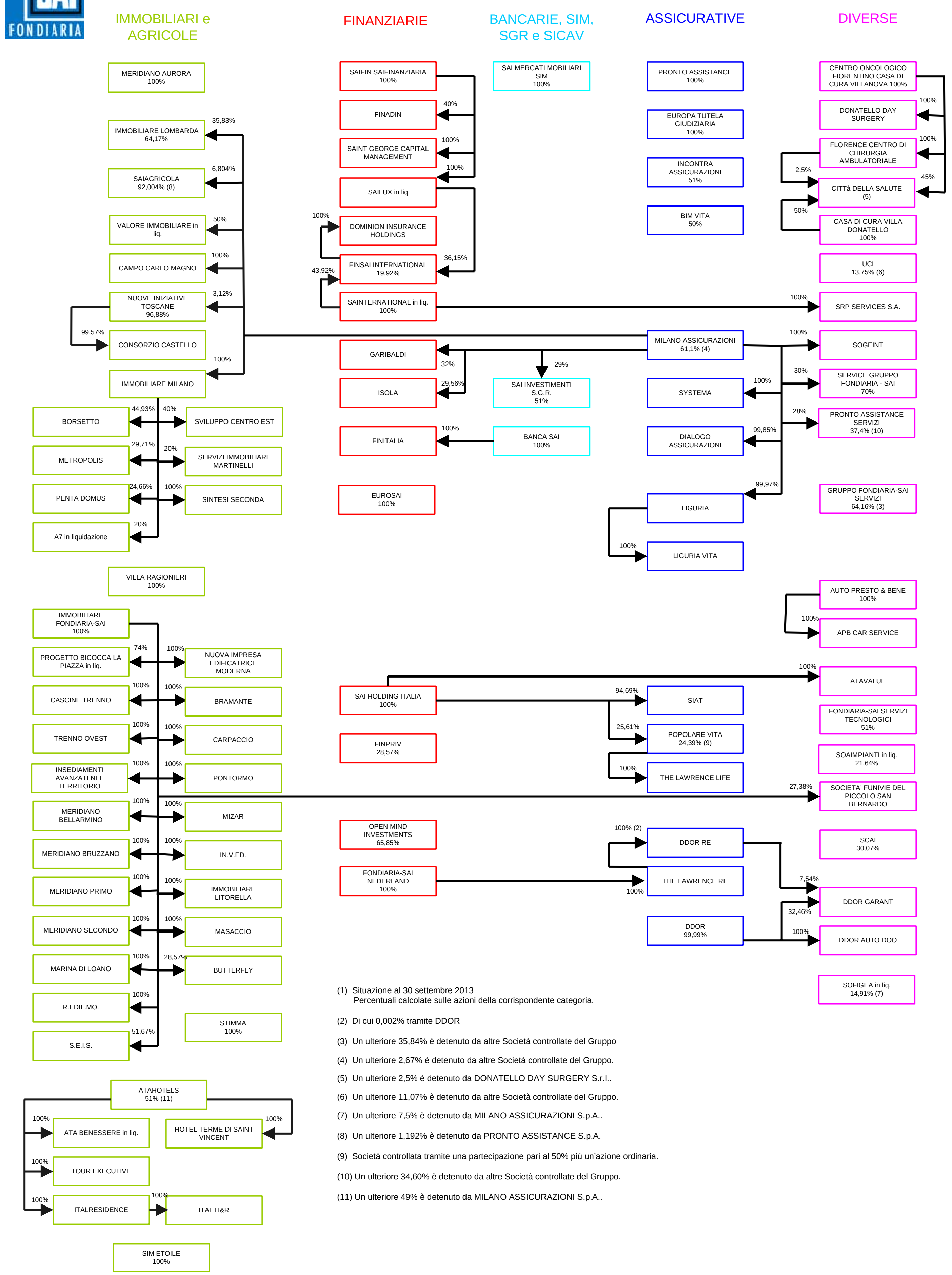
The present interim condensed consolidated financial statements are expressed in Euro which is the functional currency in which the majority of the operations of the Group are carried out. It is also reported in the interim accounts whether the amounts are in thousands or millions of Euro. Where applicable, the translation of the interim financial statements expressed in currencies other than the Euro is carried out applying the exchange rates at 30 September 2013 for the statement of the financial position items and the average between the beginning and the end of the period exchange rate for the income statement items.

Consolidation scope

At 30/9/2013, 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.
During the first nine months of 2013, the consolidation scope of the Fondiaria-SAI Group did not change significantly:

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.

SOCIETA' CONTROLLATE E COLLEGATE(1)



(1) Situazione al 30 settembre 2013
Percentuali calcolate sulle azioni della corrispondente categoria.

(2) Di cui 0,002% tramite DDOR

(3) Un ulteriore 35,84% è detenuto da altre Società controllate del Gruppo

(4) Un ulteriore 2,67% è detenuto da altre Società controllate del Gruppo.

(5) Un ulteriore 2,5% è detenuto da DONATELLO DAY SURGERY S.r.l..

(6) Un ulteriore 11,07% è detenuto da altre Società controllate del Gruppo.

(7) Un ulteriore 7,5% è detenuto da MILANO ASSICURAZIONI S.p.A..

(8) Un ulteriore 1,192% è detenuto da PRONTO ASSISTANCE S.p.A.

(9) Società controllata tramite una partecipazione pari al 50% più un'azione ordinaria.

(10) Un ulteriore 34,60% è detenuto da altre Società controllate del Gruppo.

(11) Un ulteriore 49% è detenuto da MILANO ASSICURAZIONI S.p.A..

	Sector	Percentage of control Direct		Indirect	Group interest
SUBSIDIARY COMPANIES					
Companies consolidated line-by-line					
APB CAR SERVICE S.r.l. Turin Share Capital Euro 10,000	Services		AUTO PRESTO&BENE S.p.A.	100.00	100.00
ATAHOTELS COMPAGNIA ITALIANA AZIENDE TURISTICHE ALBERGHIERE S.p.A. Milan Share Capital Euro 15,000,000	Services	51.00	MILANO ASSICURAZIONI S.p.A.	49.00	82.06
ATAVALUE S.r.l. Turin Share Capital Euro 10,000	Services		SAI HOLDING ITALIA S.p.A.	100.00	100.00
ATHENS R.E. FUND – SPECULATIVE FUND	Real Estate		MILANO ASSICURAZIONI S.p.A.	100.00	63.39
AUTO PRESTO&BENE S.p.A. Turin Share Capital Euro 2,619,061	Services	100.00			100.00
BANCASAI S.p.A. Turin Share Capital Euro 116,677,161	Banking	100.00			100.00
BIM VITA S.p.A. Turin Share Capital Euro 11,500,000	Life Insurance	50.00			50.00
BRAMANTE S.r.l. Milan Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
CAMPO CARLO MAGNO S.p.A. Milan Share Capital Euro 9,311,200	Real Estate		MILANO ASSICURAZIONI S.p.A.	100.00	63.39
CARPACCIO S.r.l. Milan Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
CASA DI CURA VILLA DONATELLO S.p.A. Florence Share Capital Euro 361,200	Services	100.00			100.00
CASCINE TRENNO S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA S.r.l. Sesto Fiorentino (FI) Share Capital Euro 182,000	Services	100.00			100.00

	Sector	Percentage of control Direct	Indirect		Group interest
CITTÀ DELLA SALUTE S.c.r.l. Florence Share Capital Euro 100,000	Services		CASA DI CURA VILLA DONATELLO S.p.A. CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA S.r.l. DONATELLO DAY SURGERY S.r.l. FLORENCE CENTRO DI CHIRURGIA AMBULATORIALE S.r.l.	50.00 45.00 2.50 2.50	100.00
CASTELLO CONSORTIUM Florence Share Capital Euro 401,000	Real Estate		NUOVE INIZIATIVE TOSCANE S.r.l.	99.57	98.43
DDOR NOVI SAD ADO Novi Sad (Serbia) Share Capital RSD 2,579,597,280	Mixed Insurance	99.99			99.99
DDOR RE JOINT STOCK REINSURANCE COMPANY Novi Sad (Serbia) Share Capital RSD 575,550,000	Insurance		THE LAWRENCE R.E. DDOR NOVI SAD ADO	99.998 0.002	100.00
DIALOGO ASSICURAZIONI S.p.A. Milan Share Capital Euro 8,831,774	Non-Life Insurance		MILANO ASSICURAZIONI S.p.A.	99.85	63.29
DOMINION INSURANCE HOLDING Ltd London (GB) Share Capital GBP 35,438,267.65	Financial		FINSAI INTERNATIONAL S.A.	100.00	100.00
DONATELLO DAY SURGERY S.r.l. Florence Share Capital Euro 20,000	Services		FIORENTINO CASA VILLANOVA S.r.l. ONCOLOGY CENTRE	100.00	100.00
EUROPA TUTELA GIUDIZIARIA S.p.A. Milan Share Capital Euro 5,160,000	Non-Life Insurance	100.00			100.00
EUROSAI FINANZIARIA DI PARTECIPAZIONI S.r.l. Turin Share Capital Euro 100,000	Financial	100.00			100.00
FINITALIA S.p.A. Milan Share Capital Euro 15,376,285	Financial		BANCASAI S.p.A.	100.00	100.00
FINSAI INTERNATIONAL S.A. Luxembourg Share Capital Euro 44,131,900	Financial	19.92	SAINTERNATIONAL S.A. SAILUX S.A.	43.93 36.15	100.00
FLORENCE CENTRO DI CHIRURGIA AMBULATORIALE S.r.l. Florence Share Capital Euro 10,400	Services		FIORENTINO CASA VILLANOVA S.r.l. ONCOLOGY CENTRE	100.00	100.00
FONDIARIA-SAI NEDERLAND B.V. Amsterdam (NL) Share Capital Euro 19,070	Financial	100.00			100.00

	Sector	Percentage of control Direct		Indirect	Group interest
GRUPPO FONDIARIA-SAI SERVIZI S.c.r.l. Milan Share capital Euro 5,200,000	Services	64.16	MILANO ASSICURAZIONI S.p.A. SYSTEMA COMPAGNIA DI ASS.NI S.p.A. DIALOGO ASSICURAZIONI S.p.A. EUROPA TUTELA GIUDIZ. S.p.A. FINITALIA S.p.A. INCONTRA ASSICURAZIONI S.p.A. THE LAWRENCE R.E. BANCASAI S.p.A. PRONTO ASSISTANCE S.p.A. SAI MERCATI MOBILIARI SIM S.p.A. LIGURIA SOC. DI ASSICURAZIONI S.p.A. LIGURIA VITA S.p.A. PRONTO ASSISTANCE SERVIZI S.c.a.r.l. BIM VITA S.p.A. SIAT SOC. ITALIANA ASS. E RIASS. S.p.A. AUTO PRESTO&BENE S.r.l. IMMOBILIARE LOMBARDA S.p.A.	34.21 0.18 0.20 0.02 0.02 0.02 0.02 0.02 0.90 0.02 0.02 0.02 0.02 0.02 0.11 0.02 0.02	87.29
IMMOBILIARE FONDIARIA-SAI S.r.l. Turin Share Capital Euro 20,000	Real Estate	100.00			100.00
IMMOBILIARE LITORELLA S.r.l. Milan Share Capital Euro 10,329	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
IMMOBILIARE LOMBARDA S.p.A. Milan Share Capital Euro 24,493,509.56	Real Estate	64.17	MILANO ASSICURAZIONI S.p.A.	35.83	86.88
IMMOBILIARE MILANO ASSICURAZIONI S.r.l. Turin Share Capital Euro 20,000	Real Estate		MILANO ASSICURAZIONI S.p.A.	100.00	63.39
INCONTRA ASSICURAZIONI S.p.A. Milan Share Capital Euro 5,200,000	Non-Life Insurance	51.00			51.00
INIZIATIVE VALORIZZAZIONI EDILI – IN.V.ED. S.r.l. Milan Share Capital Euro 10,329	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
INSEDIAMENTI AVANZATI NEL TERRITORIO I.A.T. S.p.A. Milan Share Capital Euro 2,580,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
ITALRESIDENCE S.r.l. Pieve Emanuele (MI) Share Capital Euro 100,000	Services		ATAHOTELS S.p.A.	100.00	82.06
LIGURIA SOCIETÀ DI ASSICURAZIONI S.p.A. Milan Share Capital Euro 36,800,000	Non-Life Insurance		MILANO ASSICURAZIONI S.p.A.	99.97	63.37
LIGURIA VITA S.p.A. Milan Share Capital Euro 6,000,000	Life Insurance		LIGURIA SOC. DI ASSICURAZIONI S.p.A.	100.00	63.37

	Sector	Percentage of control Direct		Indirect	Group interest
MARINA DI LOANO S.p.A. Milan Share Capital Euro 5,536,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
MASACCIO S.r.l. Milan Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
MERIDIANO AURORA S.r.l. Milan Share Capital Euro 10,000	Real Estate	100.00			100.00
MERIDIANO BELLARMINO S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
MERIDIANO BRUZZANO S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
MERIDIANO PRIMO S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
MERIDIANO SECONDO S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
MILANO ASSICURAZIONI S.p.A. Milan Share Capital Euro 373,682,600.42	Mixed Insurance	61.10	FONDIARIA-SAI NEDERLAND B.V. POPOLARE VITA S.p.A. PRONTO ASSISTANCE S.p.A. SAI HOLDING ITALIA S.p.A. SAINTERNATIONAL S.A.	1.51 0.02 0.06 0.52 0.20	63.39
MIZAR S.r.l. Rome Share Capital Euro 10,329	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
NUOVA IMPRESA EDIFICATRICE MODERNA S.r.l. Milan Share Capital Euro 10,329	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
NUOVE INIZIATIVE TOSCANE S.r.l. Florence Share Capital Euro 26,000,000	Real Estate	96.88	MILANO ASSICURAZIONI. S.p.A.	3.12	98.86
PONTORMO S.r.l. Milan Share Capital Euro 50,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
POPOLARE VITA S.p.A. Verona Share capital Euro 219,600,005	Life Insurance	24.39	SAI HOLDING ITALIA S.p.A.	25.61	50.00
PROGETTO BICOCCA LA PIAZZA S.r.l. in liquidation Milan Share Capital Euro 3,151,800	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	74.00	74.00
PRONTO ASSISTANCE S.p.A. Turin Share Capital Euro 2,500,000	Non-Life Insurance	100.00			100.00

	Sector	Direct	Percentage of control	Indirect	Group interest
PRONTO ASSISTANCE SERVIZI S.c.a.r.l. Turin Share Capital Euro 516,000	Services	37.40	MILANO ASSICURAZIONI S.p.A. DIALOGO ASSICURAZIONI S.p.A. LIGURIA SOC. DI ASSICURAZIONI S.p.A. INCONTRA ASSICURAZIONI S.p.A. SYSTEMA COMPAGNIA DI ASS.NI S.p.A. BANCASAI S.p.A. GRUPPO FONDIARIA-SAI SERVIZI S.c.r.l. PRONTO ASSISTANCE S.p.A.	28.00 24.00 2.20 0.15 0.35 0.10 0.10 7.70	79.92
RISTRUTTURAZIONI EDILI MODERNE – R.EDIL.MO S.r.l. Rome Share Capital Euro 10,329	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
SAI HOLDING ITALIA S.p.A. Turin Share Capital Euro 50,000,000	Financial	100.00			100.00
SAI INVESTIMENTI S.G.R. S.p.A. Turin Share Capital Euro 3,913,588	Asset Management	51.00	MILANO ASSICURAZIONI S.p.A.	29.00	69.38
SAI MERCATI MOBILIARI SIM S.p.A. Milan Share Capital Euro 13,326,395	Real Estate Brokerage	100.00			100.00
SAIAGRICOLA S.p.A. SOCIETÀ AGRICOLA Turin Share Capital Euro 66,000,000	Agriculture	92.01	MILANO ASSICURAZIONI S.p.A. PRONTO ASSISTANCE S.p.A.	6.80 1.19	97.51
SAIFIN-SAIFINANZIARIA S.p.A. Turin Share Capital Euro 102,258,000	Financial	100.00			100.00
SAILUX S.A. in liquidazione Luxembourg Share Capital Euro 30,000,000	Financial		SAIFIN-SAIFINANZIARIA S.p.A.	100.00	100.00
SAINT GEORGE CAPITAL MANAGEMENT S.A. Lugano (CH) Share Capital CHF 3,000,000	Financial		SAIFIN-SAIFINANZIARIA S.p.A.	100.00	100.00
SAINTERNATIONAL S.A. in liquidation Luxembourg Share Capital Euro 154,000,000	Financial	100.00			100.00
SERVICE GRUPPO FONDIARIA-SAI S.r.l. Florence Share Capital Euro 104,000	Services	70.00	MILANO ASSICURAZIONI S.p.A.	30.00	89.02
SIAT SOCIETÀ ITALIANA ASSICURAZIONI E RIASSICURAZIONI S.p.A. Genoa Share Capital Euro 38,000,000	Non-Life Insurance		SAI HOLDING ITALIA S.p.A.	94.69	94.69
SIM ETOILE S.A.S. Paris Share Capital Euro 3,049,011.34	Real Estate	100.00			100.00
SINTESI SECONDA S.r.l. Milan Share Capital Euro 10,400	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	100.00	63.39

	Sector	Direct	Percentage of control	Indirect	Group interest
SOCIETÀ EDILIZIA IMMOBILIARE SARDA S.E.I.S. S.p.A. Cagliari Share capital Euro 3,877,500	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	51.67	51.67
SOGEINT S.r.l. Milan Share Capital Euro 100,000	Other		MILANO ASSICURAZIONI S.p.A.	100.00	63.39
SRP Services S.A. Lugano (CH) Share Capital CHF 1,000,000	Services		SAINTERNATIONAL S.A. in liquidazione	100.00	100.00
STIMMA S.r.l. Florence Share Capital Euro 10,000	Real Estate	100.00			100.00
SYSTEMA COMPAGNIA DI ASS.NI S.p.A. Milan Share Capital Euro 5,164,600	Non-Life Insurance		MILANO ASSICURAZIONI S.p.A.	100.00	63.39
THE LAWRENCE LIFE ASSURANCE CO. LTD Dublin (IRL) Share Capital Euro 802,886	Life Insurance		POPOLARE VITA S.p.A.	100.00	50.00
THE LAWRENCE R.E. IRELAND LTD Dublin (IRL) Share Capital Euro 635,000	Mixed Insurance		FONDIARIA-SAI NEDERLAND B.V.	100.00	100.00
TIKAL R.E. FUND	Real Estate	59.65	MILANO ASSICURAZIONI S.p.A.	35.36	82.06
TRENNO OVEST S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
VILLA RAGIONIERI S.r.l. Florence Share Capital Euro 78,000	Real Estate	100.00			100.00
Companies valued at cost:					
ATA BENESSERE S.r.l. in liquidation Milan Share Capital Euro 100,000	Services		ATAHOTELS S.p.A.	100.00	82.06
DDOR AUTO DOO Novi Sad (Serbia) Share Capital Euro 9,260.97	Services		DDOR NOVI SAID ADO.	100.00	99.99
HOTEL TERME DI SAINT VINCENT S.r.l. Saint Vincent (AO) Share Capital Euro 15,300	Services		ATAHOTELS S.p.A.	100.00	82.06
ITAL H & R S.r.l. Pieve Emanuele (MI) Share Capital Euro 50,000	Services		ITALRESIDENCE S.r.l.	100.00	82.06
TOUR EXECUTIVE S.r.l. Milan Share Capital Euro 118,300.08	Services		ATAHOTELS S.p.A.	100.00	82.06

	Sector	Percentage of control Direct		Indirect	Group interest
ASSOCIATED COMPANIES					
Companies valued under the equity method:					
A 7 S.r.l. in liquidation Milan Share Capital Euro 200,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	20.00	12.68
BORSETTO S.r.l. Turin Share Capital Euro 2,971,782.3	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	44.93	28.48
BUTTERFLY AM S.a.r.l. Luxembourg Share Capital Euro 29,165	Financial		IMMOBILIARE FONDIARIA-SAI S.r.l.	28.57	28.57
CONSULENZA AZIENDALE PER L'INFORMATICA SCAI S.p.A. Turin Share Capital Euro 1,040,000	Services	30.07			30.07
FIN. PRIV S.r.l. Milan Share Capital Euro 20,000	Financial	28.57			28.57
FINADIN S.p.A. Milan Share Capital Euro 60,591,071.29	Financial		SAIFIN-SAIFINANZIARIA S.p.A.	40.00	40.00
FONDIARIA-SAI SERVIZI TECNOLOGICI S.p.A. Florence Share Capital Euro 120,000	Services	51.00			51.00
GARIBALDI S.C.A. Luxembourg Share Capital Euro 31,000	Financial		MILANO ASSICURAZIONI S.p.A.	32.00	20.28
ISOLA S.C.A. Luxembourg Share Capital Euro 31,000	Financial		MILANO ASSICURAZIONI S.p.A.	29.56	18.74
METROPOLIS S.p.A. in liquidation Milan Share Capital Euro 1,120,720	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	29.71	18.83
PENTA DOMUS S.p.A. Turin Share Capital Euro 16,630,217	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	24.66	15.63
PROGETTO ALFIERE S.p.A. Rome Share Capital Euro 4,740,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	19.00	19.00
SERVIZI IMMOBILIARI MARTINELLI S.p.A. Cinisello Balsamo (MI) Share Capital Euro 100,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	20.00	12.68
SOCIETÀ FUNIVIE DEL PICCOLO SAN BERNARDO S.p.A. La Thuile (AO) Share Capital Euro 9,213,417.5	Other		IMMOBILIARE FONDIARIA-SAI S.r.l.	27.38	27.38

	Sector	Percentage of control Direct		Indirect	Group interest
SVILUPPO CENTRO EST S.r.l. Rome Share Capital Euro 10,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	40.00	25.36
VALORE IMMOBILIARE S.r.l. in liquidation Trieste Share Capital Euro 10,000	Real Estate		MILANO ASSICURAZIONI S.p.A.	50.00	31.69
Companies valued at cost:					
DDOR GARANT Belgrade (Serbia) Share Capital Euro 3,309,619	Services		DDOR RE JOINT STOCK REINSURANCE COMPANY DDOR NOVI SAID ADO	7.54 32.46	40.00
SOCIETÀ FINANZ. PER LE GEST. ASSICURATIVE S.r.l. in liquidation Rome Share Capital Euro 47,664,600	Financial	14.91	MILANO ASSICURAZIONI S.p.A.	7.50	19.66
SOAIMPIANTI - ORGANISMI DI ATTESTAZIONE S.r.l. in liquidation Monza Share Capital Euro 84,601	Other	21.64			21.64
UFFICIO CENTRALE ITALIANO S.c.a.r.l. Milan Share Capital Euro 524,280	Other	13.75	SIAT SOC. ITALIANA ASS. E RIASS. S.p.A. MILANO ASSICURAZIONI S.p.A. LIGURIA SOC. DI ASSICURAZIONI S.p.A. INCONTRA ASSICURAZIONI S.p.A.	0.092 10.676 0.301 0.002	20.80

PART B - Information on the Consolidated Statement of Financial Position

Introduction

In compliance with Anti-trust Authority Order C11524 of 19/6/2012 No. 23678, the Parent Company Unipol Gruppo Finanziario S.p.A. began the disposal process of a number of insurance assets within the consolidation scope of Fondiaria-SAI.

In application of IFRS 5, which establishes the criteria for the treatment of assets held for sale, as was the case at 30 June 2013 the assets and liabilities subject to disposal are presented in the asset and liabilities of disposal groups accounts.

To facilitate understanding of the following comparative data, the change in the statement of financial statement items due to the reclassification as per IFRS 5 is presented separately from the operating based changes.

Statement of Financial Position - Assets

1. INTANGIBLE ASSETS

These are broken down as follows:

(in Euro thousands)	30/09/2013	31/12/2012	IFRS 5	Change
Goodwill	1,002,634	1,101,715	(97,274)	(1,807)
Other intangible assets	47,190	58,512	(439)	(10,883)
TOTAL	**1,049,824**	**1,160,227**	**(97,713)**	**(12,690)**

Goodwill

The Goodwill is broken down as follows:

(in Euro thousands)	30/09/2013	31/12/2012	IFRS 5	Change
Goodwill from the incorporation of La Fondiaria	504,764	504,764	-	-
Goodwill recognised in the consolidated financial statements of Milano Assicurazioni	156,412	167,226	(10,814)	-
Other goodwill	-	530	-	(530)
Consolidation differences	341,458	429,195	(86,460)	(1,277)
TOTAL	**1,002,634**	**1,101,715**	**(97,274)**	**(1,807)**

The Group assesses the recoverability of the goodwill allocated to the Cash Generating Units (CGUs) at least on an annual basis or a shorter period in case events or circumstances indicate the existence of a permanent loss in value.
Reference should be made to the financial statements for the year ended 31/12/2012 for the description of the methods utilised for the measurement of the recoverable value of the goodwill recorded.

In the first nine months of 2013, the goodwill allocated to the Fondiaria-SAI and Milano Assicurazioni CGU's, both for the Non-Life and Life businesses, Popolare Vita and DDOR, did not show any indications of impairment. The impairment test concerning the above stated CGUs was based on the recoverable value through use and not on the fair value, considering also their performance on the stock exchange.
Therefore, the impairment test was based on the same parameters utilised at the end of 2012, i.e. the Non-Life technical management performance, the Life closed portfolio and the current financial profitability, all substantially confirmed in the period.

In relation to the goodwill allocated to the Liguria Assicurazioni CGU, for which an impairment test was carried out at 30 June 2013, no further elements emerged in the three subsequent months which indicated that the goodwill had been impaired further.

The change in the account "Other goodwill" concerns the write-down of the residual goodwill recognised to the subsidiary Gruppo Fondiaria-SAI Servizi, previously recognised at 30 June 2013.

The change in the account "Consolidation differences" relates exclusively to the appreciation of the Euro against the Serb Dinar.

Other Intangible Assets

Other intangible assets amount to Euro 47,190 thousand (Euro 58,512 thousand at 31/12/2012) and are broken down by type as follows:

(in Euro thousands)	**Gross book value**	**Amortisation and impairment**	**Net book value at 30/09/2013**	**Net book value at 31/12/2012**
Studies and research expenses	70,987	(52,755)	18,232	19,730
Utilisation rights	23,255	(18,415)	4,840	5,531
Other intangible assets	261,348	(237,230)	24,118	33,251
TOTAL	**355,590**	**(308,400)**	**47,190**	**58,512**

None of the above intangible assets were generated internally.

The above intangible assets have a finite useful life and are therefore amortised over their duration. Studies and research expenses relate to the costs incurred for the preparation and improvement of IT technology and applications of a long-term nature, capitalised in 2013 and in previous years.
They are amortised over a period of three or five years based on the characteristics and useful life.

These expenses are incurred mainly by the Consortium Fondiaria-SAI Servizi Group, which undertakes all the management of existing and newly acquired resources, assets and services relating to the operations of the Group.

In 2013 the amortisation of the client portfolios acquired by the subsidiaries Liguria and DDOR (Value in Force and VOBA) recognised on the business combinations and included under other intangible assets concluded.

The values relating to the customers portfolios acquired are as follows:

(in Euro thousands)	**30/09/2013**	**31/12/2012**	**Change**
Liguria Assicurazioni S.p.A.	-	2,958	(2,958)
DDOR Novi Sad ADO	-	589	(589)
TOTAL	**-**	**3,547**	**(3,547)**

The residual value of intangible assets concerns for Euro 10.6 million leasehold improvements made by the subsidiary Atahotels.

2. PROPERTY, PLANT & EQUIPMENT

This item totalled Euro 337,040 thousand (Euro 373,111 at 31/12/2012), with a decrease of Euro 36 million.

Property, plant and equipment was broken down as follows:

(in Euro thousands)	**Property**		**Land**		**Other property and equipment**		**Total**		**Change IFRS 5**
	30/09/2013	**31/12/2012**	**30/09/2013**	**31/12/2012**	**30/09/2013**	**31/12/2012**	**30/09/2013**	**31/12/2012**	
Gross book value	172,899	192,731	165,987	156,642	188,530	209,488	527,416	558,861	(33,003)
Depreciation and impairment	(50,147)	(45,170)	-	-	(140,229)	(140,580)	(190,376)	(185,750)	(136)
Net book value	**122,752**	**147,561**	**165,987**	**156,642**	**48,301**	**68,908**	**337,040**	**373,111**	**(33,139)**

The property included in the line item property and equipment are those serving the operating activities (i.e. properties for own use). These buildings are recorded at cost and are depreciated over their useful lives only in relation to the definite useful life of each component.

The item also includes the buildings held by the subsidiaries of Immobiliare Fondiaria-SAI (excluding the subsidiary Societa Edilizia Immobiliare Sarda S.E.I.S.) which were considered as inventories and therefore valued in accordance with IAS 2.

In the first nine months of 2013 a number of properties held by the subsidiaries Atahotels, DDOR and Villa Donatello were written-down for a total amount of approx. Euro 3 million.

The residual "Other property and equipment" relates mainly to assets of the Group utilised in the exercise of its activities, such as furniture, and office equipment, as well as the inventory of the companies operating in the agricultural sector valued in accordance with IAS 2.

3. TECHNICAL PROVISIONS – REINSURERS SHARE

These totalled Euro 644,491 thousand (Euro 807,304 thousand at 31 December 2012), a decrease of Euro 162,813 thousand. They were broken down as follows:

(in Euro thousands)	30/09/2013	31/12/2012	IFRS 5	Change
Non-life liabilities - reinsurers share	594,154	729,068	(100,022)	(34,892)
Life liabilities – reinsurers share	50,337	78,236	(18,514)	(9,385)
Class D - reinsurers share	-	-	-	-
TOTAL	**644,491**	**807,304**	**(118,536)**	**(44,277)**

Of these, Euro 280 million refers to outward reinsurance (Euro 432 million at 31/12/2012), while Euro 364 million concerns reinsurers share of technical provisions (Euro 375 million at 31/12/2012).

4. INVESTMENTS

These are broken down as follows:

(in Euro thousands)	30/09/2013	31/12/2012	IFRS 5	Change
Investment property	1,976,953	2,200,774	(129,975)	(93,846)
Investments in subsidiaries, associates and in joint ventures	136,442	125,799	-	10,643
Held to maturity investments	577,441	718,119	(87,805)	(52,873)
Loans and receivables	3,400,468	3,527,030	(60,165)	(66,397)
Available-for-sale financial assets	18,052,050	20,848,041	(3,018,037)	222,046
Financial assets recognised at fair value through profit or loss	5,882,234	6,439,319	(35,740)	(521,345)
TOTAL	**30,025,588**	**33,859,082**	**(3,331,722)**	**(501,772)**

Investment property

This item includes all the properties owned by the Group for rental or for capital appreciation.

The investment properties are recorded at purchase cost in accordance with IAS 16 (which IAS 40 refers to in the case of adoption of the cost model).
The part of the property referring to buildings is depreciated systematically with regard to the useful life of the components therein. Among the significant components, those relating to the equipment are depreciated separately.

The breakdown of investment property and the changes in the period are shown below.

(in Euro thousands)	30/09/2013	31/12/2012	IFRS 5	Change
Gross book value	**2,480,608**	**2,686,993**	**(153,483)**	**(52,902)**
Depreciation and impairment	(503,655)	(486,219)	23,508	(40,944)
Net book value	**1,976,953**	**2,200,774**	**(129,975)**	**(93,846)**

The change in "Investment property" is mainly due to the following:

- reclassification to Assets held for sale of the property located in Milan, via Boezio 20 held by Fondiaria-SAI S.p.A. for Euro 15 million;
  - write-down of buildings held by the subsidiaries N.I.T. S.r.l., Marina di Loano S.p.A. and by the Tikal R.E. and Athens R.E. Real Estate funds for Euro 16 million. In relation to Marina di Loano, the further write-down on 31/12/2012 of approx. Euro 8 million follows the updated expert opinions which highlighted increased future extraordinary maintenance costs and for those concerning the ordinary management of assets.

  This resulted in a recoverable value of the initiative lower than the book value at 31/12/2012, with a consequent recognition of the loss to the Interim Consolidated Income Statement.
- reduction of Euro 130 million following the application of IFRS 5, with the consequent recognition of such to the account Non-current assets held for sale or disposal groups. These relate to property within the assets expected to be disposed of under Anti-trust Authority Order of 19 June 2012.

The residual change relates to the depreciation in the period of Euro 51.4 million.

During the year, the rental income from investment property amounted to approx. Euro 57 million (Euro 83 million in the first nine months of 2012).
There are no significant limits on the realisation of the investment property due to legal or contractual restrictions or restrictions of any other nature, with the exception of 2 buildings of the Tikal Fund which are mortgaged for the loans received on these buildings.

Investments in subsidiaries, associates and interests in joint ventures

The item includes the book value of investments which are not significant in terms of size and nature of the activities to ensure the accuracy of the present interim financial statements.
The account includes investments held in associated companies measured under the equity method.

The breakdown is as follows:

(in Euro thousands)	30/09/2013	31/12/2012	Change
Subsidiaries	35	1,216	(1,181)
Associates and joint ventures	136,407	124,583	11,824
TOTAL	**136,442**	**125,799**	**10,643**

The table below sets forth most significant investments in associates:

(Euro millions)	30/09/2013	31/12/2012	Change
Garibaldi S.C.A.	70.3	70.3	-
Fin. Priv. S.r.l.	21.6	20.1	1.5
Isola S.C.A.	13.9	12.8	1.1
Others	30.6	21.4	9.2
Total	**136.4**	**124.6**	**11.8**

The adjustments to values recorded in the income statement in the period due to the valuation of the investments in associated companies were negative for Euro 0.6 million.

Held to maturity investments

These amount to Euro 577,441 thousand (Euro 718,119 thousand at 31/12/2012), broken down as follows:

(in Euro thousands)	30/09/2013	31/12/2012	IFRS 5	Change
Debt securities	577,441	718,119	(87,805)	(52,873)
Total	**577,441**	**718,119**	**(87,805)**	**(52,873)**

The account includes financial instruments as per paragraph 9 of IAS 39. They relate only to debt securities with fixed maturities and fixed and determinable payments which the group has the intention and capacity to hold until maturity.
The category only includes financial instruments from the Life business held exclusively for policies with a specific provision as defined by the current sector regulations.
This category includes listed securities for Euro 483,995 thousand. The current value of the debt securities classified to the present account is Euro 601,919 thousand.

Loans and receivables

These amount to Euro 3,400,468 thousand (Euro 3,527,030 thousand at 31/12/2012), broken down as follows:

(in Euro thousands)	**30/09/2013**	**31/12/2012**	**IFRS 5**	**Change**
Bank receivables for interbank deposits and bank clients	483,763	521,559	-	(37,796)
Debt securities	2,327,463	2,422,383	(58,706)	(36,214)
Loans on life insurance policies	35,030	39,017	-	(3,987)
Deposits held by reinsurers	20,238	22,358	-	(2,120)
Receivables from sub-agents for indemnities paid to agents terminated	242,392	243,385	-	(993)
Other loans and receivables	291,582	278,328	(1,459)	14,713
TOTAL	**3,400,468**	**3,527,030**	**(60,165)**	**(66,397)**

Bank receivables for interbank deposits and bank clients includes the receivables of the subsidiary BancaSai from other credit institutions for deposits of Euro 7,721 thousand (Euro 2,853 thousand at 31/12/2012) and the receivable from bank clients of Euro 476,042 thousand (Euro 518,706 thousand at 31/12/2012).

Debt securities, with a fair value totalling Euro 2,462 million, include:

- the book values of some issuers (in particular the securities of the special ANIA issues) for which it is considered appropriate to utilise the amortised cost and not the fair value in the absence of an active market. These are financial assets for which it is considered that the respective fair value cannot be calculated in a reliable manner.
- some reserved issues (so-called “private placements”) of Italian public debt, for Euro 1,456 million, which ensure stabile returns and eliminate the volatility in the valuation of such instruments where underwritten in a traditional market context. Classification in this category follows therefore from the lack of an active reference market.
- securities issued by corporate entities: mainly assisted by subordination clauses and transferred to this category in 2009. There was no permanent loss in value on any security and the effect of the amortised cost resulted in the recording of income of Euro 12,596 thousand in the Income Statement. The AFS reserve recorded on these securities as of January 1, 2009 was negative and amounted to Euro 75,222 thousand and is amortised in accordance with the provisions of IAS 39. The residual negative AFS reserve amounts to Euro 27,328 thousand (Euro 33,386 thousand at 31/12/2012).

For further details on the classification refer to the section Accounting Principles.

The account "Other loans and receivables” principally includes Euro 234.2 million (Euro 223.9 million at 31/12/2012) relating to the receivables of the subsidiary Finitalia from its customers.

Available-for-sale financial assets

Available-for-sale financial assets include debt and equity securities, as well as investment unit funds, not otherwise classified.

The financial assets are broken down as follows:

(in Euro thousands)	**30/09/2013**	**31/12/2012**	**IFRS 5**	**Change**
Equity securities	828,246	914,069	(5,198)	(80,625)
Fund units	512,494	627,184	(25,667)	(89,023)
Debt securities	16,711,310	19,306,788	(2,987,172)	391,694
TOTAL	**18,052,050**	**20,848,041**	**(3,018,037)**	**222,046**

Equity securities include listed securities for Euro 606.0 million, while debt securities include listed securities for Euro 16,677.0 million.

The book value of the listed financial instruments is adjusted to the stock market price on the last day of the quarter, which represents the fair value.

Among the equity securities, it should be noted the investment, amounting to 2%, held by the Group in the Bank of Italy: we note that the valuation made at the end of 2012 has not changed.

With reference to the impairment of the available-for-sale financial assets recorded in the Income Statement, the application of the Group impairment policy led to a write-down of Euro 48.0 million (for the nine months of 2012 the write-down was Euro 79.5 million). This amount for Euro 42.5 million concerns equity securities (Euro 10. 4 million concerning the impairment of the investment in Alitalia - Compagnia Aerea Italiana S.p.A.) and for Euro 5.5 million Investment Fund Units. No impairment was made on debt securities.

With reference to the composition of the AFS reserve (for the Group share and gross of the fiscal effects, and in relation to that borne by Life policyholders under the shadow accounting technique) it is reported that the gross amount, positive for Euro 398 million, includes a positive component of Euro 166 million with reference to debt securities, a positive component of Euro 26 million relating to investment funds and finally a net positive amount of Euro 206 million (of which Euro 120 million relates to the investment held in the Bank of Italy) concerning equities and similar securities.

SOVEREIGN DEBT DISCLOSURE

A breakdown of Sovereign debt exposure is provided in the table below, concerning bonds issued by central and local governments and by governmental bodies, in addition to loans disbursed by such parties and held by the Fondiaria SAI Group at 30 September 2013.

(Euro millions)	Nominal value	Value in Fin. Stat.	Market value
Italy	**16,594.3**	**16,344.0**	**16,413.2**
Financial assets at fair value through profit or loss	503.5	525.0	525.0
Available-for-sale financial assets	14,451.0	14,189.0	14,189.0
Loans and receivables	1,480.0	1,467.5	1,529.6
Investments held to maturity	159.8	162.4	169.5
Germany	**83.8**	**86.5**	**86.5**
Financial assets at fair value through profit or loss	5.8	6.3	6.3
Available-for-sale financial assets	78.0	80.2	80.2
France	**82.7**	**85.0**	**85.0**
Financial assets at fair value through profit or loss	13.1	13.5	13.5
Available-for-sale financial assets	69.6	71.5	71.5
Spain	**70.0**	**66.1**	**66.1**
Financial assets at fair value through profit or loss	5.0	5.1	5.1
Available-for-sale financial assets	65.0	61.0	61.0
Serbia	**32.8**	**31.5**	**31.5**
Financial assets at fair value through profit or loss	20.4	19.6	19.6
Available-for-sale financial assets	2.0	1.8	1.8
Loans and receivables	10.4	10.1	10.1
Belgium	**26.4**	**27.1**	**27.1**
Financial assets at fair value through profit or loss	-	-	-
Available-for-sale financial assets	26.3	27.1	27.1
Ireland	**25.0**	**27.4**	**27.4**
Available-for-sale financial assets	25.0	27.4	27.4
United States	**14.8**	**12.1**	**12.1**
Financial assets at fair value through profit or loss	9.6	7.7	7.7
Available-for-sale financial assets	5.2	4.4	4.4
Holland	**12.1**	**12.3**	**12.3**
Financial assets at fair value through profit or loss	1.1	1.1	1.1
Available-for-sale financial assets	11.0	11.2	11.2
Austria	**11.6**	**12.5**	**12.5**
Financial assets at fair value through profit or loss	0.1	0.1	0.1
Available-for-sale financial assets	11.5	12.4	12.4
Portugal	**4.0**	**4.0**	**4.0**
Available-for-sale financial assets	4.0	4.0	4.0
Great Britain	2.9	3.7	3.7
Financial assets at fair value through profit or loss	2.9	3.7	3.7
Other countries (*)	**55.8**	**56.2**	**56.1**
Financial assets at fair value through profit or loss	10.6	11.0	10.0
Available-for-sale financial assets	36.0	35.9	35.9
Investments held to maturity	9.2	9.3	10.1
Grand total	**17,016.2**	**16,768.5**	**16,837.5**

(*) Finland, Switzerland, Mexico and Hungary

At 30/09/2013 the book value of the sovereign debt security exposure totals Euro 16,768.5 million (Euro 18,332 million at 31/12/2012 – before application of IFRS 5), of which 97.5% concerning Italian Government securities (97.2% at 31/12/2012).

Government bonds issued by Spain, Portugal, Ireland and Italy

The tables below outlines the exposures of the Fondiaria-SAI Group to government debt securities issued by other "peripheral" countries of the Eurozone recognised under assets measured at fair value, in addition to Italian securities. The Group companies do not hold Greek Government debt securities.

1) Available-for-sale financial assets (Fair value) – millions of Euro

Country	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	**-**	**2.6**	**-**	**58.4**	**61.0**	**(5.5)**	**(2.3)**
Portugal	**-**	**4.0**	**-**	**-**	**4.0**	**(0.1)**	**-**
Ireland	**-**	**9.3**	**18.1**	**-**	**27.4**	**1.3**	**0.6**
Italy	**951.6**	**4,705.7**	**5,086.0**	**3,445.6**	**14,188.9**	**95.1**	**38.2**

2) Financial assets at fair value through profit or loss – in millions of Euro

Country	Maturity within 12 months	Maturity from 1 to 5 years	Maturity from 6 to 10 years	Maturity over 10 years	Total Fair value
Spain	**-**	**-**	**-**	**-**	**-**
Portugal	**-**	**-**	**-**	**-**	**-**
Ireland	**-**	**-**	**-**	**-**	**-**
Italy	**-**	**0.1**	**0.5**	**-**	**0.6**

Financial assets at Fair Value through profit or loss

The breakdown is as follows:

(in Euro thousands)	**30/09/2013**	**31/12/2012**	**IFRS 5**	**Change**
Equity securities	51,499	50,000	-	1,499
Fund units	1,765,942	1,104,362	-	661,580
Debt securities	3,951,236	5,153,874	(35,740)	(1,166,898)
Other financial investments	113,557	131,083	-	(17,526)
TOTAL	**5,882,234**	**6,439,319**	**(35,740)**	**(521,345)**

The component relating to the financial assets at fair value through profit or loss amounted to Euro 5,841 million (Euro 6,381 million at 31/12/2012) and these include the investments where the risk is borne by the policyholders and deriving from the management of pension funds for Euro 5,725 million (Euro 6,335 million at 31/12/2012).

Measurement of the fair value of financial instruments

The Fondiaria-SAI S.p.A. Group incorporated the provisions of the new IFRS 13 “Fair value measurement” in force from 01/01/2013, which defines the fair value and incorporates into a single standard a framework procedure for the measurement of fair value, requiring additional information on how the valuation was carried out.

The fair value represents the sales price of an asset under a normal transaction or the transfer price of a liability between market participants at the measurement date and at market conditions (exit price).

The determination of the fair value of the financial instruments is based on the going concern of the business. Financial assets and liabilities at fair value are classified according to the hierarchy of fair value established by IFRS 13, which classifies into three levels the inputs adopted in the valuation procedures, based on their observable parameters.

The criteria to determine the hierarchy of the fair value is as follows:

Level 1: Quoted prices in active markets
The valuation is the market price of identical financial instrument that have quoted prices on an active market.

Level 2: Valuation methods based on observable market parameters
The valuation of the financial instrument is not based on the market price of the financial instrument subject to valuation, but on prices available from market quotations of similar assets or through valuation techniques for which all the important inputs (such as credit and liquidity spreads) are observed on the market.

Level 3: Valuation methods based on non observable market parameters
The determination of the fair value is based on valuation techniques which are prevalently based on significant input not available on the market and results, therefore, in estimates and assumptions by management.
Where the fair value may not be determined in a reasonable manner, the financial instrument is valued at cost.

The classification of financial instruments measured at fair value according to the hierarchy established by IFRS 13 is reported below:

(in Euro thousands)	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	**17,451,607**	**20,565**	**579,878**	**18,052,050**
Equity securities	605,980	-	222,266	828,246
Debt securities	16,677,028	20,565	13,717	16,711,310
Fund units	168,599	-	343,896	512,494
Other AFS financial instruments	-	-	-	-
Financial assets at fair value through profit or loss	**2,513,141**	**1,440,279**	**1,928,814**	**5,882,234**
Equity securities	16	-	-	16
Debt securities	52,790	84,397	1,197	138,384
Fund units	470	-	-	470
Derivatives	-	17,638	296	17,934
Financial assets where risk is borne by policyholders and pension fund management	2,459,866	1,338,244	1,927,321	5,725,430
Other financial instruments at fair value through profit or loss	-	-	-	-
Total assets at fair value	**19,964,748**	**1,460,844**	**2,508,692**	**23,934,283**
Financial liabilities at fair value through profit or loss	**-**	**549,722**	**-**	**549,722**
Liabilities from financial contracts issued by insurance companies	-	489,365	-	489,365
Derivatives	-	58,177	-	58,177
Other financial liabilities	-	2,180	-	2,180
Total liabilities at fair value	**-**	**549,722**	**-**	**549,722**

The changes in the fair value of financial instruments classified to the account “Financial assets whose risks are borne by the policyholder and pension fund management”, which represents the largest component of the category, are offset by similar opposing changes reflected in the valuation of the related financial and insurance liabilities. The remaining part of the equity instruments classified to the category “Available-for-sale financial assets” principally comprise the investment in Bank of Italy, whose fair value is more sensitive to reasonable changes in the increase in the long-term rate of the cash flows. In relation to Fund Units, predominantly based in the real estate sector, the sensitivity is related to the property price movements reflected in the NAV of the funds.

In line with that stated above, no transfers of financial assets across the various levels took place.

In the determination of the fair value, the Group bases its market valuations directly on independent sources, if available, as this is normally considered the best evidence of fair value. In this case the fair value is the market price of the same financial instrument subject to valuation, taken from quotations on an active market. A market is considered as active when the quotations reflect normal market operations, readily and normally available through the Stock Exchange, listing services and brokers, and expresses the effective and normal prices in the market.

Active markets are normally considered:

- the regulated market of securities and derivatives, with the exception of the Luxembourg financial market;
- the secondary market of the investment units, expressed by the official NAV (Net Asset Value) based on which the asset management issuer must settle the units. This value may be adjusted to reflect the low liquidity of the fund, or of the time between the request date of repayment and that of the actual repayments;
- the organised exchange systems;
- some over-the-counter electronic trading circuits (e.g. Bloomberg), in the presence of some qualitative and quantitative parameters (presence of a certain number of contributors, spread between bid and ask prices in a determined tolerance threshold range).

In relation to the methodologies for the measurement of the fair value of financial instruments traded on regulated markets, the following is noted:

- for shares, listed investments, Mutual Fund Units and listed derivatives, the mark-to-market valuation corresponds to the official reference market price;

- for bond securities, the sources principally used for the mark-to-market valuation of financial assets and liabilities are the BVAL valuation service and the CBBT price provided by Bloomberg. If these sources are not available, the price made available by intermediaries is used as a reference.

For all the financial instruments for which no active market exists, the fair value is determined through valuation techniques based on:

- most recent transaction prices between independent parties;
- current market value of a similar instrument;
- analysis of the discounted cash flows, in which the estimated future cash flows are based on the best estimates of management and the discount rate used is linked to the market rate used for similar instruments;
- valuation models of the options.

Where the fair value cannot be measured reliably, the financial instruments are measured at cost, considered as the fair value of the amount paid for the purchase of the investment. In this case, all the transaction costs strictly attributable to the purchase are part of the investment costs.

When a valuation is not applicable through Mark to Market, technical valuations will use information available on the market, based on the following valuation approaches:

- Comparable approach: in this case the fair value of the instrument is obtained from the prices observed on recent transactions on similar instruments in active markets;
- Model Valuation: in the absence of observable transaction prices, relating to the instrument to be valued or on similar instruments, it is necessary to adopt a valuation model based on market data;
  - the debt securities are valued based on the expected cash flow method, adjusted to take account of the issuer risk and of the liquidity risk;
  - the derivative contracts are valued through several models, based on the input factors (risk rate, volatility, price risk, exchange risk, etc.) which impacts the relative valuation;
  - the non listed equity securities are valued with reference to transactions on the same security or, on similar securities observed in a defined period of time from the valuation date, based on the market multiples method of similar companies and, secondarily, through financial, profitability and asset valuation methods.

5. OTHER RECEIVABLES

The breakdown of the account is as follows:

(in Euro thousands)	**30/09/2013**	**31/12/2012**	**IFRS 5**	**Change**
Receivables relating to direct insurance business	725,464	1,322,826	(197,378)	(399,984)
Receivables relating to reinsurance business	56,908	64,750		(7,842)
Other receivables	614,567	703,419	(34,983)	(53,869)
TOTAL	**1,396,939**	**2,090,995**	**(232,361)**	**(461,695)**

As shown in the table, receivables restated in application of IFRS 5 amount to Euro 232.4 million and principally concern receivables from policyholders and agents relating to the insurance portfolio subject to disposal.

The Group considers that the carrying value of trade and other receivables approximates their fair value. Trade receivables are non-interest bearing and are generally due within 90 days.

With reference to receivables relating to direct insurance business, their breakdown is shown below.

(in Euro thousands)	**30/09/2013**	**31/12/2012**	**IFRS 5**	**Change**
Receivables from policyholders for premiums for the year	298,777	639,299	(78,484)	(262,038)
Receivables from policyholders for prior year premiums	16,991	11,429	(4,550)	10,112
Receivables from insurance intermediaries	159,604	441,273	(95,770)	(185,899)
Receivables from insurance companies	171,304	111,961		59,343
Amounts to be recovered from policyholders and third parties	78,788	118,864	(18,574)	(21,502)
TOTAL	**725,464**	**1,322,826**	**(197,378)**	**(399,984)**

The reduction in receivables from policyholders for premiums in the period is due to the uneven distribution of Group contracts throughout the year. On the other hand, receivables from policyholders for prior years mainly include positions still to be collected, primarily with corporate customers, arising at the end of the previous year.

Receivables from reinsurance transactions include Euro 56,155 thousand (Euro 64,022 thousand at 31/12/2012) in receivables from insurance and reinsurance companies for reinsurance operations and Euro 753 thousand (Euro 728 thousand at 12/31/2012) from reinsurance intermediaries.

Other receivables include:

- trade receivables of Euro 62,898 thousand principally comprising receivables from clients;
- receivables from Tax Authorities for Euro 350,462 thousand relating principally to the repayment of VAT receivables;
- receivables from the ex-related parties Im.Co. and Sinergia (in addition to those from their subsidiaries) for Euro 86.2 million. These receivables are stated net of a total write-down of approx. Euro 145 million, recognised in 2011 and in 2012, this latter following also the bankruptcy declaration of Im.Co., Sinergia and Europrogetti of 2012.
  At 30/9/2013 there were no further write-downs.

With reference to receivables from policyholders for premiums, agents and other intermediaries, as well as insurance and reinsurance companies, the Group does not have significant concentrations of credit risk, as the credit exposure is divided among a large number of counterparties and clients.

The receivable valuation policies did not change on 31/12/2012.

6. OTHER ASSETS

These totalled Euro 5,070,279 thousand (Euro 1,534,590 thousand at 31/12/2012), with a decrease of Euro 301,975 thousand compared to 31 December 2012, excluding the effects from IFRS 5.

These include:

(in Euro thousands)	**30/09/2013**	**31/12/2012**	**IFRS 5**	**Change**
Non-current assets or disposal groups classified as held for sale	3,888,504	3,335	3,865,594	19,575
Deferred acquisition costs	55,082	52,250	(4,929)	7,761
Deferred tax assets	726,466	954,429	(13,756)	(214,207)
Current tax assets	271,158	299,485		(28,327)
Other assets	129,069	225,091	(9,245)	(86,777)
TOTAL	**5,070,279**	**1,534,590**	**3,837,664**	**(301,975)**

Non-current assets held for sale or disposal groups

At 30/9/2013, the discontinued assets amounted to Euro 3,888,504 thousand (Euro 3,335 thousand at 31/12/2012).

These refer to:

- Euro 3,865.6 million concerning assets held-for-sale within the group of insurance assets to be disposed of under the Anti-trust Authority Order of 19/6/2012;
- Euro 15.3 million relating to the building located in Milano - via Boezio, 20, held by Fondiaria-SAI S.p.A. for which a preliminary sales contract has been signed;
- Euro 4.3 million relating to the assets of the subsidiary Saint George Capital Management S.A. following the disengagement of the Group from the initiative;
- Euro 3.3 million concerning the building located in Grugliasco (TO) - Via Grandi, 2, held by the subsidiary Auto Presto&Bene, for which activities for the identification of a possible buyer are in progress.

Insurance deferred acquisition costs

Insurance deferred acquisition costs, amounting to Euro 55,082 thousand (Euro 52,250 thousand at 31/12/2012), principally refer to the acquisition commissions to be amortised on the long-term contracts in the Non-Life and Life businesses. These amounts are deferred and amortised, for the Non-Life classes, on a straight-line basis over three years, while for the Life Classes, up to the respective loadings, on the basis of the relative contracts and however for a period not greater than ten years.

Deferred tax assets

The item amounts to Euro 726,466 thousand (Euro 954,429 thousand at 31/12/2012) and is calculated on the total amount of the temporary differences between the book value of the assets and liabilities in the financial statements and the respective tax value according to the "balance sheet liability method" as per IAS 12 in relation to the probability of their recovery related to the capacity to generate assessable taxable income in the future. The decrease on year-end 2012 principally relates to the reversal of deferred tax assets due to the utilisation of prior year tax losses in the first nine months of the year.

The balance at the end of the period also takes into account the off-setting, where possible, made by each company of the same tax assets with the corresponding deferred tax liabilities in accordance with IAS 12.

Current tax assets

The tax receivables assets, amounting to Euro 271,158 thousand (Euro 299,485 thousand at 31/12/2012), refer to the financial receivables for advanced payments, withholding taxes and income tax credits, before off-setting, where permitted, of the current tax liabilities.

The account also includes the amounts paid in advance pursuant to Article 1, paragraph 2 of Decree Law 209/02, as converted by Article 1 of Law 265/2002, as amended.

Other assets

The other assets amount to Euro 129,069 thousand (Euro 225,091 thousand at 31/12/2012) and include, among others, indemnities paid to agents for which the option to claim the reimbursement was not exercised for Euro 33 million and advance payments for guarantee provisions for policyholders, with particular reference to the contribution to the Road Victim Fund of Euro 33 million.

7. CASH AND CASH EQUIVALENTS

These total Euro 819,283 thousand (Euro 560,228 thousand at 31/12/2012). The reclassification as per IFRS 5 amounts to Euro 24,193 thousand.

It includes the liquidity held by the Group and deposits and bank current account with maturity of less than 15 days. They include highly liquid assets (cash and deposits on demand), cash equivalents and short-term financial investments, readily convertible into cash amounts and which are not subject to changes in value.

The book value of these assets closely approximates their fair value. The deposits and bank current accounts are remunerated at fixed or variable interest rates and bear interest recognised on a quarterly basis or in relation to the lower duration of the restrictions on the deposits.

Statement of Financial Position – Shareholders' Equity & Liabilities

1. EQUITY

Consolidated equity, amounting to Euro 3,064,944 thousand, includes the result for the period and the non-controlling interest, and increased by Euro 302,270 thousand compared to 31/12/2012.

The table below sets forth the changes in the year:

(in Euro thousands)	30/09/2013	31/12/2012	Change
Equity, attributable to owners of the parent	**2,368,833**	**2,115,707**	**253,126**
Share capital	1,194,573	1,194,573	-
Other equity instruments	-	-	-
Equity-related reserves	198,876	669,626	(470,750)
Income related and other reserves	612,137	898,822	(286,685)
Treasury shares	(68,197)	(68,197)	-
Reserve for currency translation difference	(68,238)	(65,970)	(2,268)
Unrealised gains or losses on financial assets available-for-sale	257,278	257,597	(319)
Other unrealised gains and losses recorded through equity	8,284	(21,027)	29,311
Profit (loss) for the period	234,120	(749,717)	983,837
Equity, attributable to non-controlling interests	**696,111**	**646,967**	**49,144**
Non-controlling interests capital and reserves	574,356	673,611	(99,255)
Unrealised gains or losses through equity	31,990	23,236	8,754
Profit (loss) for the period	89,765	(49,880)	139,645
TOTAL	**3,064,944**	**2,762,674**	**302,270**

The change in the consolidated net equity is shown in the statement to which reference should be made.

The disclosures required by IAS 1.76 A is provided below:

	Ordinary 30/09/2013	Class A Savings 30/09/2013	Class B Savings 30/09/2013	Ordinary 31/12/2012	Class A Savings 31/12/2012	Class B Savings 31/12/2012
Number of shares	920,565,922	1,276,836	321,762,672	920,565,922	1,276,836	321,762,672

The table below shows the movements of the share capital of the Parent Company Fondiaria-SAI in the first nine months of 2013.

	Ordinary	Class A Savings	Class B Savings	Total
Shares existing at 1/1/2013	920,565,922	1,276,836	321,762,672	1,243,605,430
Treasury shares (-)	143,825	-	-	143,825
Shares outstanding: balance at 1/1/2013	920,422,097	1,276,836	321,762,672	1,243,461,605
Increases:				
Share capital increase	-	-	-	-
Sale of treasury shares	-	-	-	-
Exercise of warrants	-	-	-	-
Decreases:				
Acquisition of treasury shares	-		-	-
Shares outstanding: balance at 30/09/2013	920,422,097	1,276,836	321,762,672	1,243,461,605

At 30/09/2012 the ordinary shares, the Class A savings shares and the Class B savings shares are without stated nominal value.

Nature and purpose of the other reserves

The income related and other equity reserves include the other net equity reserves of the Parent Company Fondiaria-SAI, in turn reduced by the coverage of the prior year loss.

The change in the consolidated net equity is shown in the statement to which reference should be made.

Treasury shares

These amounted to Euro 68,197 thousand (Euro 68,197 thousand at 31/12/2012). This item includes the book value of the equity instruments of the Parent Company Fondiaria-SAI held by Fondiaria-SAI (Euro 64.4 million), Milano Assicurazioni S.p.A. (Euro 3.4 million) and Sai Holding S.p.A. (Euro 0.4 million).

The account is negative in accordance with the provisions of IAS 32. Following the sale/purchases operations undertaken on treasury shares (although none occurring in the period), no profits or losses were recorded in the income statement.

Reserve for currency translation difference

The balance is a negative amount of Euro 68,238 thousand (negative Euro 65,970 thousand at 31/12/2012) and includes the currency translation differences deriving from the conversion of the foreign subsidiaries' financial statements into Euro.

Unrealised gains or losses on financial assets available-for-sale

The item, amounting to Euro 257,278 thousand (Euro 257,597 thousand at 31 December 2012), includes the fair value gains and losses deriving from the valuation of the available-for-sale financial assets. The balance is presented net of the related deferred tax liability, both for the part attributable to the policyholders and allocated to the insurance liabilities.

In particular the account includes a positive amount of Euro 397.8 million relating to the available-for-sale financial instruments in portfolio and a negative amount of Euro 102.1 million relating to the application of the shadow accounting technique. Euro 38.4 million (negative) relating to the fiscal effects of the two matters outlined above is also considered.

Other unrealised gains and losses through equity

The item, amounting to Euro 8,284 thousand (Euro -21.027 thousand at 31/12/2012), includes the reversal of the income statement gains realised in prior years on subsidiary companies of Euro 53.6 million. In fact, the transactions of the shares of subsidiaries and which do not result in the loss or acquisition of control do not impact the consolidated results as they are considered only as modifications in the ownership structure of the Group.
The amount also includes the negative fair value on derivative cash flow hedging instruments for Euro 29.9 million (net of the tax effect) while the residual amount principally includes the actuarial gains and losses due to the application of IAS 19.

Non-controlling interests capital and reserves

Non-controlling equity, included the result, increased by Euro 49 million.

2. PROVISIONS

The account amounts to Euro 265,840 thousand (Euro 271,877 thousand at 31/12/2012) and comprises:

(in Euro thousands)	**30/9/2013**	**31/12/2012**	**IFRS 5**	**Change**
Provisions for taxes	11	61		(50)
Other provisions	265,829	271,816	(21,193)	15,206
TOTAL	**265,840**	**271,877**	**(21,193)**	**15,156**

Other provisions include amounts for which uncertainty exists regarding the payment date or the amount of future expenses required to comply with the obligation.

That provisioned at 31/12/2012 against the principal disputes of the Group did not undergo significant movements in that no situations arose such as to require further provisions or release from existing funds, which appear adequate.
The increase in provisions follows the normal analysis of underlying operating factors, in addition to the increase in the tax risk relating to a number of contractual positions undertaken by the previous management and already disposed of by the appointed *ad acta* representative of IVASS.

The amount eliminated as per IFRS 5 principally includes the provisions concerning agency sales points of the insurance portfolio subject to sale.

3. TECHNICAL PROVISIONS

These amount to Euro 29,228,519 thousand and report a reduction of Euro 4,429,380 thousand compared to 31/12/2012, of which Euro 3,338,860 thousand concerns provisions related to the insurance portfolio held for sale and consequently classified to the account Liabilities associated with disposal groups in application of IFRS 5.

The table below sets forth the breakdown of the technical provisions:

(in Euro thousands)	**30/09/2013**	**31/12/2012**	**IFRS 5**	**Change**
Non-Life technical provisions	8,859,530	12,522,213	(2,780,546)	(882,137)
Life technical provisions	15,126,690	15,274,635	(522,574)	374,629
Technical provisions where investment risk is borne by policyholders and pension fund management	5,242,299	5,861,051	(35,740)	(583,012)
TOTAL TECHNICAL PROVISIONS	**29,228,519**	**33,657,899**	**(3,338,860)**	**(1,090,520)**

The Non-Life business technical provisions include the unearned premium provision of Euro 1,628 million (Euro 2,495 million at 31/12/2012) and the claims provision of Euro 7,224 million (Euro 10,018 million at 31/12/2012): the change of the above-stated provisions, due to the reclassification as per IFRS 5, respectively amounts for Euro -512 million and Euro -2,268 million.

The Life technical provisions includes the actuarial reserve of Euro 14,604 million and the provisions for sums to be paid of Euro 419 million. They reduced due to the deferred liabilities borne by policyholders provision against contracts with discretional profit participation: the provision was positive for Euro 42 million (positive for Euro 10 million at 31/12/2012). In relation to the calculation of this provision, it is noted that for Segregated Funds, the reference return is nevertheless greater than the guaranteed minimum benefits.

The reclassification of the Life provisions as per IFRS 5 is shown in the following table:

(in Euro thousands)

Provision for sums to be paid	13,660
Actuarial provisions	507,418
Technical provisions where investment risk is borne by policyholders and pension fund management	35,740
Other provisions	1,496
of which deferred liabilities to policyholders	160
Total	**558,314**

4. FINANCIAL LIABILITIES

(in Euro thousands)	30/09/2013	31/12/2012	IFRS 5	Change
Financial liabilities at fair value through profit or loss	549,722	568,575	-	(18,853)
Other financial liabilities	1,533,152	1,747,051	(172,279)	(41,620)
Total	**2,082,874**	**2,315,626**	**(172,279)**	**(60,473)**

The financial liabilities at fair value through profit or loss are:

Financial liabilities held for trading

These total Euro 224 thousand (Euro 511 thousand at 31/12/2012).

Financial liabilities at Fair Value through profit or loss

These total Euro 549,498 thousand (Euro 568,064 thousand at 31/12/2012). In accordance with IAS 39, the account includes the investment contracts not in application of IFRS 4 and accounted in accordance with the Deposit Accounting method. The account amounts to Euro 489,365 thousand (Euro 480,260 thousand at 31/12/2012).

Other financial liabilities

The account amounts to Euro 1,533,152 thousand (Euro 1,747,051 thousand at 31/12/2012).

The account includes the financial liabilities defined and governed by IAS 39 not included in the category "Financial liabilities at fair value through profit or loss".
They include guarantee deposits in relation to risks ceded in reinsurance of Euro 129,331 thousand (Euro 153,236 thousand at 31/12/2012) and subordinated payables of Euro 891,889 thousand (Euro 1,048,074 thousand at 31/12/2012).

The financial liabilities concerning the assets held for sale and therefore measured under IFRS 5 principally concern subordinated loans undertaken with Mediobanca by Milano Assicurazioni and also those following the indications from the Anti-trust Authority.

It is reported in fact that, with reference to the order C/11524 in relation to the "Evaluation of the measures to be prescribed" and, in particular, with reference to the "Measures relating to the shareholding ties of the entity post-merger with Mediobanca" initiated on 26 April 2012 by the Anti-trust Authority in relation to the companies Unipol Gruppo Finanziario S.p.A., Premafin Finanziaria S.p.A., Fondiaria-SAI S.p.A., Milano Assicurazioni S.p.A., Unipol Assicurazioni S.p.A., Mediobanca S.p.A. and Assicurazioni Generali S.p.A., the net debt of Milano Assicurazioni with Mediobanca should be reduced, as well as with the post-merger entity, in order to significantly reduce the ties with this latter.

It principally relates to:

- Euro 50,237 thousand, equal to the amortised cost of the residual subordinated loan provided to Milano Assicurazioni by Mediobanca in 2006 for an original amount of Euro 150 million (Euro 100 million was repaid in 2008). This loan provides for an interest rate of Euribor at 6 months +180 basis points and repayable in five equal annual instalments from the 16^{th} anniversary of the loan. The loan may also be repaid in advance, including partially, from the tenth anniversary of the loan and with authorisation from ISVAP.

- Euro 100,179 thousand, equal to the amortised costs of the loan of Euro 100 million provided to Milano Assicurazioni by Mediobanca in July 2008. This loan was of a hybrid nature and perpetual duration and is therefore included in the solvency margin up to 50% of the lower value between the available margin and the solvency margin requested. The payment of the interest is made in arrears on a half-yearly basis, at an interest rate of Euribor at 6 months +350 basis points for the first ten years and subsequently 450 basis points. The repayment should be made in one repayment after 10 years.

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.

With regard to the **subordinated loan of Euro 150 million** of 22 June 2006, Article 6.2.1 letter (e) establishes, as a general obligation for the Parent Company Fondiaria-SAI, the continued control (pursuant to 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 250 million** of 14/7/2008, the option to convert into shares of the Parent Company Fondiaria-SAI is subject to, in addition to any resolution by the extraordinary shareholders' meeting of the Parent Company Fondiaria-SAI 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 Fondiaria-SAI 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 with the possibility, over a period of more than two years, to put in place measures to enable compliance with the requested parameters.

No clauses are in place in the Group loan agreements (other than those indicated above) which place limitations on the use of significant financial resources for the activities of the Issuer.

This disclosure was provided even though non-compliance with the above-stated clauses is not at issue, with little possibility of the contractually established events in safeguarding of shareholders occurring.

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 to 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.

The residual payables to banks and other lenders, amounting to Euro 512 million (Euro 546 million at 31/12/2012), include the following significant amounts, already commented upon in the Directors' Report:

- Euro 111.8 million relates to the loan signed by the Tikal Closed Real Estate Fund with Mediobanca as the Agent Bank;
- Euro 19.5 million refers to the bonds issued in 2009 and 2010 by BancaSai;
- Euro 53.6 million refers to the debt of the subsidiary Immobiliare Fondiaria-SAI.

The residual of the other financial liabilities includes Euro 185 million (Euro 167 million at 31/12/2012) of operating debt of the subsidiary BancaSai, represented by client deposits.

5. PAYABLES

The account amounts to Euro 566,141 thousand and is comprised of:

(in Euro thousands)	30/09/2013	31/12/2012	IFRS 5	Change
Payables from direct insurance business	80,611	96,388	(4,845)	(10,932)
Payables from reinsurance business	62,831	67,876	(2,587)	(2,458)
Other payables	422,699	600,658	(31,215)	(146,744)
Total	**566,141**	**764,922**	**(38,647)**	**(160,134)**

With reference to the payables arising from direct insurance business, they consist of:

(in Euro thousands)	30/09/2013	31/12/2012	IFRS 5	Change
Payables to insurance intermediaries	58,963	70,751	(1,534)	(10,254)
Payables to insurance companies	12,083	15,488	(1,476)	(1,929)
Payables for policyholder security deposits	8,294	8,009		285
Payables for guarantee provisions for policyholders	1,271	2,140	(1,835)	966
Total	**80,611**	**96,388**	**(4,845)**	**(10,932)**

The payables arising from reinsurance business refer to reinsurance companies of Euro 44,077 thousand (Euro 51,062 thousand at 31/12/2012) and Euro 18,754 thousand to reinsurance brokers (Euro 16,814 thousand at 31/12/2012).

The breakdown of the other payables is shown below:

(in Euro thousands)	30/09/2013	31/12/2012	IFRS 5	Change
Trade payables	151,393	259,028	(240)	(107,395)
Employee leaving indemnity and other employee benefits	51,323	62,971	(11,377)	(271)
Policyholders' tax due	80,903	87,350	(4,569)	(1,878)
Other tax payables	61,263	117,163	(225)	(55,675)
Social security	11,563	18,925	(91)	(7,271)
Other payables	66,254	55,221	(14,713)	25,746
Total	**422,699**	**600,658**	**(31,215)**	**(146,744)**

Employee leaving indemnity and other employee benefits

The principal statistical-actuarial and financial assumptions utilised for the Employee Leaving Indemnity estimates as per IAS 19 are not substantially different from those utilised in the preparation of the consolidated annual accounts of the previous year.

The changes in the year are shown below:

(in Euro thousands)	30/09/2013	31/12/2012
Balance at beginning of the period	**62,971**	**65,262**
Provisions to income statement for Interest Cost	2,142	2,796
Provisions to income statement for Service Cost	28	47
Actuarial Gains/Losses	972	9,988
Utilisations	(3,789)	(9,713)
IFRS 5	(11,377)	-
Other changes	376	(5,409)
Balance at end of the period	**51,323**	**62,971**

Health insurance post service

The principal statistical-actuarial and financial assumptions utilised for the determination of the Health Assistance of employees as per IAS 19 is not substantially different from that utilised in the preparation of the consolidated annual accounts of the previous year.
Reference should therefore be made to the 2012 annual accounts for the numeric assumptions made.
At 30/9/2013, the liabilities related to the health coverage for Executives amounted to Euro 23,395 thousand (Euro 24,065 thousand at 31/12/2012).

6. OTHER LIABILITIES

These are broken down as follows:

(in Euro thousands)	30/09/2013	31/12/2012	IFRS 5	Change
Liabilities associated with disposal groups	3,615,518	-	3,614,661	857
Deferred tax liabilities	109,624	178,189	(15,028)	(53,537)
Tax payables	52,121	54,101	(788)	(1,192)
Other liabilities	357,863	380,249	(27,866)	5,480
Total	**4,135,126**	**612,539**	**3,570,979**	**(48,392)**

Liabilities associated with disposal groups

The account includes the liabilities held for sale in accordance with the Anti-trust Authority Order of 19/6/2012 for Euro 3,614,661 thousand and Euro 857 thousand concerning the liabilities of the company Saint George Capital Management S.A..

Deferred tax liabilities

The deferred tax liabilities, amounting to Euro 109,624 thousand (Euro 178,189 thousand at 31/12/2012), include all the temporary tax differences, relating to the statement of financial statement and income statement accounts, which will reverse in future years.

The balance takes into account the off-setting, where permitted, with the corresponding deferred tax asset in accordance with IAS 12.

Tax payables

The account amounts to Euro 52,121 thousand (Euro 54,101 thousand at 31/12/2012) and refers to the total income taxes accrued by the Group at the period-end, net of the current tax asset compensated in accordance with IAS 12.
The income taxes are calculated applying the respective income tax rates, determined based on prudent estimates of the nominal tax rates applied for the full year results.

Other liabilities

The Other liabilities amount to Euro 357,863 thousand (Euro 380,249 thousand at 31/12/2012) and comprise:

(in Euro thousands)	**30/09/2013**	**31/12/2012**	**IFRS 5**	**Change**
Commissions on premium collection	44,286	98,425	(12,010)	(42,129)
Deferred commission expenses for life investment management services	-	68	-	(68)
Cheques issued against claims and life sums collected by the beneficiaries after year end	1,792	2,345	-	(553)
Transitory reinsurance accounts	-	3,231	-	(3,231)
Other liabilities	311,785	276,180	(15,856)	51,461
TOTAL	**357,863**	**380,249**	**(27,866)**	**5,480**

The sub-account “Other liabilities” includes expenses in the period of approx. Euro 75 million.

PART C - Information on the Income Statement

NET PREMIUMS

The consolidated net premiums totalled Euro 7,111,648 thousand (Euro 7,365,014 thousand in the first nine months of 2012).
Total Group gross premiums written amounted to Euro 6,991,774 thousand (down 3.19% on 9M 2012), as follows:

(in Euro thousands)	9M 2013	9M 2012	Q3 2013	Q3 2012
Gross Life insurance premiums	2,790,519	2,519,309	527,000	928,434
Gross Non-Life insurance premiums	4,201,255	4,703,128	1,149,580	1,300,248
Change in gross premium provision	(355,409)	(376,112)	(268,141)	(282,645)
Total Non-Life business	4,556,664	5,079,240	1,417,721	1,582,893
Gross premiums	**7,347,183**	**7,598,549**	**1,944,721**	**2,511,327**

Gross premiums written do not include the cancellation of securities issued in previous years, which were recorded as “Other costs”. The above amounts are net of inter-group reinsurance.
In relation to the breakdown of the gross premiums written among the different classes in the accounts, the division between direct and indirect business, reference should be made to the tables in the Directors’ Report.

The premiums ceded, amounting to Euro 226,960 thousand, accounted for 3.2% of the total premiums written (3.1% in the first nine months of 2012).

(in Euro thousands)	9M 2013	9M 2012	Q3 2013	Q3 2012
Life business	5,204	5,801	491	832
Non-Life business	221,756	215,470	62,912	68,930
Change in reinsurers provisions	8,575	12,264	4,538	2,238
Total Non-Life business	230,331	227,734	67,450	71,168
Ceded premiums to re-insurers	**235,535**	**233,535**	**67,941**	**72,000**

The Group reinsurance policy negatively impacted on the consolidated accounts for Euro 82,809 thousand (Euro 80,602 thousand in the Non-Life Division).
In accordance with IFRS 4.37 b ii, the Group does not defer and amortise gains and losses deriving from reinsurance.

COMMISSION INCOME

The commission income in the first nine months of 2013 amounted to Euro 5,500 thousand, a decrease on the first nine months of the previous year of Euro 6,493 thousand.

(in Euro thousands)	9M 2013	9M 2012	Q3 2013	Q3 2012
Fee and commission income	5,500	11,993	(230)	7,006

The account includes both the explicit and implicit loading relating to the investment contracts issued by the Group insurance companies and, as such, are not recorded in accordance with IFRS 4, as well as the commissions for the management of internal funds.
In the first nine months of 2013, the amount principally concerns commission income matured by the companies operating in the asset management and consumer credit sectors (Euro 10 million in the first nine months of 2012).

GAINS AND LOSSES ON REMEASUREMENT OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

These amount to Euro 78,315 thousand, a decrease on the first nine months of 2012 of Euro 373,655 thousand. The breakdown is as follows:

(in Euro thousands)	Interest	Other net income	Realised profits	Realised losses	Unrealised gains and write-backs	Unrealised losses and impairments	9M 2013	9M 2012	Q3 2013	Q3 2012
Result of investments from:										
Financial assets held for trading	503	-	402	(121)	1,457	(8)	2,233	27,069	446	9,875
Financial assets designated at fair value through profit or loss	60,574	58,670	78,159	(61,441)	77,647	(137,454)	76,155	445,120	60,135	120,766
Financial liabilities held for trading	-	-	-	-	1,823	(1,896)	(73)	(20,219)	9,974	(4,186)
TOTAL	**61,077**	**58,670**	**78,561**	**(61,562)**	**80,927**	**(139,358)**	**78,315**	**451,970**	**70,555**	**126,455**

The result of the investments deriving from financial assets designated at fair value through profit or loss include Euro 113,159 thousand (Euro 448,066 thousand in the first nine months of 2012) relating to investments whose risk is borne by the policyholder. The net income is offset by a similar charge for commitments against policyholders.

Net of the result of investments whose risk is borne by the policyholder, recognition at fair value to the income statement resulted in charges of Euro 34.8 million (income of Euro 3.9 million in the first nine months of 2012), due to an increased impact from unrealised losses.

GAINS ON INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, FROM OTHER FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTY

The following table shows the breakdown:

(in Euro thousands)	*Net interest*	*Other net income*	*Realised gains*	*Realised losses*	*Unrealised gains and write-backs*	*Unrealised losses and impairments*	**9M 2013**	**9M 2012**	**Q3 2013**	**Q3 2012**
Result from:										
Investment property	-	15,771	7,074	(11)	1,984	(67,809)	(42,991)	2,372	(15,002)	(3,155)
Investments in subsidiaries, associates and interests in joint ventures	-	(27)	-	-	-	(559)	(586)	(10,591)	2,224	(2,691)
Held to maturity investments	29,677	-	-	-	-	-	29,677	29,606	9,659	10,625
Loans and receivables	120,431	-	387	(6,559)	177	(4,935)	109,501	124,835	37,858	35,841
Available-for-sale financial assets	501,638	20,098	167,379	(43,803)	-	(47,987)	597,325	485,600	209,473	166,628
Other receivables	5,898	(14)	-	-	-	-	5,884	2,429	1,888	(1,028)
Cash and cash equivalents	7,293	(302)	-	-	-	-	6,991	10,371	2,148	3,570
Other financial liabilities and other payables	(38,376)	(492)	-	-	-	-	(38,868)	(45,593)	(11,080)	(13,510)
TOTAL	**626,561**	**35,034**	**174,840**	**(50,373)**	**2,161**	**(121,290)**	**666,933**	**599,029**	**237,168**	**196,280**

The columns realised gains and losses show the economic effects deriving from the sale of the various financial instruments.

Impairments on investment property include the depreciation recognised to the income statement of Euro 52 million (Euro 54 million in the first nine months of 2012) and write-downs on property, where market values were lower than book value, for Euro 16 million (Euro 2 million in the first half of 2012).
The unrealised losses on AFS financial instruments refer to the impact on the Income Statement of the Group impairment policy: of these Euro 42.5 million refers to shares (of which Euro 21 million relating to the Mediobanca investment and Euro 10.4 million relating to the position held in Alitalia - Compagnia Aerea Italiana S.p.A.), while the residual relates to investment fund units.
Interest expense includes the Group debt charges on financial liabilities.

During the period, interest income did not mature on financial assets written down for impairment in previous periods.

OTHER INCOME

The other revenues amount to Euro 342,851 thousand (Euro 225,710 thousand in the first nine months of 2012) and are summarised in the table below:

(in Euro thousands)	9M 2013	9M 2012	Q3 2013	Q3 2012
Gains realised on non-current assets	2	536	-	521
Other technical income	35,490	30,870	(20)	784
Utilisation of provisions	75,219	35,178	15,828	2,613
Currency differences	548	3,916	146	(1,864)
Non-recurring income	10,249	23,678	5,110	3,743
Gains realised on property and investments	55	100	9	92
Other income	221,288	131,432	85,138	44,097
Total	**342,851**	**225,710**	**106,211**	**49,986**

The sub-account "other revenues" relates to the following income:

- Euro 95 million relating to ordinary operating revenues of the Atahotels Group. In the first nine months of 2012, these revenues, amounting to Euro 101 million, were reclassified to the account "Profit/ (loss) from discontinued operations";

- Euro 44 million (Euro 45 million in 9M 2012) relating to ordinary revenues of the subsidiary Auto Presto&Bene;

- Euro 31 million (Euro 34 million in 9M 2012) revenues from the Group's clinic subsidiaries;

- Euro 13 million (Euro 15 million in 9M 2012) relating to ordinary revenues from the subsidiary Immobiliare Lombarda and the Immobiliare Fondiaria-SAI and Immobiliare Milano Groups;

- Euro 5 million (Euro 7 million in the first nine months of 2012) of revenues from the agricultural holdings.

The increase in the account did not include the operating revenues of Atahotels for the first nine months of 2012 which were classified to the account "Profit (loss) on assets held for sale".

NET CHARGES RELATING TO CLAIMS

Claims paid, including the sums of the Life Classes and the relative expenses, gross of the quota ceded in reinsurance, amount to Euro 6,930,408 thousand, a decrease of 22.22% on the previous period.

Claims costs, amounts paid and changes in technical provisions

(in Euro thousands)	9M 2013	9M 2012	Q3 2013	Q3 2012
Non-Life business				
Amount paid	3,642,632	3,887,107	1,079,014	1,080,537
Change in recoveries	(89,287)	(75,770)	(27,327)	(8,444)
Change in other technical provisions	(214)	(115)	129	187
Change in claims provisions	(528,551)	25,273	(142,169)	214,046
Total Non-Life	**3,024,580**	**3,836,495**	**909,647**	**1,286,326**
Life business				
Amount paid	3,287,776	5,023,596	973,723	1,540,458
Change in actuarial provisions and in other provisions	152,822	(179,370)	59,764	38,939
Change in technical provisions where investment risk borne by policyholders and pension fund management	(585,935)	(1,603,029)	(349,042)	(282,677)
Change in sums to be paid provision	188,336	(60,209)	5,052	(168,329)
Total Life	**3,042,999**	**3,180,988**	**689,497**	**1,128,391**
Total Non-Life + Life	***6,067,579***	***7,017,483***	***1,599,144***	***2,414,717***
Amount paid	**6,841,121**	**8,834,933**	**2,025,410**	**2,612,551**
Change in provision	**(773,542)**	**(1,817,450)**	**(426,266)**	**(197,834)**

Claims costs, reinsurers portion

(in Euro thousands)	9 M 2013	9 M 2012	Q3 2013	Q3 2012
Non-Life business				
Amounts paid by reinsurers	136,148	116,525	45,886	32,095
Change in recoveries	(1,383)	67,619	(670)	17,418
Change in other technical provisions	-	-	-	-
Change in claims provisions	(37,122)	27,465	(37,076)	8,002
Total Non-Life	**97,643**	**211,609**	**8,140**	**57,515**
Life business				
Amounts paid by reinsurers	12,662	13,991	2,380	2,829
Change in actuarial provisions and in other technical provisions	(10,486)	(11,640)	(4,183)	(3,460)
Change in sums to be paid provision	312	(888)	10	965
Total Life	**2,488**	**1,463**	**(1,793)**	**334**
Total Non-Life + Life	***100,131***	***213,072***	***6,347***	***57,849***
Amounts paid by reinsurers	**147,427**	**198,135**	**47,596**	**52,342**
Change in provision	**(47,296)**	**14,937**	**(41,249)**	**5,507**

The change in the net technical provisions of the Non-Life Classes amounts to Euro -491,643 thousand, with a reduction of Euro 489,336 thousand on 30/9/2012.

The net technical provisions of the Life business, including the sums to be paid provisions, changed by Euro -234,603 thousand (Euro -1,830,080 thousand at 30/9/2012).

COMMISSION EXPENSE

Commission expenses in the first nine months of 2013 amounted to Euro 4,493 thousand, a decrease on 9M 2012 of Euro 1,296 thousand.

(in Euro thousands)	9M 2013	9M 2012	Q3 2013	Q3 2012
Commission expenses	4,493	5,789	1,387	1,371

This account includes the acquisition costs related to investment contracts which do not fall under the application of IFRS 4: the reduction is due to the contraction in bancassurance activity.

MANAGEMENT EXPENSES

(in Euro thousands)	9M 2013	9M 2012	Q3 2013	Q3 2012
Non-Life business				
Acquisition commissions and changes in deferred acquisition costs	561,503	704,835	163,363	194,535
Other acquisition expenses	164,333	145,956	66,195	46,408
Collection commissions	90,117	23,733	25,989	6,715
Reinsurers commissions and profit participation	(52,086)	(52,937)	(12,178)	(16,782)
Total Non-Life	**763,867**	**821,587**	**243,369**	**230,876**
Life business				
Acquisition commissions and changes in deferred acquisition costs	67,616	66,327	15,439	26,565
Other acquisition expenses	19,360	19,270	6,632	6,182
Collection commissions	3,831	4,191	1,166	1,127
Reinsurers commissions and profit participation	(509)	(499)	208	372
Total Life	**90,298**	**89,289**	**23,445**	**34,246**
Inter-segment Eliminations				
Other acquisition expenses	(9,273)	-	(9,273)	-
Asset management expenses	11,826	9,679	3,910	2,594
Other administration expenses	309,707	306,844	104,536	101,076
Total	**1,166,425**	**1,227,399**	**375,260**	**368,792**

In the first nine months of 2012, the account "Other administration expenses" did not include Euro 25 million concerning the Atahotels Group reclassified to the account "Profit (loss) from discontinued operations".

OTHER COSTS

The other costs amount to Euro 500,764 thousand (Euro 570,987 thousand in the first nine months of 2012) and are summarised below:

(in Euro thousands)	9M 2013	9M 2012	Q3 2013	Q3 2012
Other technical expenses	151,026	219,270	(939)	15,416
Provisions for risks and charges	71,706	147,065	3,441	38,555
Write-downs of receivables	47,025	27,262	7,420	16,245
Non recurring expenses	17,977	10,088	8,747	3,699
Depreciation of property & equipment	6,845	8,246	651	2,801
Amortisation of intangible assets	18,520	23,579	5,306	8,207
Impairment losses on intangible assets	911	13,433	0	0
Exchange differences	1,872	975	210	(432)
Other costs	184,882	121,069	57,497	47,254
Total	**500,764**	**570,987**	**82,333**	**131,745**

The sub-account "other costs" relates to the following:

- Euro 56 million of ordinary operating costs of the Atahotel Group companies. In the first nine months of 2012 these amounts totalling Euro 78 million were reclassified to the account "Profit (loss) from discontinued operations";
- Euro 41 million (Euro 44 million in 9M 2012) concerning the ordinary costs of the subsidiary Auto Presto & Bene;
- Euro 29 million (Euro 30 million in 9M 2012) costs incurred by the clinic subsidiaries of the Group for operating and personnel costs;
- Euro 17 million (Euro 19 million in 9M 2012) relating to ordinary costs of the subsidiary Immobiliare Lombarda and of the Immobiliare Fondiaria-SAI and Immobiliare Milano Groups;
- Euro 5 million (Euro 5 million in the first nine months of 2012) relating to management costs of the subsidiary Saiagricola.

INCOME TAXES

The breakdown of the account is as follows:

(in Euro thousands)	9M 2013	9M 2012	Q3 2013	Q3 2012
Current taxes	112,186	137,998	49,367	46,080
Deferred taxes	130,077	(103,257)	46,271	(60,104)
Total	**242,263**	**34,741**	**95,638**	**(14,024)**

Income taxes for the period amounted to Euro 242,263 thousand (Euro 34,741 thousand in the first nine months of 2012), of which current taxes of Euro 112,186 thousand and deferred tax charges of Euro 130,077 thousand.

The national income taxes (IRES and IRAP) and the income taxes of the foreign subsidiary are determined applying the relative nominal income tax rates applicable to the annual accounts.

The positive effect of deferred taxes includes the reversal, in terms of higher charges, of deferred tax assets provisioned in previous years on the tax losses which in the half-year may be deducted from assessable income within the limits established by the tax regulation.
The tax rate for the period was more contained compared to the first half of 2012 due to a higher pre-tax profit which normalised both IRAP and IRES rates, this latter benefitting from the normalised effects from exempt revenues.

PROFIT (LOSS) FROM DISCONTINUED OPERATIONS

In the first nine months of 2013 the account, totalling Euro 31 thousand, included the result of the company Saint George Capital Management S.A..

In the first nine months of 2012 the account which reports a loss of Euro 11,509 thousand included the loss in the period of Euro 13,820 thousand of the Atahotels Group and income of Euro 2,311 thousand following the sale of the investment in IGLI S.p.A..

PART D – Segment Information

In accordance with IFRS 8, segment information provides the readers of the financial statements with an additional tool for a better understanding of the Group's operating and financial performance.
The underlying logic in the application of the standard is to provide information regarding the manner in which the Group's results are derived, and consequently on its overall operations, and, particularly, on those areas where profits and risks are concentrated.

The primary reporting of the Group is by sector of activity. Companies within the Group are organised and managed separately based on the nature of their products and services, for each sector of activity which represents a strategic business unit offering different products and services.
The sectors of activity are identified through the Group's Management Reporting system. The Non-Life sector provides insurance cover pursuant to article 2, paragraph 3 of Legislative Decree 209/05. The Life sector offers insurance cover with payment of capital or an annuity against an event relating to human life, as well as the capitalisation contracts with or without significant insurance risk (article 2, paragraph 1 of Legislative Decree 209/05).

The Real Estate sector rents offices, buildings and residential homes which exceed the coverage requirements of the technical provisions of the Group and actively operate in the management and enhancement of investment properties.

The Other Activities Sector, residual by nature, offers products and services in fund management, asset management, and the financial and agricultural sectors. The identification of this residual segment is based on a discretional valuation to illustrate the primary sources of risks and benefits for the Group.
Inter-sector transactions are generally carried out under arm's length conditions.

The statement of financial position and income statement by segment follow.

Statement of financial position by segment

(in Euro thousands)

		Non-Life		Life		Real Estate		Other		Inter-segment Eliminations		Total	
		30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012
1	**INTANGIBLE ASSETS**	**585,855**	**682,057**	**421,535**	**428,669**	**830**	**995**	**41,604**	**48,507**	**0**	**-1**	**1,049,824**	**1,160,227**
2	**PROPERTY, PLANT & EQUIPMENT**	**90,974**	**85,050**	**7,235**	**7,216**	**151,474**	**182,573**	**87,383**	**98,298**	**-26**	**-26**	**337,040**	**373,111**
3	**TECHNICAL PROVISIONS - REINSURERES SHARE**	**594,154**	**729,068**	**50,337**	**78,236**							**644,491**	**807,304**
4	**INVESTMENTS**	**6,686,241**	**9,016,485**	**21,442,434**	**22,854,202**	**1,062,567**	**1,151,582**	**1,146,427**	**1,202,107**	**-312,081**	**-365,294**	**30,025,588**	**33,859,082**
4.1	Investment property	997,000	1,129,419	3,693	3,845	953,953	1,044,749	22,307	22,761	0	0	1,976,953	2,200,774
4.2	Investments in subsidiaries, associates and interests in joint ventures	26,976	108,854	84,239	-1	16,288	15,742	8,939	1,204	0	0	136,442	125,799
4.3	Held to maturity investments	0	0	571,231	712,687	7,617	7,548	0	0	-1,407	-2,116	577,441	718,119
4.4	Loans and receivables	715,170	752,188	1,998,392	2,060,857	30,059	30,076	961,074	988,472	-304,227	-304,563	3,400,468	3,527,030
4.5	Available-for-sale financial assets	4,921,209	7,009,587	12,940,841	13,686,850	51,775	50,592	138,225	153,141	0	-52,129	18,052,050	20,848,041
4.6	Financial assets at fair value through profit or loss	25,886	16,437	5,844,038	6,389,964	2,875	2,875	15,882	36,529	-6,447	-6,486	5,882,234	6,439,319
5	**OTHER RECEIVABLES**	**1,337,358**	**2,073,906**	**216,342**	**226,342**	**79,505**	**70,360**	**308,307**	**346,561**	**-544,573**	**-626,174**	**1,396,939**	**2,090,995**
6	**OTHER ASSETS**	**3,985,326**	**1,011,424**	**920,262**	**422,594**	**150,691**	**54,388**	**86,738**	**76,137**	**-72,738**	**-29,953**	**5,070,279**	**1,534,590**
6.1	Deferred acquisition costs	24,073	19,311	31,009	32,939		0	0	0	0		55,082	52,250
6.2	Other assets	3,961,253	992,113	889,253	389,655	150,691	54,388	86,738	76,137	-72,738	-29,953	5,015,197	1,482,340
7	**CASH AND CASH EQUIVALENTS**	**277,111**	**452,430**	**655,551**	**277,260**	**59,342**	**96,164**	**254,768**	**296,198**	**-427,489**	**-561,824**	**819,283**	**560,228**
	TOTAL ASSETS	**13,557,019**	**14,050,420**	**23,713,696**	**24,294,519**	**1,504,409**	**1,556,062**	**1,925,227**	**2,067,808**	**-1,356,907**	**-1,583,272**	**39,343,444**	**40,385,537**
1	**EQUITY**											**3,064,944**	**2,762,674**
2	**PROVISIONS**	**210,888**	**216,893**	**24,848**	**26,616**	**18,347**	**15,803**	**11,757**	**12,566**		**-1**	**265,840**	**271,877**
3	**TECHNICAL PROVISIONS**	**8,859,530**	**12,522,213**	**20,368,989**	**21,135,686**							**29,228,519**	**33,657,899**
4	**FINANCIAL LIABILITIES**	**947,174**	**1,085,512**	**861,868**	**920,824**	**173,685**	**175,520**	**882,356**	**1,059,729**	**-782,209**	**-925,959**	**2,082,874**	**2,315,626**
4.1	Financial liabilities at fair value through profit or loss	37,555	54,293	507,163	507,632	4,665	5,737	339	912	0	1	549,722	568,575
4.2	Other financial liabilities	909,619	1,031,219	354,705	413,192	169,020	169,783	882,017	1,058,817	-782,209	-925,960	1,533,152	1,747,051
5	**PAYABLES**	**589,810**	**750,783**	**93,441**	**164,344**	**50,989**	**42,963**	**380,370**	**429,575**	**-548,469**	**-622,743**	**566,141**	**764,922**
6	**OTHER LIABILITIES**	**3,269,497**	**346,568**	**743,793**	**238,152**	**31,736**	**30,839**	**116,488**	**31,704**	**-26,388**	**-34,724**	**4,135,126**	**612,539**
	TOTAL EQUITY AND LIABILITIES											**39,343,444**	**40,385,537**

Segment Income Statement

(in Euro thousands)

		Non-Life Insurance		Life Insurance		Real Estate		Other		Inter-segment Eliminations		Total	
		9M 2013	9M 2012	9M 2013	9M 2012	9M 2013	9M 2012	9M 2013	9M 2012	9M 2013	9M 2012	9M 2013	9M 2012
1.1	Net premiums	4,326,333	4,851,506	2,785,315	2,513,508	0	0	0	0	0	0	7,111,648	7,365,014
1.1.1	*Gross premiums written*	*4,556,664*	*5,079,240*	*2,790,519*	*2,519,309*		*0*		*0*		*0*	7,347,183	7,598,549
1.1.2	*Ceded premiums*	*-230,331*	*-227,734*	*-5,204*	*-5,801*		*0*		*0*		*0*	-235,535	-233,535
1.2	Commission income	0	0	476	2,110		0	13,846	17,554	-8,822	-7,671	5,500	11,993
1.3	Gains and losses of financial instruments at fair value through profit or loss	*-36,881*	*1,475*	115,296	449,435	-1,182	-628	1,082	1,688	0	0	78,315	451,970
1.4	Gains on investments in subsidiaries, associates and interest in joint ventures	*126*	*202*	1	0	18	229	0	0	0	0	145	431
1.5	Gains on other financial instruments and investment property	316,472	318,145	564,973	533,363	38,642	39,906	41,313	42,930	-34,859	-19,399	926,541	914,945
1.6	Other income	326,468	297,232	37,981	42,188	14,017	17,084	488,147	402,004	-523,762	-532,798	342,851	225,710
1	**TOTAL REVENUES AND INCOME**	**4,932,518**	**5,468,560**	**3,504,042**	**3,540,604**	**51,495**	**56,591**	**544,388**	**464,176**	**-567,443**	**-559,868**	**8,465,000**	**8,970,063**
2.1	Net charges relating to claims	-2,926,937	-3,624,886	-3,040,511	-3,179,525	0	0	0	0	0	0	-5,967,448	-6,804,411
2.1.2	*Amounts paid and changes in technical provisions*	*-3,024,579*	*-3,836,495*	*-3,042,999*	*-3,180,988*		*0*					-6,067,578	-7,017,483
2.1.3	*Reinsurers' share*	*97,642*	*211,609*	*2,488*	*1,463*		*0*					100,130	213,072
2.2	Commission expenses	0	0	-467	-1,496		0	-4,026	-4,293		0	-4,493	-5,789
2.3	Losses on investments in subsidiaries, associates and interest in joint ventures	-303	-8,603	0	0	-102	-206	-326	-2,213		0	-731	-11,022
2.4	Losses on other financial instruments and investment property	-120,872	-182,206	-61,658	-63,737	-64,493	-52,228	-18,994	-18,602	6,995	11,448	-259,022	-305,325
2.5	Operating expenses	-960,912	-1,034,837	-147,743	-150,198	-136	-149	-243,125	-226,540	185,491	184,325	-1,166,425	-1,227,399
2.6	Other costs	-473,586	-579,842	-71,478	-71,094	-28,407	-39,017	-302,250	-245,129	374,957	364,095	-500,764	-570,987
2	**TOTAL COSTS AND EXPENSES**	**-4,482,610**	**-5,430,374**	**-3,321,857**	**-3,466,050**	**-93,138**	**-91,600**	**-568,721**	**-496,777**	**567,443**	**559,868**	**-7,898,883**	**-8,924,933**
	PRE-TAX PROFIT/(LOSS)	**449,908**	**38,186**	**182,185**	**74,554**	**-41,643**	**-35,009**	**-24,333**	**-32,601**	**0**	**0**	**566,117**	**45,130**

PART E - Information on business combinations and sold or discontinued operations

Disposals under the Anti-trust Authority order

Reference should be made to the Directors' Report for further detail.

The following tables outline, according to the original financial statement classification, the assets and liabilities held for sale within the group of assets and liabilities established by the Boards of Directors of Fondiaria-SAI and Milano Assicurazioni on 8 May 2013 in accordance with the Anti-trust Authority Order of 19/6/2012.

Net assets held for sale include the subsidiaries Liguria Assicurazioni and Liguria Vita, the sales points of the SASA division (now incorporated into Milano Assicurazioni), in addition to other Milano Assicurazioni sales points, both single and multi-mandate.
The properties used for the carrying out of activities throughout the country are also included.
The activity concerns the writing of insurance premiums both in the Non-Life (the principal segment) and Life segments.

The manner and timeline for disposal currently cannot be reliably estimated, nor the contractual framework or an estimate on when the disposal may be agreed.
No gain or loss resulted from the application of IFRS 5.

The above assets and liabilities, broken down by sector, are reported below:

(in Euro thousands)		Non-Life	Life	Real Estate	Other activities	Inter-sector Eliminations	Total
1	**INTANGIBLE ASSETS**	**90,590**	**7,123**	**-**	**-**	**-**	**97,713**
2	**PROPERTY, PLANT & EQUIPMENT**	**136**	**-**	**33,003**	**-**	**-**	**33,139**
3	**INSURANCE LIABILITIES – REINSURERS SHARE**	**100,022**	**18,514**	**-**	**-**	**-**	**118,536**
4	**INVESTMENTS**	**2,709,673**	**567,557**	**55,433**	**-**	**(941)**	**3,331,722**
4.1	Investment property	74,542	-	55,433	-	-	129,975
4.2	Investments in subsidiaries, associates and interests in joint ventures	-	-	-	-	-	-
4.3	Held to maturity investments	-	88,570	-	-	(765)	87,805
4.4	Loans and receivables	40,541	19,624	-	-	-	60,165
4.5	Available-for-sale financial assets	2,594,590	423,623	-	-	(176)	3,018,037
4.6	Financial assets at fair value through profit or loss		35,740	-	-	-	35,740
5	**OTHER RECEIVABLES**	**210,587**	**21,269**	**505**			**232,361**
6	**OTHER ASSETS**	**17,369**	**10,561**	**-**	**-**	**-**	**27,930**
6.1	Insurance deferred acquisition costs	1,624	3,305	-	-	-	4,929
6.2	Other assets	15,745	7,256	-	-	-	23,001
7	**CASH AND CASH EQUIVALENTS**	**60,647**	**14,899**	**3,485**		**(54,838)**	**24,193**
	TOTAL ASSETS	**3,189,024**	**639,923**	**92,426**	**-**	**(55,779)**	**3,865,594**
2	**PROVISIONS**	**20,693**	**500**	**-**	**-**	**-**	**21,193**
3	**TECHNICAL PROVISIONS**	**2,780,547**	**558,313**	**-**	**-**	**-**	**3,338,860**
4	**FINANCIAL LIABILITIES**	**116,435**	**55,844**	**-**	**-**	**-**	**172,279**
4.1	Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
4.2	Other financial liabilities	116,435	55,844	-	-	-	172,279
5	**PAYABLES**	**37,587**	**5,154**	**240**	**683**	**(5,017)**	**38,647**
6	**OTHER LIABILITIES**	**33,741**	**9,941**	**-**	**-**	**-**	**43,682**
	TOTAL LIABILITIES	**2,989,003**	**629,752**	**240**	**683**	**(5,017)**	**3,614,661**

As outlined in the accounting policies section, considering that the group held for sale comprises a very small composition of assets and liabilities relating to an independently identified cash generating unit, for completeness of information, the results of this cash generating unit (relating to Liguria Assicurazioni) are detailed below.

Results of the Liguria Assicurazioni CGU for the first nine months of 2013

(in Euro thousands)		Non-Life business	Life business	Total
1.1	Net premiums	116,330	12,690	129,020
1.1.1	*Gross premiums*	*138,173*	*13,701*	*151,874*
1.1.2	*Ceded premiums*	*(21,843)*	*(1,011)*	*(22,854)*
1.2	Commission income	-	-	-
1.3	Gains and losses on remeasurement of financial instruments at fair value through profit or loss	-	-	-
1.4	Gains on investments in subsidiaries, associates and interests in joint ventures	-	-	-
1.5	Gains on other financial instruments and investment property	10,311	3,568	13,879
1.6	Other income	4,258	87	4,345
1	**TOTAL REVENUES AND INCOME**	**130,899**	**16,345**	**147,244**
2.1	Net charges relating to claims	83,497	12,005	95,502
2.1.1	*Amounts paid and changes in technical provisions*	*96,229*	*12,914*	*109,143*
2.1.2	*Reinsurers' share*	*(12,732)*	*(909)*	*(13,641)*
2.2	Commission expenses	-	-	-
2.3	Losses on investments in subsidiaries, associates and interests in joint ventures	-	-	-
2.4	Losses on other financial instruments and investment property	121	-	121
2.5	Operating expenses	28,097	1,909	30,006
2.6	Other costs	15,632	1,692	17,324
2	**TOTAL COSTS AND EXPENSES**	**127,347**	**15,606**	**142,953**
	PRE-TAX PROFIT FOR THE PERIOD	**3,552**	**739**	**4,291**

Sale of Saint George Capital Management S.A.

On 18 July 2013 the Board of Directors of Saifin-Saifinanziaria S.p.A. approved the disposal, or alternatively the liquidation, of the investment in Saint George Capital Management S.A., a company involved in the management of speculative Investment Funds.
The assets and liabilities and Income Statement at 30 September 2013 of Saint George Capital Management are reported below.

(in Euro thousands)		Other Sectors
1	**INTANGIBLE ASSETS**	**43**
2	**PROPERTY, PLANT & EQUIPMENT**	**194**
4	**INVESTMENTS**	**70**
4.5	Available-for-sale financial assets	70
5	**OTHER RECEIVABLES**	**89**
6	**OTHER ASSETS**	**1,087**
6.2	Other assets	1,087
7	**CASH AND CASH EQUIVALENTS**	**2,825**
	TOTAL ASSETS	**4,308**
5	**PAYABLES**	**748**
6	**OTHER LIABILITIES**	**109**
	TOTAL LIABILITIES	**857**

(in Euro thousands)		Other Sectors
1.2	Commission income	2,558
1.3	Gains and losses on remeasurement of financial instruments at fair value through profit or loss	(10)
1.5	Gains on other financial instruments and investment property	2
1.5.1	*Interest income*	*2*
1.6	Other income	45
1	**TOTAL REVENUES AND INCOME**	**2,595**
2.2	Commission expenses	(18)
2.4	Losses on other financial instruments and investment property	(2)
2.4.2	*Other charges*	*(2)*
2.5	Operating expenses	(1,856)
2.5.3	*Other administration expenses*	*(1,856)*
2.6	Other costs	(680)
2	**TOTAL COSTS AND EXPENSES**	**(2,556)**
	PRE-TAX PROFIT FOR THE PERIOD	**39**
3	Income taxes	(8)
	NET PROFIT FOR THE PERIOD	**31**

PART F - Transactions with related parties

Introduction

Disclosure in the financial statements on "Transaction with related parties" is governed by IAS 24 and by relative Consob Communications.

The transactions between the Parent Company Fondiaria-SAI and its subsidiaries or transactions between subsidiaries were eliminated in the present interim financial statements and are not shown in these notes.

On 23 December 2011, the Board of Directors of Fondiaria-SAI approved the updating of the previous version of the document "Conduct principles for carrying out significant transactions and those with related parties", in compliance with that established by CONSOB through resolution No. 17221 of 12 March 2010 ("CONSOB Regulation"). In approving the resolution, the Board of Directors took account of the unanimous approval by the specifically appointed committee comprising exclusively independent directors. The new procedures were published on the website of the Company on 23 December 2011 and applied from 1 January 2012. For 2011 and the previous years, the existing provisions remain valid. In compliance with that stated above, the Board also approved the updated text of the guidelines for transactions with related parties as per ISVAP Regulation No. 25 of 27 May 2010, in relation to which reference is made to the above stated document concerning the procedural aspects of the transactions with related parties.

Following the change in the ownership of the company in July 2012 and the appointment of the new Board of Directors in November 2012, the list of related parties was updated and extended to parties, physical and legal persons, related to the Parent Company UGF and the new Board of Directors.
Therefore the links with physical and legal persons of the Ligresti Group were removed.

The statement of financial position, income statement and financial data concerning transactions with related parties for the first nine months of 2013 are set out in the following tables.

The operations between Group and other related parties are detailed in the following tables:

(in Euro thousands)	30/9/2013		30/9/2012	
COUNTERPARTY	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Parent company	5,405	4,503	4,951	321
Associates	17,111	13,257	23,037	10,027
Group companies	62,718	26,351	8,693	2,030
Other related parties	1,010	2,287	1,829	5,074
TOTAL	**86,244**	**46,398**	**38,510**	**17,452**

(in Euro thousands)	30/9/2013		30/9/2012	
NATURE OF TRANSACTIONS	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Real estate activities	568	4	420	-
Insurance activities	31,142	23,949	5,002	1,988
Financial activities	50,970	3,527	32,496	14,501
Service provided	1,674	-	592	-
Services received	1,890	17,277	-	148
Fees to corporate officers	-	1,330	-	815
Remuneration of Executives	-	311	-	-
TOTAL	**86,244**	**46,398**	**38,510**	**17,452**

(in Euro thousands)	9M 2013		9M 2012	
COUNTERPARTY	**Income**	**Expenses**	**Income**	**Expenses**
Parent company	926	6,101	393	71
Associates	571	47,956	340	-
Group companies	44,126	58,550	-	-
Other related parties	23,073	10,557	28,311	144,132
TOTAL	**68,696**	**123,164**	**29,044**	**144,203**

(in Euro thousands)	9M 2013		9M 2012	
NATURE OF TRANSACTION	**Income**	**Expenses**	**Income**	**Expenses**
Real estate activities	431	-	1,168	74,993
Insurance activities	66,850	65,442	26,873	41,182
Financial activities	338	77	550	5,008
Service provided	1,077	-	453	-
Services received	-	53,833	-	7,379
Fees to corporate officers	-	2,384	-	3,550
Remuneration of Executives	-	1,428	-	12,091
TOTAL	**68,696**	**123,164**	**29,044**	**144,203**

Financial cash flows

(in Euro thousands)	9M 2013		9M 2012	
COUNTERPARTY	**Cash inflow**	**Cash outflow**	**Cash inflow**	**Cash outflow**
Parent company	438	2,637	123	8,761
Associates	990	37,895	466	13,401
Group companies	4,231	10,436	-	-
Other related parties	23,136	17,462	28,572	80,442
TOTAL	**28,795**	**68,430**	**29,161**	**102,604**

(in Euro thousands)	9M 2013		9M 2012	
NATURE	**Cash inflow**	**Cash outflow**	**Cash inflow**	**Cash outflow**
Real estate activities	425	-	1,344	14,620
Insurance activities	26,916	26,176	26,930	44,460
Financial activities	454	182	390	23,383
Service provided	1,000	8	475	-
Services received	-	39,046	-	8,268
Fees to corporate officers	-	2,181	22	3,382
Remuneration of Executives	-	837	-	8,491
TOTAL	**28,795**	**68,430**	**29,161**	**102,604**

All of the above transactions were concluded at normal market conditions. The receivables recorded under assets are not guaranteed and will be paid in cash. No provision was made in the half-year for any losses on receivables from related entities.

REAL ESTATE ACTIVITIES

The income statement and balance sheet effects of a real estate nature are reported in the table below.

(in Euro thousands)	30/09/2013					
COUNTERPARTY	**Assets**	**Liabilities**	**Income**	**Expenses**	**Cash inflow**	**Cash outflow**
Parent company	236	-	282	-	194	-
Associates	331	4	58	-	119	-
Group companies	1	-	75	-	89	-
Other related parties	-	-	16	-	23	-
TOTAL	**568**	**4**	**431**	**-**	**425**	**-**

The amount recorded under **assets** principally include:

- Transactions with the **Parent Company** Premafin Finanziaria S.p.A. for Euro 0.2 million relating to receivables for rental of Fondiaria-SAI owned buildings;
- Transactions with **Associated Companies** for Euro 0.3 million with associated companies of Immobiliare Lombarda S.p.A., including Servizi Immobiliari Martinelli S.p.A., concerning receivables for property services provided.

INSURANCE ACTIVITIES

The income statement and balance sheet effects of an insurance nature are reported in the table below.

(in Euro thousands)	30/09/2013					
COUNTERPARTY	**Assets**	**Liabilities**	**Income**	**Expenses**	**Cash inflow**	**Cash outflow**
Parent company	-	-	68	35	68	153
Associates	530	2	233	83	280	109
Group companies	30,562	23,877	43,547	56,826	3,560	10,331
Other related parties	50	70	23,002	8,498	23,008	15,583
TOTAL	**31,142**	**23,949**	**66,850**	**65,442**	**26,916**	**26,176**

In relation to insurance activities with **Group Companies**, Euro 30.1 million relates to co-insurance and re-insurance with Unipol Assicurazioni S.p.A., as follows: Systema Compagnia di Assicurazioni S.p.A. Euro 7.9 million, Liguria Assicurazioni S.p.A. Euro 4.7 million, Dialogo Assicurazioni S.p.A. Euro 3.9 million, Fondiaria-SAI S.p.A. Euro 2.4 million, Milano Assicurazioni S.p.A. Euro 10.9 million, SIAT Euro 0.1 million and Incontra Assicurazioni S.p.A. Euro 0.2 million; in addition to Euro 23.2 million of co-insurance liabilities.

In the first nine months of 2013 income and the related financial cash flows from **Other Related Parties** were recorded concerning premiums which the Fondiaria SAI Group Employee Pension Fund and the Fondiaria-SAI Executive Pension Fund paid respectively to Fondiaria-SAI for Euro 14.6 million and Milano Assicurazioni S.p.A. for Euro 8 million. These payments concern the investment in Life policies of contributions from policyholders.

Insurance charges concerning **Other Related Parties** include:

- Euro 8 million due to the payment of contributions on behalf of Group companies, in favour of the Fondiaria-SAI Group Employee and Executive Pension Funds. The respective cash flows amount to Euro 15 million. These payments were made in accordance with contractual agreements in force;
- settlement of claims, against redemption or maturity of Life policies for Euro 0.5 million.

Charges with **Group Companies** amount to Euro 56.7 million relating to co-insurance and reinsurance with Unipol Assicurazioni S.p.A., as follows: Systema Compagnia di Assicurazioni S.p.A. Euro 13.8 million, Dialogo Assicurazioni S.p.A. Euro 8.8 million, Fondiaria-SAI S.p.A. Euro 13 million, Milano Assicurazioni S.p.A. Euro 8.4 million, Liguria Assicurazioni S.p.A. Euro 10.9 million, DDOR Re Joint Stock Reinsurance Company Euro 0.9 million and Incontra Assicurazioni S.p.A. for Euro 0.9 million.

Income from **Group Companies** comprises of:

- reinsurance with Unipol Assicurazioni S.p.A. by: Systema Compagnia di Assicurazioni S.p.A. Euro 13.3 million, Liguria Assicurazioni S.p.A. Euro 6.9 million, Dialogo Assicurazioni S.p.A. Euro 7.9 million, Milano Assicurazioni S.p.A. Euro 11.5 million for claims provision changes;

- payments for the handling of life co-insurance claims received from Arca Vita S.p.A. for Euro 0.4 million and commission recoveries on claims from Unipol Assicurazioni S.p.A. for Euro 2.7 million;

Insurance transactions with the **Group Company** Unipol Assicurazioni S.p.A. concerns the claim payments for Euro 4.2 million by Milano Assicurazioni S.p.A. and Euro 4 million by Fondiaria-SAI S.p.A..

FINANCIAL ACTIVITIES

The income statement and balance sheet effects of a financial nature are reported in the table below.

(in Euro thousands)	30/09/2013					
COUNTERPARTY	**Assets**	**Liabilities**	**Income**	**Expenses**	**Cash inflow**	**Cash outflow**
Parent company	4,628	236	219	-	-	-
Associates	13,860	1,295	90	72	388	172
Group companies	31,552	816	5	2	4	10
Other related parties	930	1,180	24	3	62	-
TOTAL	**50,970**	**3,527**	**338**	**77**	**454**	**182**

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 variable rate 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 loan receivables of Immobiliare Fondiaria-SAI S.r.l. from Progetto Alfiere S.p.A. for Euro 2.6 million;
- for the **Associated Company** Scai S.p.A. current account transactions undertaken with BancaSai for Euro 1 million;
- current account transactions undertaken with the **Group Company** Unipol Banca S.p.A. by Fondiaria-SAI S.p.A. for Euro 9.9 million and by Milano Assicurazioni S.p.A. for Euro 11.9 million;
- transactions with **Other Related Parties** for Euro 1 million concerning the granting of credit lines 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 1.2 million.

The liabilities to **Associated Companies** refer to:
- loan payables to Borsetto S.r.l. (Euro 0.7 million);
- current account transactions with BancaSai by Penta Domus S.r.l. (Euro 0.5 million).

SERVICES PROVIDED

(in Euro thousands)	30/09/2013					
COUNTERPARTY	**Assets**	**Liabilities**	**Income**	**Expenses**	**Cash inflow**	**Cash outflow**
Parent company	541	-	357	-	176	-
Associates	501	-	190	-	203	-
Group companies	602	-	499	-	579	8
Other related parties	30	-	31	-	42	-
TOTAL	**1,674**	**-**	**1,077**	**-**	**1,000**	**8**

These include principally receivables for invoices to be received and diversified sector ordinary revenues.

SERVICES RECEIVED

(in Euro thousands)	30/09/2013					
COUNTERPARTY	**Assets**	**Liabilities**	**Income**	**Expenses**	**Cash inflow**	**Cash outflow**
Parent company	-	3,664	-	4,151	-	1,145
Associates	1,890	11,955	-	47,801	-	37,615
Group companies	-	1,658	-	1,712	-	74
Other related parties	-	-	-	169	-	212
TOTAL	**1,890**	**17,277**	**-**	**53,833**	**-**	**39,046**

Services received by the **Parent Company** Unipol Gruppo Finanziario S.p.A. include under liabilities Euro 3.7 million and under charges Euro 4.2 million against invoices to be received for personnel secondment.

Assets for services received by Gruppo Fondiaria-SAI Servizi S.c.r.l. include Euro 1 million with the Associated Company Scai S.p.A for the capitalisation of outsourcing.

Liabilities for services received by Gruppo Fondiaria-SAI Servizi S.c.r.l. from the **Associated Companies** respectively relates to Fondiaria-SAI Servizi Tecnologici S.p.A. for Euro 10.9 million and SCAI S.p.A. for Euro 0.6 million. At 31/12/2012 these totalled Euro 13.6 million and Euro 2.3 million.

In relation to services received by **Associated Companies** we report the following charges and movements:

- with Fondiaria-SAI Servizi Tecnologici S.p.A. Euro 0.8 million to Liguria Assicurazioni S.p.A., Euro 0.5 million to Auto Presto&Bene S.p.A. and Euro 42.5 million to Gruppo Fondiaria-SAI Servizi S.c.r.l. concerning software application charges, the management and maintenance of servers and ICT outsourcing;
- with SCAI S.p.A. Euro 3.9 million to Gruppo Fondiaria-SAI Servizi S.c.r.l..

These charges in the first half of 2012 amounted overall to Euro 35 million.

Among services received from the **Group Company** Unipol Assicurazioni S.p.A., Euro 1.6 million of invoices to be received for personnel secondment is highlighted among liabilities and charges.

Finally charges include emoluments for members of the Group Company boards for Euro 2.4 million and executive salaries of Euro 1.4 million.

Assets referring to transactions with related parties at 30/9/2013 (including associated companies) account for approx. 0.22% of the total reported in the consolidated financial statements with liabilities accounting for 0.13% excluding the items relating to shareholders' equity.
The Cash Flows absorb 11.6% of net liquidity deriving from operating activities as reported in the Consolidated Cash Flow Statement at 30/9/2013.

For complete disclosure, assets include for Euro 231 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.

PART G - Other information

DIVIDENDS

In the first nine months of 2013 no dividends were distributed.

EARNINGS PER SHARE

The earnings/(loss) per share is calculated by dividing the Group net result attributable to the ordinary shareholders of the Parent Company Fondiaria-SAI by the average weighted number of ordinary shares outstanding during the year. It is reported that the weighted average shares outstanding is reduced by the Fondiaria SAI Group shares held and increased by the weighted shares from the capital increase in the year.
The comparative figures were restated to take account of the reverse stock split issued on 2 July 2012.

In accordance with IAS 33, information is shown below for the calculation of the basic and diluted earnings (loss) per share:

	30/09/2013	30/09/2012
Group operating result (in Euro thousands)	234,089	(11,692)
Dividends distributed to savings shareholders (Euro thousands)	(36,715)	(36,715)
Net profit attributed to the ordinary shareholders of the Parent company Fondiaria- SAI (Euro thousand)	197,374	(48,407)
Weighted average number of ordinary shares to calculate the basis earnings/(loss) per share	920,422,097	159,661,755
Basic earnings per share	0.21	(0.30)
Net gains/(losses) on non-current assets attributable to the ordinary shareholders of the Parent company Fondiaria- SAI (Euro thousand)	31	(9,279)
Weighted average number of ordinary shares to calculate the basis earnings/(loss) per share	920,422,097	159,661,755
Basic earnings per share	-	(0.06)
Total Group result (in Euro thousands)	234,120	(20,971)
Dividends distributed to savings shareholders (Euro thousands)	(36,715)	(36,715)
Net profit/(loss) attributed to the ordinary shareholders of the Parent company Fondiaria- SAI (Euro thousand)	197,405	(57,686)
Weighted average number of ordinary shares to calculate the basis earnings/(loss) per share	920,422,097	159,661,755
Basic earnings per share	0.21	(0.36)
Effect of the dilution:		
Adjusted weighted average number of ordinary shares to calculate the diluted earnings per share	920,422,097	159,661,755
Diluted earnings (loss) per share	0.21	(0.3)

It should be noted that the net result attributable to the ordinary shares of the Parent Company Fondiaria-SAI was adjusted deducting the theoretical dividends of the saving shareholders from the Group consolidated net result. This method corresponds to the current best practice of the accounting principle.

SUBSEQUENT EVENTS AFTER THE END OF THE PERIOD

No significant events took place after the end of the period such as to require an adjustment to the values recorded in the present Consolidated Interim Report.

SELECTED EXPLANATORY NOTES

With reference to paragraph 16 of IAS 34, it is noted that:

- the insurance sector is not, per se, a seasonal type of activity. At the current moment, there are therefore no indicators that would highlight cyclical elements in the preparation of the accounts;
- There are no unusual matters in the period considered that would significantly impact on the income statement, statement of financial position or cash flow statements;
- There are no changes in the estimates made in the period or previous periods that would result in a significant effect on the result for the period.

With reference to the provisions of IAS 37, it is reported that the Group is not aware of any significant contingent assets or liabilities of a significant size acquired since 31/12/2012 for which it is necessary to provide specific information, except for that stated in the "Litigation" paragraph.

Bologna, 13 November 2013

For the Board of Directors
The Chairman

Fabio Cerchiai

Attachments

Consolidation scope

Company	State	Method (1)	Activity (2)	Direct Holding %	Total Holding % (3)	Voting % in Ordinary Shareholder Meeting (4)	% consolidated
PRONTO ASSISTANCE SPA	086	G	1	100.00	100.00	100.00	100.00
SIAT SOCIETA' ITALIANA ASS E RIASS SPA	086	G	1	0.00	94.69	94.69	100.00
BIM VITA SPA	086	G	1	50.00	50.00	50.00	100.00
EUROSAI FINANZIARIA DI PARTECIPAZIONI SRL	086	G	11	100.00	100.00	100.00	100.00
FINSAI INTERNATIONAL SA	092	G	11	19.92	100.00	100.00	100.00
SAIAGRICOLA SPA	086	G	11	92.01	97.51	100.00	100.00
SAIFIN - SAIFINANZIARIA SPA	086	G	11	100.00	100.00	100.00	100.00
SAINTERNATIONAL SA	092	G	11	100.00	100.00	100.00	100.00
SAI HOLDING ITALIA SPA	086	G	11	100.00	100.00	100.00	100.00
SAILUX SA	092	G	11	0.00	100.00	100.00	100.00
SIM ETOILE SAS	029	G	10	100.00	100.00	100.00	100.00
SRP SERVICES SA	071	G	11	0.00	100.00	100.00	100.00
CONSORZIO CASTELLO	086	G	10	0.00	98.43	99.57	100.00
DIALOGO ASSICURAZIONI SPA	086	G	1	0.00	63.29	99.85	100.00
DOMINION INSURANCE HOLDING LTD	031	G	11	0.00	100.00	100.00	100.00
EUROPA TUTELA GIUDIZIARIA SPA	086	G	1	100.00	100.00	100.00	100.00
FONDIARIA-SAI NEDERLAND B.V.	050	G	11	100.00	100.00	100.00	100.00
SERVICE GRUPPO FONDIARIA-SAI SRL	086	G	11	70.00	89.02	100.00	100.00
MILANO ASSICURAZIONI SPA	086	G	1	61.10	63.39	63.40	100.00
NUOVE INIZIATIVE TOSCANE SRL	086	G	10	96.88	98.86	100.00	100.00
STIMMA SRL	086	G	10	100.00	100.00	100.00	100.00
SYSTEMA COMPAGNIA DI ASS.NI SPA	086	G	1	0.00	63.39	100.00	100.00
THE LAWRENCE RE IRELAND LTD	040	G	5	0.00	100.00	100.00	100.00
THE LAWRENCE LIFE ASSURANCE CO. LTD	040	G	2	0.00	50.00	100.00	100.00
GRUPPO FONDIARIA-SAI SERVIZI SCRL	086	G	11	64.16	87.29	100.00	100.00
VILLA RAGIONERI SRL	086	G	10	100.00	100.00	100.00	100.00
CASCINE TRENNO SRL	086	G	10	0.00	100.00	100.00	100.00
TRENNO OVEST SRL	086	G	10	0.00	100.00	100.00	100.00
INSEDIAMENTI AVANZATI NEL TERRITORIO I.A.T. SPA	086	G	10	0.00	100.00	100.00	100.00
MERIDIANO BELLARMINO SRL	086	G	10	0.00	100.00	100.00	100.00
MERIDIANO BRUZZANO SRL	086	G	10	0.00	100.00	100.00	100.00
MERIDIANO PRIMO SRL	086	G	10	0.00	100.00	100.00	100.00
MERIDIANO SECONDO SRL	086	G	10	0.00	100.00	100.00	100.00
BANCA SAI SPA	086	G	7	100.00	100.00	100.00	100.00
BRAMANTE SRL	086	G	10	0.00	100.00	100.00	100.00
CAMPO CARLO MAGNO SPA	086	G	10	0.00	63.39	100.00	100.00
CARPACCIO SRL	086	G	10	0.00	100.00	100.00	100.00
CASA DI CURA VILLA DONATELLO SPA	086	G	11	100.00	100.00	100.00	100.00
CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA SRL	086	G	11	100.00	100.00	100.00	100.00
PONTORMO SRL	086	G	10	0.00	100.00	100.00	100.00
FINITALIA SPA	086	G	11	0.00	100.00	100.00	100.00
IMMOBILIARE LITORELLA SRL	086	G	10	0.00	100.00	100.00	100.00
IMMOBILIARE LOMBARDA SPA	086	G	10	64.17	86.88	100.00	100.00
INIZIATIVE VALORIZZAZ.NI EDILI - IN.V.ED. SRL	086	G	10	0.00	100.00	100.00	100.00
MASACCIO SRL	086	G	10	0.00	100.00	100.00	100.00
APB CAR SERVICE SRL	086	G	11	0.00	100.00	100.00	100.00
ATAVALUE SRL	086	G	11	0.00	100.00	100.00	100.00
MIZAR SRL	086	G	10	0.00	100.00	100.00	100.00
NUOVA IMPRESA EDIFICATRICE MODERNA SRL	086	G	10	0.00	100.00	100.00	100.00
MARINA DI LOANO SPA	086	G	10	0.00	100.00	100.00	100.00
PROGETTO BICOCCA LA PIAZZA SRL in liquidation	086	G	10	0.00	74.00	74.00	100.00
PRONTO ASSISTANCE SERVIZI SCARL	086	G	11	37.40	79.92	100.00	100.00
RISTRUTTURAZIONI EDILI MODERNE R.EDIL.MO SRL	086	G	10	0.00	100.00	100.00	100.00
SAI INVESTIMENTI SGR SPA	086	G	8	51.00	69.38	80.00	100.00
SAI MERCATI MOBILIARI SIM SPA	086	G	11	100.00	100.00	100.00	100.00
SOGEINT SRL	086	G	11	0.00	63.39	100.00	100.00
TIKAL R.E. FUND	086	G	10	59.65	82.06	95.01	100.00
FLORENCE CENTRO DI CHILURGIA AMBULATORIALE SRL	086	G	11	0.00	100.00	100.00	100.00
MERIDIANO AURORA SRL	086	G	10	100.00	100.00	100.00	100.00
INCONTRA ASSICURAZIONI SPA	086	G	1	51.00	51.00	51.00	100.00
POPOLARE VITA SPA	086	G	1	24.39	50.00	50.00	100.00
SINTESI SECONDA SRL	086	G	10	0.00	63.39	100.00	100.00
SOCIETA' EDILIZIA IMMOBILIARE SARDA S.E.I.S SPA	086	G	10	0.00	51.67	51.67	100.00
DDOR NOVI SAD ADO	289	G	3	99.99	99.99	99.99	100.00
AUTO PRESTO & BENE SPA	086	G	11	100.00	100.00	100.00	100.00
ATHENS RE FUND - FONDO SPECULATIVO	086	G	10	0.00	63.39	100.00	100.00
CITTA' DELLA SALUTE SCRL	086	G	11	0.00	100.00	100.00	100.00
ATAHOTELS COMPAGNIA ITALIANA AZIENDE TURISTICHE ALBERGHIERE SPA	086	G	11	51.00	82.06	100.00	100.00
DDOR RE JOINT STOCK REINSURANCE COMPANY	289	G	6	0.00	100.00	100.00	100.00
DONATELLO DAY SURGERY SRL	086	G	11	0.00	100.00	100.00	100.00
IMMOBILIARE FONDIARIA-SAI SRL	086	G	10	100.00	100.00	100.00	100.00
IMMOBILIARE MILANO ASSICURAZIONI SRL	086	G	10	0.00	63.39	100.00	100.00
ITALRESIDENCE SRL	086	G	11	0.00	82.06	100.00	100.00

(1) Consolidation method: Line-by-line =G, Proportional=P, Line-by-line for man. unit =U
(2) 1= Italian Ins; 2= EU Ins; 3=Other Ins; 4=Holding insurance; 5=EU Reins; 6=Reins. other; 7=Banks; 8=SGR; 9=Other holding; 10=Property 11=Other
(3) total shareholding relating to all companies which, through the various holdings, connect the company that prepares the consolidated financial statements and the company held. Where this company is held directly by more than one subsidiary it is necessary to aggregate the holdings
(4) total voting rights in an ordinary shareholders meeting if different from the direct or indirect shareholding
(*) consolidated as per SIC 12

Non-consolidated investments

Company	State	Activity (1)	Type (2)	Direct Holding %	Total Holding % (3)	Voting % in Ordinary Shareholder Meeting (4)	Book value
FIN. PRIV. SRL	086	11	b	28.57	28.57	28.57	21,628,738.51
SOFIGEA SRL in liquidation	086	11	b	14.91	19.66	22.41	761,974.00
UFFICIO CENTRALE ITALIANO SCARL	086	11	b	13.75	20.80	24.82	131,924.41
FINADIN SPA	086	11	b	0.00	40.00	40.00	8,917,013.20
SOCIETA' FUNIVIE DEL PICCOLO S. BERNARDO SPA	086	11	b	0.00	27.38	27.38	2,523,081.00
BORSETTO SRL	086	10	b	0.00	28.48	44.93	2,439,386.08
GARIBALDI SCA (*)	092	11	b	0.00	30.43	48.00	70,305,000.00
METROPOLIS SPA in liquidation	086	10	b	0.00	18.83	29.71	0.00
PROGETTO ALFIERE SPA	086	10	b	0.00	19.00	19.00	804,948.00
SERVIZI IMMOBILIARI MARTINELLI SPA	086	10	b	0.00	12.68	20.00	162,000.00
A7 SRL in liquidation	086	10	b	0.00	12.68	20.00	141,000.00
SOAIMPIANTI- ORGANISMI DI ATTESTAZIONE SRL in liquidation	086	11	b	21.64	21.64	21.64	14,430.00
PENTA DOMUS SPA	086	10	b	0.00	15.63	24.66	3,449,000.00
FONDIARIA-SAI SERVIZI TECNOLOGICI SPA	086	11	b	51.00	51.00	51.00	1,854,563.00
SVILUPPO CENTRO EST SRL	086	10	b	0.00	25.36	40.00	0.00
DDOR AUTO DOO	289	3	a	0.00	99.99	100.00	12,484.69
DDOR GARANT	289	11	b	0.00	40.00	40.00	496,536.90
CONSULENZA AZIENDALE PER L'INFORMATICA SCAI SPA	086	11	b	30.07	30.07	30.07	1,554,169.15
BUTTERFLY AM SARL	092	11	b	0.00	28.57	28.57	6,768,572.00
VALORE IMMOBILIARE SRL	086	10	b	0.00	31.69	50.00	520,000.00
HOTEL TERME DI SAINT VINCENT SRL	086	11	a	0.00	82.06	100.00	1.00
ITAL H&R SRL	086	11	a	0.00	82.06	100.00	5,940.00
TOUR EXCECUTIVE SRL	086	11	a	0.00	82.06	100.00	0.00
ATA BENESSERE SRL in liquidation	086	11	a	0.00	82.06	100.00	16,029.55
ISOLA SCA (**)	092	11	b	0.00	27.26	43.00	13,935,000.00
LIGURIA SOCIETA' DI ASSICURAZIONI SPA	086	1	*	0.00	63.37	99.97	0.00
LIGURIA VITA SPA	086	1	*	0.00	63.37	100.00	0.00
SAINT GEORGE CAPITAL MANAGEMENT SA	071	11	*	0.00	100.00	100.00	0.00

(1) 1= Italian Ins; 2= EU Ins; 3=Other Ins; 4=Holding insurance; 5=EU Reins; 6=Reins. other; 7=Banks; 8=SGR; 9=Other holding; 10=Property 11=Other

(2) a=subsidiaries (IAS27) ; b=associated companies (IAS28); c=joint venture (IAS 31); the companies classified as held for sale in accordance with IFRS 5 are indicated with an asterisk (*) and shown in the key below

(3) total shareholding relating to all companies which, through the various holdings, connect the company that prepares the consolidated financial statements and the company held. Where this company is held directly by more than one subsidiary it is necessary to aggregate the holdings

(4) total voting rights in an ordinary shareholders meeting if different from the direct or indirect shareholding

(*) the % indicated in the table represents the holding to the financial commitments and income of the company.
The formal investment in the share capital is 32%.

(**) the % indicated in the table represents the holding to the financial commitments and income of the company.
The formal investment in the share capital is 29.56%.

Tangible and intangible fixed assets

(in thousands of Euro)

	At cost	At revalued amount or fair value	Total book value
Investment property	1,976,953	0	1,976,953
Others buildings	288,739	0	288,739
Other tangible assets	48,301	0	48,301
Other intangible assets	47,190	0	47,190

Financial assets

(in thousands of Euro)

	Held to maturity investments		Loans and receivables		AFS financial assets		Financial assets at fair value through profit or loss				Total book value	
							Financial assets held for trading		Financial assets designated at fair value through profit or loss			
	30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012
Equity securities and derivatives valued at cost	0	0	0	0	0	0	0	0	0	0	0	0
Equity securities at fair value	0	0	0	0	828,246	914,069	16	38	51,483	49,962	879,745	964,069
of which listed securities	0	0	0	0	605,980	678,573	16	38	51,483	49,962	657,479	728,573
Debt securities	577,441	718,119	2,327,463	2,422,383	16,711,310	19,306,788	41,239	39,102	3,909,997	5,114,772	23,567,450	27,601,164
of which listed securities	483,995	643,526	0	519,859	16,677,028	19,267,336	40,855	36,366	704,043	810,362	17,905,921	21,277,449
Fund units	0	0	0	0	512,494	627,184	470	18,858	1,765,472	1,085,504	2,278,436	1,731,546
Loans and receivables from banks	0	0	476,042	518,706	0	0	0	0	0	0	476,042	518,706
Loans and interbank receivables	0	0	7,721	2,853	0	0	0	0	0	0	7,721	2,853
Deposits with reinsurers	0	0	20,238	22,358	0	0	0	0	0	0	20,238	22,358
Financial asset components of insurance contracts	0	0	0	0	0	0	0	0	0	0	0	0
Other loans and receivables	0	0	542,060	534,470	0	0	0	0	0	0	542,060	534,470
Non-hedging derivatives	0	0	0	0	0	0	12	22	71,301	94,954	71,313	94,976
Hedging derivatives	0	0	0	0	0	0	0	0	5,097	7,282	5,097	7,282
Other financial investments	0	0	26,944	26,260	0	0	0	0	37,147	28,825	64,091	55,085
Total	**577,441**	**718,119**	**3,400,468**	**3,527,030**	**18,052,050**	**20,848,041**	**41,737**	**58,020**	**5,840,497**	**6,381,299**	**27,912,193**	**31,532,509**

Assets and liabilities relating to contracts issued by insurance companies where the investment risk is borne by policyholders and from pension fund management

(in thousands of Euro)

	Returns based on performance of investments funds and market indices		Returns related to the management of pension funds		Total	
	30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012
Assets in accounts	5,387,040	6,016,977	338,391	318,079	5,725,431	6,335,056
Inter-group assets*	6,255	6,335			6,255	6,335
Total Assets	**5,393,295**	**6,023,312**	**338,391**	**318,079**	**5,731,686**	**6,341,391**
Financial liabilities in accounts	150,974	162,181	338,391	318,079	489,365	480,260
Technical provisions in accounts	5,242,299	5,861,051			5,242,299	5,861,051
Inter-group liabilities*					0	0
Total Liabilities	**5,393,273**	**6,023,232**	**338,391**	**318,079**	**5,731,664**	**6,341,311**

* Assets and liabilities eliminated in consolidation

(in thousands of Euro)

	Total book value	
	30/09/2013	31/12/2012
Non-Life provisions	***594,154***	***729,068***
Life provisions	***50,337***	***78,236***
Technical provisions where investment risk is borne by policyholders and from pension fund management	*0*	*0*
Actuarial provisions and other provisions	*50,337*	*78,236*
Total technical provisions attributed to reinsurers	***644,491***	***807,304***

Technical provisions

(in thousands of Euro)

	Total book value	
	30/09/2013	31/12/2012
Non-Life provision	***8,859,530***	***12,522,213***
Unearned premium provision	1,628,319	*2,494,731*
Outstanding claims provision	7,223,880	*10,018,136*
Other provisions	7,331	*9,346*
of which provisions set aside following the liability adequacy test		*0*
Life provisions	***20,368,989***	***21,135,686***
Claims outstanding provision	419,183	*248,244*
Actuarial provisions	14,604,103	*14,945,399*
Technical provisions where investment risk is borne by policyholders and from pension fund management	5,242,299	5,861,051
Other provisions	103,404	*80,992*
of which provisions set aside following the liability adequacy test		*0*
of which deferred liabilities to policyholders	*41,795*	*9,846*
Total technical provisions	***29,228,519***	***33,657,899***

Financial liabilities

(in thousands of Euro)

	Financial liabilities at fair value through profit or loss							
	Financial liabilities held for trading		Financial liabilities designated at fair value through profit or loss		Other financial liabilities		Total book value	
	30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012
Equity financial instruments							0	0
Sub-ordinated liabilities					891,889	1,048,074	891,889	1,048,074
Liabilities from financial contracts issued by insurance companies deriving	0	0	489,365	480,260	0	0	489,365	480,260
From contracts for which the investment risk is borne by policyholders			150,974	162,181	0		150,974	162,181
From the management of pension funds			338,391	318,079	0		338,391	318,079
From other contracts			0		0		0	0
Deposits received from reinsurers			0		129,331	153,236	129,331	153,236
Financial liability components of insurance contracts			0		0		0	0
Debt securities issued			0		19,463	84,766	19,463	84,766
Payables to bank clients			0		185,194	167,242	185,194	167,242
Interbank payables			0		0		0	0
Other loans obtained			0		123,114	123,720	123,114	123,720
Non-hedging derivatives			300	308	0		300	308
Hedging derivatives	224	511	57,653	85,022	0		57,877	85,533
Other financial liabilities			2,180	2,474	184,161	170,013	186,341	172,487
Total	**224**	**511**	**549,498**	**568,064**	**1,533,152**	**1,747,051**	**2,082,874**	**2,315,626**

Insurance technical accounts
(in thousands of Euro)

		30/09/2013	30/09/2012
Non-Life business			
NET PREMIUMS		**4,326,333**	**4,851,506**
a	Premiums written	3,979,499	4,487,658
b	Change in unearned premium reserve	346,834	363,848
NET CHARGES RELATING TO CLAIMS		**-2,926,937**	**-3,624,886**
a	Amount paid	-3,506,484	-3,770,582
b	Change in claims provision	491,429	2,192
c	Change in recoveries	87,904	143,389
d	Change in other technical provisions	214	115
Life Sector			
NET PREMIUMS		**2,785,315**	**2,513,508**
NET CHARGES RELATING TO CLAIMS		**-3,040,511**	**-3,179,525**
a	Sums paid	-3,275,114	-5,009,605
b	Change in provision for sums to be paid	-188,024	59,321
c	Change in actuarial provision	-162,040	206,457
d	Change in technical provision where investment risk borne by policyholders and from pension fund management	585,935	1,603,029
e	Change in other technical provisions	-1,268	-38,727

Financial income and charges and from investments

(in thousands of Euro)

		Interest	Other Income	Other Charges	Profits realised	Losses realised	Total income and charges realised	Unrealised gains		Unrealised losses		Total income and charges not realised	Total income and charges 30/09/2013	Total income and charges 30/09/2012
								Valuations	Write-back	Valuations	Impairment			
Result from investments		**712,823**	**171,183**	**-76,671**	**253,401**	**-111,935**	**948,801**	**79,410**	**1,855**	**-189,426**	**-69,326**	**-177,487**	**771,314**	**1,104,011**
a	Deriving from property investments	0	57,120	-41,349	7,074	-11	**22,834**	284	1,700	-51,405	-16,404	**-65,825**	**-42,991**	**2,372**
b	Deriving from investments in subsidiaries, associates and joint ventures	0	145	-172	0	0	**-27**	0	0	-559	0	**-559**	**-586**	**-10,591**
c	Deriving from investments held-to-maturity	29,677	0	0	0	0	**29,677**	0	0	0	0	**0**	**29,677**	**29,606**
d	Deriving from loans and receivables	120,431	0	0	387	-6,559	**114,259**	22	155	0	-4,935	**-4,758**	**109,501**	**124,835**
e	Deriving from AFS financial assets	501,638	27,482	-7,384	167,379	-43,803	**645,312**	0	0	0	-47,987	**-47,987**	**597,325**	**485,600**
f	Deriving from financial assets held for trading	503	1	-1	402	-121	**784**	1,457	0	-8	0	**1,449**	**2,233**	**27,069**
g	Deriving from financial assets designated at fair value through profit or loss	60,574	86,435	-27,765	78,159	-61,441	**135,962**	77,647	0	-137,454	0	**-59,807**	**76,155**	**445,120**
Result of other receivables		5,898	0	-14	0	0	**5,884**					**0**	**5,884**	**2,429**
Result of cash and cash equivalents		7,293	1	-303	0	0	**6,991**			0		**0**	**6,991**	**10,371**
Result of financial liabilities		**-34,690**	**0**	**-450**	**0**	**0**	**-35,140**	**1,823**	**0**	**-1,896**	**0**	**-73**	**-35,213**	**-61,667**
a	Deriving from financial liabilities held for trading						**0**	1,823		-1,896		**-73**	**-73**	**-20,219**
b	Deriving from financial liabilities designated at fair value through profit or loss	0	0	0	0	0	**0**	0	0	0	0	**0**	**0**	**0**
c	Deriving from other financial liabilities	-34,690	0	-450	0	0	**-35,140**	0	0	0	0	**0**	**-35,140**	**-41,448**
Result of payables		-3,686	0	-42	0	**0**	**-3,728**	**0**	**0**	**0**	**0**	**0**	**-3,728**	**-4,145**
Total		**687,638**	**171,184**	**-77,480**	**253,401**	**-111,935**	**922,808**	**81,233**	**1,855**	**-191,322**	**-69,326**	**-177,560**	**745,248**	**1,050,999**

Insurance operating expenses

(in thousands of Euro)

	Non-Life		Life	
	30/09/2013	30/09/2012	30/09/2013	30/09/2012
Gross commissions and other acquisition expenses net of commissions and profit participations received from reinsurers	-763,867	-821,587	-90,298	-89,289
Investment management charges	-6,054	-6,796	-5,726	-2,825
Other administration expenses	-190,991	-206,454	-51,719	-58,084
Total	**-960,912**	**-1,034,837**	**-147,743**	**-150,198**

Other comprehensive income

	Allocation		Adjustments from reclassifications to Income Statement		Other changes		Total changes		Income tax		Balance	
	9M 2013	9M 2012	9M 2013	9M 2012	9M 2013	9M 2012	9M 2013	9M 2012	9M 2013	9M 2012	9M 2013	9M 2012
Other income net of taxes which may not be recognised to P&L												
Reserve on net equity changes in investments							0	0				
Revaluation reserve of intangible assets							0	0				
Revaluation reserve of tangible assets							0	0				
Income/(charges) on non-current assets or of a discontinued group held for sale							0	0				
Acturarial profits and losses and adjustments to defined benefit plans	483	-4,279					483	-4,279	-369	1,090	-30,022	-30,505
Others items							0	0				
Other income net of taxes which may be recognised to P&L							**0**	**0**				
Translation reserve	-2,269	-12,123					-2,269	-12,123			-68,238	-65,969
Gains or loss on available-for-sale financial assets	66,327	641,226	-58,912	19,794			7,415	661,020	-18,496	-315,696	295,501	288,086
Gains or loss on cash flow hedges	18,629	-13,781					18,629	-13,781	-7,316	5,807	-32,790	-51,419
Gains or loss on net foreign investment hedges							0	0				
Reserve on net equity changes in investments	11,220	109					11,220	109			11,207	-13
Income/(charges) on non-current assets or of a discontinued group held for sale							0	0				
Others items							0	0			53,656	53,656
TOTAL OTHER COMPREHENSIVE INCOME	**94,390**	**611,152**	**-58,912**	**19,794**	**0**	**0**	**35,478**	**630,946**	**-26,181**	**-308,799**	**229,314**	**193,836**

Financial assets and liabilities by level

		Level 1		Level 2		Level 3		Total	
		30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012
AFS financial assets		17,451,607	20,207,157	20,565	21,657	579,878	619,227	18,052,050	20,848,041
Financial assets at fair value through profit or loss	Financial assets held for trading	41,340	57,527	0	9	397	484	41,737	58,020
	Financial assets designated at fair value through profit or loss	2,471,800	1,844,642	1,440,279	2,200,526	1,928,417	2,336,131	5,840,497	6,381,299
Total		19,964,748	22,109,326	1,460,844	2,222,192	2,508,692	2,955,842	23,934,283	27,287,360
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading			224	511			224	511
	Financial liabilities designated at fair value through profit or loss			549,498	568,064			549,498	568,064
Total		0	0	549,722	568,575	0	0	549,722	568,575

Changes in level 3 financial assets and liabilities

	Financial assets			Financial liabilities at fair value through profit or loss	
	AFS financial assets	Financial assets at fair value through profit or loss			
		Financial assets held for trading	Financial assets designated at fair value through profit or loss	Financial liabilities held for trading	Financial liabilities designated at fair value through profit or loss
Beginning balance	**619,227**	**484**	**2,336,131**		
Purchases/Issues	36,241	0	200,172		
Sales/Repurchases	-24,066	-86	-499,075		
Reimbursements	-20,014	0	-20,328		
Gains or losses recorded through profit or loss	-9,922	-1	-75,723		
Gains or losses of comprehensive income statement items	-10,273	0	0		
Transfers to level 3	0	0	0		
Transfers to other levels	0	0	0		
Other changes	-11,316	0	-12,760		
Closing balance	**579,878**	**397**	**1,928,417**	**0**	**0**

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 Interim Report as at 30 September 2013 corresponds to the underlying accounting documents, records and accounting entries.

Bologna, 13 November 2013

The Manager in charge of financial reporting

Massimo Dalfelli