

FONDIARIA-SAI S.p.A.: DRAFT STATUTORY AND CONSOLIDATED ACCOUNTS APPROVED FOR FINANCIAL YEAR 2006.

- **DIVIDEND PROPOSED OF € 1.000 PER SHARE FOR ORDINARY SHARES (+ 5.3%) AND € 1.052 PER SHARE FOR SAVINGS SHARES (+ 5.0%).**
- **CONSOLIDATED PROFIT € 600.8m (2005 € 586.4m, + 2.5%)**

Amounts in €(m)

Gruppo Fondiaria-SAI	2006	2005	Var %
Total premium income	9,975.3	9,505.2	+ 4.9
Earnings before tax	908.9	831.1	+ 9.4
Consolidated earnings	600.8	586.4	+ 2.5
Group profit	481.2	465.3	+ 3.4

Fondiaria-SAI S.p.A.

Total premium income	5,262.0	5,252.0	+ 0.2
Technical Balance - Non-Life Classes	411.9	443.6	- 7.1
Technical Balance - Life Classes	20.9	16.7	+ 25.1
Ordinary earnings	359.9	362.7	- 0.8
Profit for the financial year	272.1	300.6	- 9.5

Amounts in €

Dividend proposed for ordinary shares	1.000	0.950	+ 5.3
Dividend proposed for savings shares	1.052	1.002	+ 5.0
Dividend detachment 21 May 2007			
Cons. Operating Combined Ratio	90.9%	90.5%	
Cons. Combined Ratio	94.0%	92.2%	



Milan, 27 March 2007. The Board of Directors of Fondiaria-SAI S.p.A. met under the chairmanship of Jonella Ligresti to examine and approve the draft accounts for 2006.

Consolidated accounts

Net consolidated profit is € 600.8m (€ 586.4m in 2005, +2.5%) and is the first and most obvious confirmation of a strengthening in the levels of technical excellence and profitability already achieved in the past. We should point out straight away that the previous year's earnings were boosted by the sum of € 51m, recorded as an extraordinary item, resulting from the release of deferred tax payable previously set aside in respect of a revaluation of Generali and Capitalia shares carried out in 2004.

In uniform terms, the growth in profits amounts to approximately € 66m (+12.3%).

Total premium income amounts to € 9,975.3m (+4.9% on the previous year) and for the first time it includes, as of the date on which control was acquired, premium income from the subsidiaries Liguria Assicurazioni, Liguria Vita, Capitalia Assicurazioni and 50% of BPM Vita premiums: in uniform data terms, the increase would have been 0.7% in the Non-Life Classes, 9.8% in the Life Classes and 2.9% overall.

Direct premium income in the Non-Life Classes amounts to € 7,294.8m, an increase of 2.3%.

The technical result for the sector shows a positive balance of € 422m, compared to € 530m for 2005: this therefore confirms the traditionally good results achieved in the motor and elementary classes, although a number of critical situations emerged during the present financial year with regard to the General TPL class, as a

result of the increase in claims during the latter part of the year on policies relating to the Corporate sector.

Despite this, the Combined Ratio remains excellent, standing at 94.0% (92.2% in 2005), denoting an improvement in the rate of claims, a slight growth in the incidence of management costs and accentuated pressure from the balance of technical charges, an increase which is however expected to be reabsorbed during 2007.

In strict business terms, the Combined Ratio has worsened slightly, increasing from 90.5% to 90.9%, with a Loss Ratio down from 70.8% in 2005 to 70.5% and an Expense Ratio slightly up from 19.7% to 20.4%.

In this context, the earnings before tax for the sector amount to € 685m compared to € 730m for 2005.

Direct premium income in the Life Classes reached € 2,658.5m, denoting a significant increase compared to 2005 (+13.1%). This is even more satisfactory and is in addition to the investment contracts, the value of which increased overall from € 718m in 2005 to € 883m.

The sector achieved a profit before tax of over € 191m (€ 128m in 2005) thanks to the higher income from investments and to the higher margins recorded during the period. Furthermore, the figure for 2006 includes € 9m from BPM Vita, in which the subsidiary Milano Assicurazioni acquired a 50% share during the financial year.

We should also point out that, according to the Annual Premium Equivalent (APE) measurement relating to new premiums, the Fondiaria-SAI Group recorded an 4.4% increase to € 318.9m, compared to € 305.6m in 2005.

The contribution from BPM Vita was € 12.3m.

Overall operating expenses, excluding those relating to the management of investments, amount to € 1,633.8m compared to €



1,528.1m during the previous financial year and represent 16.4% of premiums (16.1 % in 2005).

Net income from other financial instruments and real estate investments amount to € 986.2m (€ 888.3m in 2005), while net income from financial instruments at fair value through profit or loss amount to € 80.3m (€ 126.6m in 2005).

Tax for the current financial year amounts to € 308.1m, returning to a more normal level given that, as previously mentioned, the tax burden for the previous financial year benefited from the release of deferred taxes payable.

Total investments amount to € 33.8bn compared to € 30.1bn in the 2005 financial year.

Gross insurance technical reserves reached € 26.9bn compared to € 25.4bn in 2005. The ratio between total technical reserves and premium income is 269.9% (266.8% in 2005). This ratio is 159.6% in the Non-Life sector (160.3% in 2005).

Good performance in the real estate and “other business” sector has also contributed to the consolidated earnings: both achieved pre-tax profits, of € 19m and € 13m respectively, compared to the negative earnings for 2005 of € 8m and € 18m respectively.

Finally, we should point out that during 2006, the Fondiaria-SAI Group carried out major acquisitions in the insurance and financial segment, including the purchase of 99.97% of Liguria Assicurazioni Group, 50% of BPM Vita S.p.A. and 51% of Capitalia Assicurazioni S.p.A. and 60% of Banca Gesfid S.A..

Statutory accounts

A satisfactory level of net earnings was achieved for the 2006 financial year of € 272.1m, compared to € 300.6m in 2005.

We should point out straight away that the previous year's earnings were boosted by the sum of € 19m, recorded as an extraordinary item, resulting from the release of deferred tax payable previously set aside in respect of a revaluation of Capitalia shares carried out in 2004.

In uniform terms, the profit for the financial year therefore remains substantially unchanged and this result should be considered more than positive in a context disadvantaged by the greater revaluations of debt securities recorded at the end of the financial year: the total amount of fixed income security write-downs reached € 67m, compared to € 37m as at 31/12/05.

Premium income amounts to € 5,262.0m in total (+ 0.2%), including € 3,896.4m (+0.4%) in the Non-Life Classes and € 1,365.6m (-0.4%) in the Life Classes. As regards premium income from direct business in the Non-Life Classes, we should point out that the Motor sector achieved a total of € 2,688.3m (+ 0.5%), while the Non-Motor sector achieved € 1,198.8m (+ 0.2%). In total, the number of losses reported increased by 1.7%. In the Motor TPL sector there was however a fall of 1.7%.

This allowed a positive net technical balance to be achieved of € 411.9m (€ 443.6 as at 31/12/05, - 7.1%), which is however negatively influenced by the aforesaid write-downs of fixed income securities.

In Non-Life direct business, premiums collected amounted to € 1,344.0m, a fall of 0.7%. The fall resulted from the smaller contribution from class III and V policies (-8.3%), which was almost completely offset by the satisfactory growth in traditional products (€ 757.7m, + 5.6%), confirming the valuable contribution from the network of brokers. The overall net technical result improved,



reaching € 20.9m compared to the total of € 16.7m achieved at the end of 2005.

Financial asset management achieved net income of € 598.7m (+ 16.3%) and benefited from the greater contribution of dividends from subsidiary companies.

Total investments amount to € 16.1bn compared to € 15.4bn in the 2005 financial year.

The Board of Directors has resolved to propose to the Shareholders' Meeting, convened for 27 April 2007, on first convocation at 11:00, in Florence, at the offices of Fondiaria-SAI, Via Lorenzo il Magnifico, 13, and if necessary for 30 April 2007, at the same time, on second convocation, at the Palazzo dei Congressi, Piazza Adua, 1, Florence, that a dividend be distributed of € 1.000 per share for ordinary shares and € 1.052 per share for savings shares, which will be paid as of 24 May 2007 (detachment date 21 May 2007). For the 2005 financial year, dividends were distributed of € 0.95 and € 1.002 respectively.

The Board of Directors also agreed to adapt its corporate governance standards to best market practice, consisting of the new Code of Self-Discipline, as recently amended, and arranged among other things for the appointment of a Remunerations Committee.

An extraordinary Shareholders' Meeting has also been convened to resolve on a proposal to amend the Articles of Association in order, among other things, to adapt them to the so-called "Savings Law".

The draft statutory and consolidated accounts approved today by the Board of Directors will be made available to the public within the



period required by current legislation at the registered office and at the offices of Borsa Italiana S.p.A. in place of the quarterly report for the fourth quarter of 2006.

On closing the meeting of the Board of Directors of Fondiaria-SAI, the Chairman Jonella Ligresti emphasised that:

“The year just ended brought a great deal of satisfaction and has allowed us to achieve the initial objectives set for the three-year period 2006-2008, standardising production processes and operating strategies, combining growth and profitability with diversification to reduce risk: an ambitious three-dimensional target that will guide the Group’s activities over the coming years.”

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FONDIARIA - SAI GROUP

BALANCE SHEET - ASSETS

(thousands of euro)

		2006	2005
1	INTANGIBLE ASSETS	1.173.487	926.525
1.1	Goodwill	1.013.370	872.393
1.2	Other intangible assets	160.117	54.132
2	PROPERTY, PLANT AND EQUIPMENT	1.164.620	1.086.135
2.1	Buildings	986.250	959.414
2.2	Other property, plant and equipment	178.370	126.721
3	REINSURERS' SHARE OF TECHNICAL RESERVES	895.703	896.948
4	INVESTMENTS	33.812.476	30.065.020
4.1	Investment property	2.125.628	2.041.721
4.2	Investments in subsidiaries, associates, joint ventures	155.921	71.675
4.3	Investments held to maturity	0	0
4.4	Loans and receivables	1.305.863	1.408.658
4.5	Available-for-sale financial assets	23.067.611	20.972.111
4.6	Assets at fair value through profit and loss	7.157.453	5.570.855
5	RECEIVABLES	2.646.728	2.811.043
5.1	Receivables relating to direct insurance business	1.941.642	2.034.610
5.2	Receivables relating to direct reinsurance business	192.575	160.642
5.3	Other receivables	512.511	615.791
6	OTHER ASSETS	807.326	1.667.976
6.1	Non-current assets held for sale or discontinued operations	15.390	6.450
6.2	Deferred acquisition costs	320.972	306.954
6.3	Deferred tax assets	96.978	673.490
6.4	Current tax assets	89.775	449.841
6.5	Other assets	284.211	231.241
7	CASH AND CASH EQUIVALENTS	723.032	526.505
	TOTAL ASSETS	41.223.372	37.980.152

FONDIARIA - SAI GROUP

BALANCE SHEET - SHAREHOLDERS' EQUITY AND LIABILITIES

(thousands of euro)

		2006	2005
1	SHAREHOLDERS' EQUITY	5.054.542	4.508.889
1.1	attributable to the Group	3.896.991	3.459.660
1.1.1	Share capital	177.681	173.114
1.1.2	Other equity instruments	0	0
1.1.3	Capital reserves	207.410	193.729
1.1.4	Retained earnings and other equity reserves	2.643.229	2.378.368
1.1.5	(Own shares)	-359.987	-270.057
1.1.6	Reserve for net exchange rate differences	-126	-441
1.1.7	Gains or losses on available-for-sale financial assets	694.538	535.891
1.1.8	Other gains or losses written directly to equity	53.042	-16.227
1.1.9	Profit (loss) for the year	481.204	465.283
1.2	attributable to minority interests	1.157.551	1.049.229
1.2.1	Capital and reserves	972.179	892.353
1.2.2	Gains or losses written directly to equity	65.808	35.809
1.2.3	Profit (loss) for the year	119.564	121.067
2	PROVISIONS	236.676	229.075
3	TECHNICAL RESERVES	26.926.593	25.359.603
4	FINANCIAL LIABILITIES	7.079.895	5.172.378
4.1	Financial liabilities at fair value through profit and loss	4.842.032	3.231.858
4.2	Other financial liabilities	2.237.863	1.940.520
5	PAYABLES	1.069.419	1.100.580
5.1	Payables relating to direct insurance business	177.205	210.047
5.2	Payables relating to direct reinsurance business	113.102	113.541
5.3	Other payables	779.112	776.992
6	OTHER LIABILITIES	856.247	1.609.627
6.1	Held-for-sale liabilities of discontinued operations	0	0
6.2	Deferred tax liabilities	256.777	724.243
6.3	Current tax liabilities	31.474	272.838
6.4	Other liabilities	567.996	612.546
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	41.223.372	37.980.152

FONDIARIA - SAI GROUP

PROFIT AND LOSS

(thousands of euro)

		2006	2005
1.1	Net Retained Premium	9.649.838	9.096.306
1.1.1	<i>Gross premiums written</i>	9.986.706	9.341.801
1.1.2	<i>Outwards reinsurance</i>	-336.868	-245.495
1.2	Commissino income	76.499	53.453
1.3	Net income on financial instruments at fair value through profit and loss	80.267	126.561
1.4	Income from subsidiaries, associates and joint ventures	19.500	46.838
1.5	Income from other financial instruments and investment property	1.136.397	993.096
1.5.1	<i>Interest income</i>	710.662	613.165
1.5.2	<i>Other income</i>	228.534	172.411
1.5.3	<i>Realised gains</i>	196.917	205.392
1.5.4	<i>Unrealised gains</i>	284	2.128
1.6	Other revenues	400.946	393.594
1	TOTAL REVENUES	11.363.447	10.709.848
2.1	Net charges relating to claims	7.833.827	7.480.620
2.1.1	<i>Amounts paid and change in technical reserves</i>	8.018.174	7.663.479
2.1.2	<i>Reinsurers' share</i>	-184.347	-182.859
2.2	Commission expense	39.754	30.837
2.3	Charges relating to subsidiaries, associates and joint ventures	54	2.976
2.4	Chargers relating to other financial instruments and investment property	257.787	198.720
2.4.1	<i>Interest expense</i>	88.097	50.078
2.4.2	<i>Other expense</i>	77.680	32.771
2.4.3	<i>Realised losses</i>	54.581	50.814
2.4.4	<i>Unrealised losses</i>	37.429	65.057
2.5	Management expense	1.644.278	1.602.649
2.5.1	<i>Commissions and other acquisition expense</i>	1.289.588	1.219.864
2.5.2	<i>Investment management expense</i>	10.462	74.522
2.5.3	<i>Other administrative expense</i>	344.228	308.263
2.6	Other costs	678.863	562.918
2	TOTAL COSTS AND CHARGES	10.454.563	9.878.720
	PROFIT (LOSS) FOR THE YEAR BEFORE TAX	908.884	831.128
3	Tax	308.116	244.778
	NET PROFIT (LOSS) FOR THE YEAR	600.768	586.350
4	PROFIT (LOSS) ON DISCONTINUED OPERATIONS	0	0
	CONSOLIDATED PROFIT (LOSS)	600.768	586.350
	attributable to the Group	481.204	465.283
	attributable to Minorities	119.564	121.067

EPS (Euro)	3,70	3,60
EPS DILUTED (Euro)	3,63	3,39

Profit and loss by business segment

(€)

	Non-life business		Life business		Property business		Other		Intersegmental overlap		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
1.1 Net premiums	7.003.653	6.749.227	2.646.185	2.347.079	0	0	0	0	0	0	9.649.838	9.096.306
1.1.1 Applicable gross premiums	7.316.233	6.980.859	2.670.472	2.360.942	0	0	0	0	0	0	9.986.705	9.341.801
1.1.2 Applicable premiums transferred for reinsurance	-312.580	-231.632	-24.287	-13.863	0	0	0	0	0	0	-336.867	-245.495
1.2 Agents' fees earned		-1.083	50.528	34.481			26.433	20.479	-463	-422	76.498	53.453
1.3 Income and charges from financial instruments at fair value through profit or loss	45.117	43.922	32.175	78.930	15	0	3.388	3.709	-429	0	80.266	126.561
1.4 Income from equity interests in subsidiaries, associated companies and joint ventures	-310	23.719	12.825	14.342	2.541	-134	4.443	8.911			19.499	46.838
1.5 Income from other financial instruments and real estate investments	404.446	360.891	640.057	548.363	59.271	42.557	81.664	61.734	-49.041	-20.449	1.136.397	993.096
1.6 Other revenues	172.405	180.369	18.616	68.056	92.428	38.269	287.845	263.686	-170.347	-156.786	400.947	393.594
1 TOTAL REVENUES AND INCOME	7.625.311	7.357.043	3.400.386	3.091.251	154.255	80.692	403.773	358.519	-220.280	-177.657	11.363.445	10.709.948
2.1 Net charges relating to claims	4.936.188	4.780.392	2.898.068	2.700.228	0	0	0	0	-429	0	7.833.827	7.480.620
2.1.2 Amounts paid and variation in the technical reserves	5.096.273	4.950.850	2.922.330	2.712.629					-429	0	8.018.174	7.663.479
2.1.3 Shares payable by reinsurers	-160.085	-170.458	-24.262	-12.401					0	0	-184.347	-182.859
2.2 Agents' fees payable		0	28.782	21.096			10.978	9.815	-6	-74	39.754	30.837
2.3 Charges from equity interests in subsidiaries, associated companies and joint ventures		3	49	0	5	2.970			3		54	2.976
2.4 Charges from other financial instruments and real estate investments	129.608	85.089	82.206	49.538	50.168	23.447	40.831	61.026	-45.026	-20.380	257.787	198.719
2.5 Management costs	1.431.051	1.351.687	155.480	151.380	266	48.871	57.614	54.758	-133	-4.047	1.644.278	1.602.648
2.6 Other costs	443.206	410.280	44.895	41.321	84.506	13.658	280.937	250.815	-174.686	-153.156	678.858	582.919
2 TOTAL COSTS AND CHARGES	6.940.053	6.627.451	3.209.480	2.963.363	134.945	88.946	390.360	376.417	-220.280	-177.657	10.454.558	9.878.719
PRE-TAX PROFIT (LOSS) FOR THE PERIOD	685.258	729.592	190.906	127.888	19.310	-8.254	13.413	-17.898	0	0	908.887	831.129



FONDIARIA - SAI SPA

Résumé Statutory Balance Sheet

ASSETS (thousands of euro)	31/12/2006	31/12/2005
Intangible assets	397.910	476.807
Investments	16.515.519	15.815.929
Receivables	1.942.481	2.080.694
Other Assets	950.844	1.058.136
Total Assets	19.806.754	19.431.566

SHAREHOLDERS' EQUITY and LIABILITIES (thousands of euro)	31/12/2006	31/12/2005
Shareholders' Equity	2.819.447	2.694.674
Subordinated liabilities	650.000	500.000
Net Technical Reserves	14.351.633	14.123.496
Provision for risks and charges	545.164	508.321
Deposits from reinsurers	150.743	153.360
Payables and other liabilities	1.289.767	1.451.715
Total Shareholders' Equity and Liabilities	19.806.754	19.431.566

FONDIARIA - SAI SPA

Résumé Statutory Profit and Loss

(thousands of euro)	31/12/2006	31/12/2005
Non-Life Business Technical Result	411.944	443.607
Life Business Technical Result	20.913	16.703
Net Investments Income*	234.054	197.147
Income from investments transferred from the Life Business technical account	10.297	24.626
Income from investments transferred to the Non-Life Business technical account	-170.661	-148.186
Other Income/(Charges)	-146.614	-171.221
Profit (Loss) of ordinary business	359.933	362.676
Extraordinary income	52.064	68.506
Extraordinary charges	-36.913	-38.424
Net Extraordinary items	15.151	30.082
Result before tax	375.084	392.758
Income Tax for the period	-103.010	-92.155
Net Profit (Loss) for the period	272.074	300.603

() in Statutory Profit and Loss, they refer only for Non-Life Business*