



## PRESS RELEASE

### FONDIARIA-SAI S.p.A.: CONSOLIDATED HALF-YEAR REPORT AT JUNE 30, 2009 APPROVED

**TOTAL PREMIUMS WRITTEN OF EURO 6,449.1 MILLION, +8.8%**  
**(EURO 5,926.6 MILLION IN 1H2008)**  
**LIFE DIVISION PREMIUMS WRITTEN OF EURO 2,743.5 MILLION (+28.9%)**  
**SOLID GROUP BALANCE SHEET CONFIRMED:**  
**SOLVENCY MARGIN OF 129%**

#### Italian Direct premiums written

- Non-Life division: Euro 3,701.3 million (-2.3%)
- Life division: Euro 2,742.6 million (+29%)

#### Technical performance

- Combined operating ratio rises to 97.9% from 89.2%; Combined ratio to 101.8% from 93.8% - two percentage points of which attributable to catastrophic and natural events
- APE of Euro 253.4 million (+34.2%)

#### Operating costs

- Total management expenses of Euro 968 million - 14.4% of net premiums (15.9% in 1H 2008) – a decrease of 4% in the Non-Life sector on the first quarter 2009

#### Net profit for the period

- Consolidated Net Profit of Euro 32.4 million (Euro 261.3 million in 1H2008)

#### Balance Sheet

- Shareholders' Equity Euro 3,757 million (Euro 3,895 million at 31/12/2008)
- Solvency Margin 129%, in line with the end of 2008

#### Statement by Mr. Marchionni

"The half-year results were affected by the financial and economic crisis and the extraordinary catastrophic natural phenomenon which heavily influenced the industrial technical performance. In such a period, which we consider to be unrepeatable, the primary objective for the Group is the recovery of stable core business profits, the equilibrium of the balance sheet and a result capable of satisfactorily remunerating the capital invested. The initiatives taken and the instruments available to maintain profits enable us to adequately tackle the difficulties presented in the period and will be outlined in the new Industrial Plan which will be presented in October.

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

**Milan, August 4, 2009** - The Fondiaria-SAI S.p.A. Board of Directors approved the consolidated half-year report at June 30, 2009.

Total premiums written amounted to Euro 6,449.1 million, an increase of 8.8% year on year. It should also be considered that the premiums from investment contracts in the Life division are not included which amount to approx. Euro 28 million (Euro 255.5 million in the first half of 2008).

In the Non-Life Division, direct premiums written amounted to Euro 3,701 million (Euro 3,786.2 million; -2.3%).

In the Motor Classes, premiums written fell by 4.3%, amounting to Euro 2,449.1 million. This result is affected both by the large drop in registrations of new motor vehicles (-10.67% in the first six months of 2009), and by the increased competition within the market. The combined effect of other factors must also be considered: the impact on the Bonus/Malus classes of the "Bersani bis" law; the introduction in 2008 of the new regulations under ISVAP provision No. 2590 according to which lower premium rises are incurred by insured parties involved in claims who are considered of "not principal" responsibility; the resizing, in line with the Group policy, of the multi-claim portfolio.

In this area, the Group has undertaken a series of initiatives to recover profitability which in the short-term include the creation of tariffs aimed at increasing customisation, further improvements in the services to customers and intensified marketing and communication activities.

In the other Non-Life Classes, premiums written amounted to Euro 1,251.9 million, an increase of 2%.

The number of Motor TPL claims decreased by 9.4%.

Overall, the number of claims reported increased by 2.4%, principally related to Fire Guarantees, Other Property Damage and Land Vehicles hit in a significant manner by the previously reported natural and catastrophic events in the first half of the year.

Due to that outlined above, the Combined Operating Ratio (Loss+Expense Ratio) amounted to 97.9%, the Loss Ratio 76.6% and the Expense Ratio 21.3%. For completeness, the Combined Ratio amounted to 101.8%. The catastrophic and natural events accounted for approx. two percentage points. In the first half of 2008, the Ratios were respectively 89.2%, 67.9% and 93.8%.

The Non-Life Division reports a pre-tax profit of Euro 25 million (Euro 285.8 million in the first half of 2008), reflecting, as already reported, the provisions relating to recent catastrophic events and the strengthening of the technical reserves following the drop in the technical performance in the period.

In the Life Division, direct premiums written reached Euro 2,742.6 million (+29%): this increase is due to the strong Class I performance, Euro 1,223.2 million (+54.7%), and by the recovery in Class III product sales (Euro 1.321.2 million, +15.1%).

New premiums written in terms of APE improved to Euro 253.4 million (+34.2%). The New Business Margin increased from 6.5% in 2008 to 8.7% in the first half of 2009.

The Life Division reports a pre-tax profit of Euro 22 million (Euro 82.5 million in the first half of 2008): the decrease on the previous year is due to higher valuation losses on financial instruments, amounting to Euro 50.3 million. In addition, the first half of 2008 benefited from the gain of Euro 29 million from the sale of Po Vita.

The total management expenses, excluding those relating to the management of investments, amounted to Euro 968 million (Euro 982 million in the first half of 2008). This amounted to 14.4% of net premiums (15.9% in the first half of 2008).

The asset and financial management, excluding the income from investments whose risk is borne by policyholders, recorded net income from financial instruments and property investments of Euro

370.8 million (Euro 471.3 million in the first half of 2008) and was inclusive of valuation losses of approx. Euro 90 million and interest expense of Euro 59.2 million (Euro 72.7 million in the first half 2008).

The real estate sector recorded a pre-tax loss of Euro 23 million (pre-tax loss of Euro 12.1 million in the first half of 2008), principally relating to the subsidiary Immobiliare Lombarda.

Other Activities are in line with the previous year, recording a profit of Euro 3 million.

The Group net profit amounted to Euro 20.8 million, compared to Euro 208.4 million in the first half of the previous year.

The consolidated net equity, including the result for the period and minority interest share, decreased from Euro 3,895 million at 31/12/2008 to Euro 3,757 million at 30/06/2009. The Group Solvency Margin amounted to 129%, in line with the end of 2008.

Within a financial and economic environment which has weakened in recent months, the Group set out appropriate strategies and initiatives to meet the difficulties arising in 2009.

The real competition will be played out within "costs/services", as it is necessary to safeguard the equilibrium of industrial operations, generating where possible, economies of scale and important economic benefits within the operations.

The Executive Responsible for the preparation of the corporate accounting documents, Pier Giorgio Bedogni, declares in accordance with article 154 bis, paragraph 2, of the Consolidated Finance Act, that the accounting information contained in the present press release corresponds to the underlying accounting documents, records and accounting entries.

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

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

## **Definitions and Glossary**

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

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

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## PROFIT AND LOSS

(thousands of euro)

		30/06/2009	30/06/2008
1.1	Net Retained Premium	6.216.493	5.709.572
1.1.1	<i>Gross premiums written</i>	6.402.385	5.865.799
1.1.2	<i>Outwards reinsurance</i>	-185.892	-156.227
1.2	Commissino income	43.355	53.622
1.3	Net income on financial instruments at fair value through profit and loss	417.627	-403.385
1.4	Income from subsidiaries, associates and joint ventures	1.614	30.174
1.5	Income from other financial instruments and investment property	600.960	676.126
1.5.1	<i>Interest income</i>	425.686	436.481
1.5.2	<i>Other income</i>	96.584	182.340
1.5.3	<i>Realised gains</i>	78.584	56.859
1.5.4	<i>Unrealised gains</i>	106	446
1.6	Other revenues	371.603	201.101
<b>1</b>	<b>TOTAL REVENUES</b>	<b>7.651.652</b>	<b>6.267.210</b>
2.1	Net charges relating to claims	-5.937.473	-4.235.205
2.1.2	<i>Amounts paid and change in technical reserves</i>	-6.059.653	-4.314.287
2.1.3	<i>Reinsurers' share</i>	122.180	79.082
2.2	Commission expense	-23.973	-28.150
2.3	Charges relating to subsidiaries, associates and joint ventures	-4.671	-3.563
2.4	Chargers relating to other financial instruments and investment property	-258.589	-185.407
2.4.1	<i>Interest expense</i>	-59.213	-72.863
2.4.2	<i>Other expense</i>	-30.701	-32.893
2.4.3	<i>Realised losses</i>	-78.437	-57.638
2.4.4	<i>Unrealised losses</i>	-90.238	-22.013
2.5	Management expense	-972.926	-991.679
2.5.1	<i>Commissions and other acquisition expense</i>	-753.928	-761.604
2.5.2	<i>Investment management expense</i>	-5.169	-9.855
2.5.3	<i>Other administrative expense</i>	-213.829	-220.220
2.6	Other costs	-427.571	-448.717
<b>2</b>	<b>TOTAL COSTS AND CHARGES</b>	<b>-7.625.203</b>	<b>-5.892.721</b>
	<b>PROFIT (LOSS) FOR THE YEAR BEFORE TAX</b>	<b>26.449</b>	<b>374.489</b>
<b>3</b>	Tax	5.950	-113.214
	<b>NET PROFIT (LOSS) FOR THE YEAR</b>	<b>32.399</b>	<b>261.275</b>
<b>4</b>	<b>PROFIT (LOSS) ON DISCONTINUED OPERATIONS</b>	<b>0</b>	<b>0</b>
	<b>CONSOLIDATED PROFIT (LOSS)</b>	<b>32.399</b>	<b>261.275</b>
	attributable to the Group	20.779	208.429
	attributable to Minorities	11.620	52.846

<b>EARNING PER SHARE (in Eur)</b>	0,12	1,35
<b>EARNING PER SHARE DILUTED (in Eur)</b>	0,12	1,34

## Segment P&L

(thousands of euro)

	Non-Life Business												Life Business		Property Segment		Other Activities Segment		Total	
	30/06/2009		30/06/2008		30/06/2009		30/06/2008		30/06/2009		30/06/2008		30/06/2009		30/06/2008		30/06/2009			
1.1	Net Retained Premium	3.487.277	3.594.836	2.729.216	2.114.736	0	0	0	0	0	0	0	0	6.216.493	5.709.572					
1.1.1	Gross premiums written	3.658.877	3.737.547	2.743.508	2.128.252									6.402.385	5.865.799					
1.1.2	Outwards reinsurance	-171.600	-142.711	-14.292	-13.516									-185.892	-156.227					
1.2	Commissino income			20.595	29.148					23.694	25.275			43.355	53.622					
1.3	Net income on financial instruments at fair value through profit and loss	74.630	-23.957	337.406	-383.583	-54	-11			5.645	4.166			417.627	-403.385					
1.4	Income from subsidiaries, associates and joint ventures	75	320		29.833	1.539	21			18				1.614	30.174					
1.5	Income from other financial instruments and investment property	188.322	247.515	358.583	358.081	23.206	21.729	45.831	86.427	45.831	86.427			600.960	676.126					
1.6	Other revenues	180.757	82.786	180.807	27.817	85.261	71.042	258.366	146.571	258.366	146.571			371.603	201.101					
<b>1</b>	<b>TOTAL REVENUES</b>	<b>3.931.061</b>	<b>3.901.500</b>	<b>3.626.607</b>	<b>2.176.032</b>	<b>109.952</b>	<b>92.781</b>	<b>333.554</b>	<b>262.439</b>	<b>333.554</b>	<b>262.439</b>			<b>7.651.652</b>	<b>6.267.210</b>					
2.1	Net charges relating to claims	-2.673.293	-2.440.941	-3.264.180	-1.794.264	0	0	0	0	0	0			-5.937.473	-4.235.205					
2.1.2	Amounts paid and change in technical reserves	-2.783.875	-2.507.382	-3.275.778	-1.806.905									-6.059.653	-4.314.287					
2.1.3	Reinsurers' share	110.582	66.441	11.598	12.641									122.180	79.082					
2.2	Commission expense			-16.493	-18.765					-7.480	-9.385			-23.973	-28.150					
2.3	Charges relating to subsidiaries, associates and joint ventures	-1.536	-132			-2.821	-3.224	-314	-207					-4.671	-3.563					
2.4	Chargers relating to other financial instruments and investment property	-134.605	-79.132	-80.274	-64.562	-32.098	-29.368	-24.070	-50.196					-258.589	-185.407					
2.5	Management expense	-778.799	-810.200	-152.987	-144.226	-232	-105	-161.845	-37.148					-972.926	-991.679					
2.6	Other costs	-317.801	-286.111	-90.582	-71.719	-98.095	-72.214	-137.203	-146.364					-427.571	-448.717					
<b>2</b>	<b>TOTAL COSTS AND CHARGES</b>	<b>-3.906.034</b>	<b>-3.616.516</b>	<b>-3.604.516</b>	<b>-2.093.536</b>	<b>-133.246</b>	<b>-104.911</b>	<b>-330.912</b>	<b>-243.300</b>	<b>-330.912</b>	<b>-243.300</b>			<b>-7.625.203</b>	<b>-5.892.721</b>					
	<b>PROFIT (LOSS) FOR THE YEAR BEFORE TAX</b>	<b>25.027</b>	<b>284.984</b>	<b>22.091</b>	<b>82.496</b>	<b>-23.294</b>	<b>-12.130</b>	<b>2.642</b>	<b>19.139</b>	<b>2.642</b>	<b>19.139</b>			<b>26.449</b>	<b>374.489</b>					

## BALANCE SHEET - ASSETS

(thousands of euro)

		30/06/2009	31/12/2008
<b>1</b>	<b>INTANGIBLE ASSETS</b>	<b>1.858.089</b>	<b>1.899.998</b>
1.1	Goodwill	1.631.860	1.640.721
1.2	Other intangible assets	226.229	259.277
<b>2</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>1.261.433</b>	<b>1.244.217</b>
2.1	Buildings	1.064.940	1.057.869
2.2	Other property, plant and equipment	196.493	186.348
<b>3</b>	<b>REINSURERS' SHARE OF TECHNICAL RESERVES</b>	<b>846.776</b>	<b>833.548</b>
<b>4</b>	<b>INVESTMENTS</b>	<b>35.597.886</b>	<b>33.437.833</b>
4.1	Investment property	2.612.126	2.459.751
4.2	Investments in subsidiaries, associates, joint ventures	330.867	292.879
4.3	Investments held to maturity	907.374	845.789
4.4	Loans and receivables	2.783.029	1.776.024
4.5	Available-for-sale financial assets	19.675.414	19.982.715
4.6	Assets at fair value through profit and loss	9.289.076	8.080.675
<b>5</b>	<b>RECEIVABLES</b>	<b>2.302.112</b>	<b>2.520.006</b>
5.1	Receivables relating to direct insurance business	1.663.399	1.861.642
5.2	Receivables relating to direct reinsurance business	130.166	138.325
5.3	Other receivables	508.547	520.039
<b>6</b>	<b>OTHER ASSETS</b>	<b>812.533</b>	<b>939.393</b>
6.1	Non-current assets held for sale or discontinued operations	1.366	7.622
6.2	Deferred acquisition costs	187.056	226.969
6.3	Deferred tax assets	139.519	117.314
6.4	Current tax assets	323.426	351.399
6.5	Other assets	161.166	236.089
<b>7</b>	<b>CASH AND CASH EQUIVALENTS</b>	<b>791.930</b>	<b>760.072</b>
	<b>TOTAL ASSETS</b>	<b>43.470.759</b>	<b>41.635.067</b>

## BALANCE SHEET - SHAREHOLDERS' EQUITY AND LIABILITIES

(thousands of euro)

		30/06/2009	31/12/2008
<b>1</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>3.756.557</b>	<b>3.894.808</b>
<b>1.1</b>	<b>attributable to the Group</b>	<b>2.764.857</b>	<b>2.934.779</b>
1.1.1	Share capital	167.044	167.044
1.1.2	Other equity instruments	0	0
1.1.3	Capital reserves	209.947	209.947
1.1.4	Retained earnings and other equity reserves	3.014.861	3.069.434
1.1.5	(Own shares)	-321.933	-302.573
1.1.6	Reserve for net exchange rate differences	-1.217	4.043
1.1.7	Gains or losses on available-for-sale financial assets	-371.968	-350.020
1.1.8	Other gains or losses written directly to equity	47.344	49.495
1.1.9	Profit (loss) for the year	20.779	87.409
<b>1.2</b>	<b>attributable to minority interests</b>	<b>991.700</b>	<b>960.029</b>
1.2.1	Capital and reserves	1.075.906	1.054.232
1.2.2	Gains or losses written directly to equity	-95.826	-97.558
1.2.3	Profit (loss) for the year	11.620	3.355
<b>2</b>	<b>PROVISIONS</b>	<b>299.131</b>	<b>463.037</b>
<b>3</b>	<b>TECHNICAL RESERVES</b>	<b>31.375.729</b>	<b>29.321.536</b>
<b>4</b>	<b>FINANCIAL LIABILITIES</b>	<b>6.415.227</b>	<b>6.263.208</b>
4.1	Financial liabilities at fair value through profit and loss	3.435.279	3.454.262
4.2	Other financial liabilities	2.979.948	2.808.946
<b>5</b>	<b>PAYABLES</b>	<b>1.032.396</b>	<b>958.201</b>
5.1	Payables relating to direct insurance business	216.782	120.625
5.2	Payables relating to direct reinsurance business	92.638	89.170
5.3	Other payables	722.976	748.406
<b>6</b>	<b>OTHER LIABILITIES</b>	<b>591.719</b>	<b>734.277</b>
6.1	Held-for-sale liabilities of discontinued operations	0	0
6.2	Deferred tax liabilities	175.905	249.586
6.3	Current tax liabilities	8.453	8.056
6.4	Other liabilities	407.361	476.635
	<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>43.470.759</b>	<b>41.635.067</b>