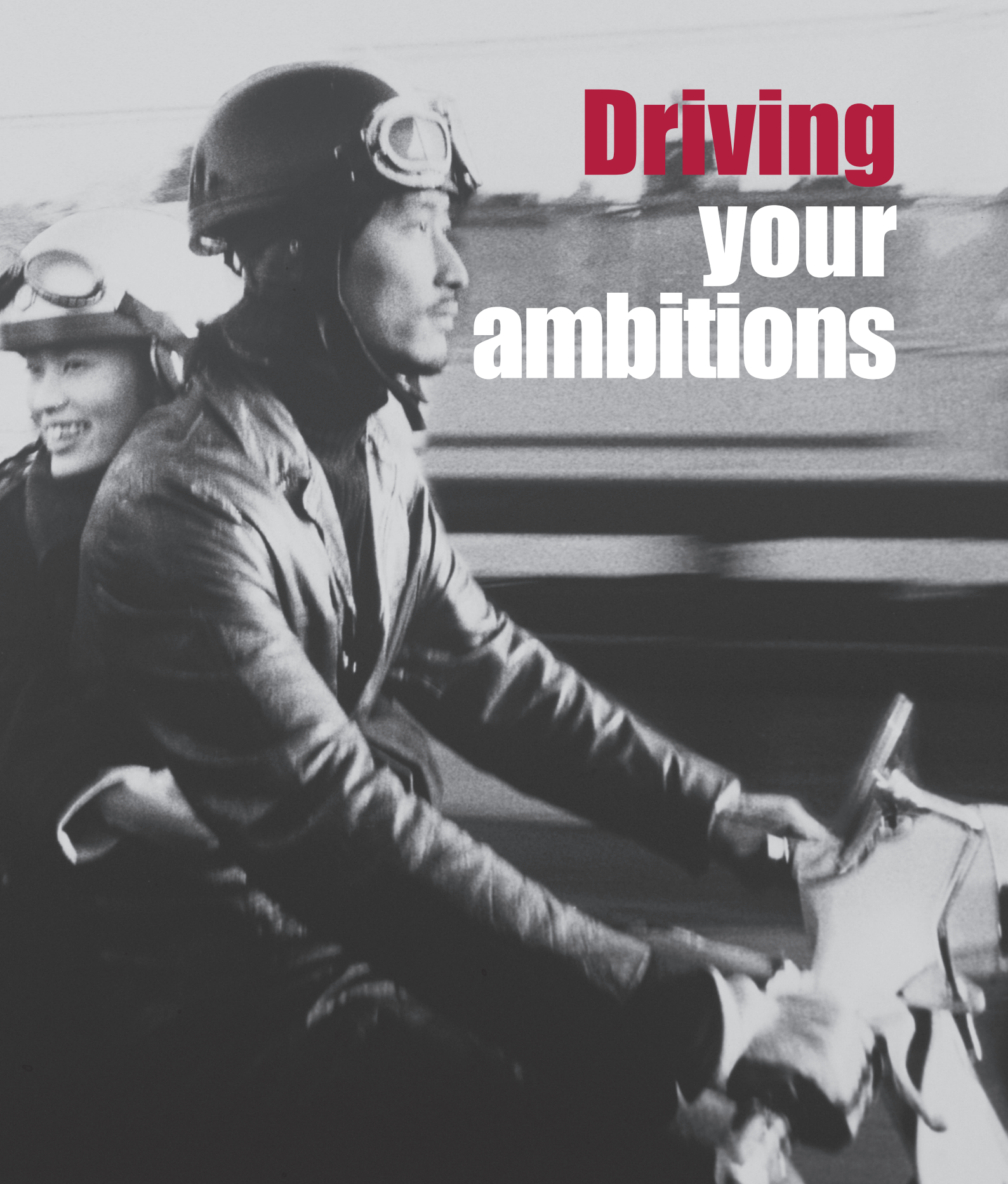




INTERIM REPORT 1H 2010

# Driving your ambitions

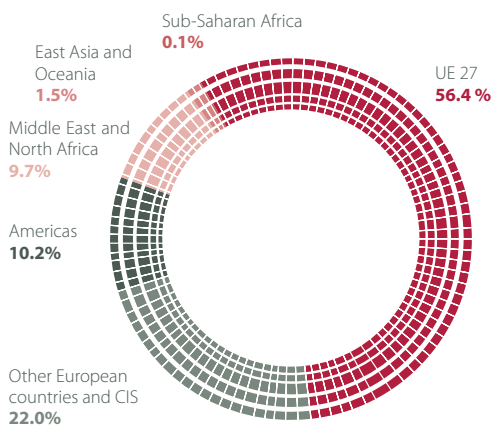


At a time of slow recovery and with the markets characterized by a high level of uncertainty and volatility, SACE reported a significant increase in core business in its half-term results<sup>(1)</sup>, with a more than twofold year-on-year upswing in volumes insured.

## INSURANCE BUSINESS VOLUMES

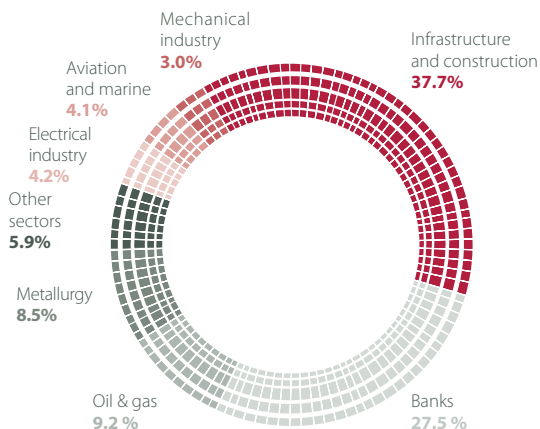
SACE approved new guarantees for **€5.7 billion** in the first half of 2010, a 111% increase compared to the same period in 2009. New commitments were mainly directed towards the EU (56%), Non-EU and CIS countries (22%), the Middle East and North Africa (10%) and Latin America (10%). By country, the **Italian market** absorbed the greatest volume of new guarantees (48%). It was followed by **Russia** (12%), **Brazil** (9%), **Abu Dhabi** (8%) and **Croatia** (4%).

### New guarantees approved by geo-economic area (1H10)



In terms of **industrial sectors**, new guarantees approved by SACE in the first half of 2010 were mainly concentrated in infrastructure and construction (38%), followed by banks (27%) oil & gas (9%) and metallurgy (9%).

### New guarantees approved by sector (1H10)

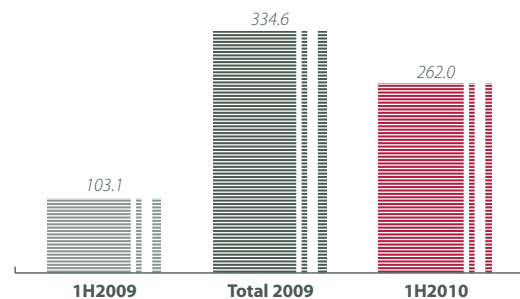


Commitments approved were mainly generated by products related to **export credit** (36%), surety bonds (25%) and financial guarantees (24%). In terms of countries, **Italy** accounts for the largest volume of insurance cover issued by SACE. The portfolio is fragmented (248 transactions for some **€2,747 million**). The average value of transactions is €11 million and they mainly refer to financial guarantees and surety bonds. Among foreign countries, **Russia** accounts for the largest share of new guarantees, in terms of value, issued by SACE in the first half of 2010. Commitments approved, for **€681 million**, refer to **export credit** transactions mainly in the mechanical industry. Of these, the most important one was the cover of a loan for the construction of a petrochemical plant in Siberia. SACE reported dynamic performance by its insurance business in **Brazil**, where it approved 60 transactions for commitments totalling **€498 million**, the majority referring to export credit in the oil & gas sector. Commitments in **Abu Dhabi**, amounting to **€470 million**, mainly refer to a buyer's credit transaction related to the expansion of a steel-production plant. **Croatia** ranked fifth among the countries that benefitted most from SACE's cover (mainly Political Risk Insurance) in the first six months of 2010, with total commitments approved for **€255 million**.

## PREMIUMS

Gross written premiums amounted to **€262 million**, a 154% year-on-year upswing. The products that contributed most to premiums were buyer **credit insurance** (38%), financial guarantees (31%) and political risk insurance (16%).

### Gross written premiums (€million)



## CLAIMS AND RECOVERIES

Net charges relating to claims amounted to **€87.4 million** in the first half of 2010, rising sharply from the €18.3 million reported for the first six months of the previous year.

<sup>(1)</sup> Parent company only results as at 30 June 2010. Subsidiaries' results are not included.

### Claims paid (€million)



The default increase was due to the surge in business insolvencies in the second half of 2009.

Restructuring and credit recovery generated total gains for **€80.7 million**. The balance includes the payment of arrears by Angola.

### NET PROFIT

SACE ended the first half of 2010 with a net profit of **€163.5 million**, 51.8% down on the €338.9 million posted for the first half of 2009. This reflected the adoption of a prudent policy in managing technical provisions and the shortfall in the contribution of financial activities, in line with the market trends.

### SUBSIDIARIES' PERFORMANCE

The first-half results of **SACE BT**, which operates in the short-term credit insurance, surety bond and construction risk covers, show a considerable year-over-year improvement due to the adoption of prudential criteria in 2009.

The newly-established **SACE Fct** company, which started operations in April 2010, managed factoring arrangements for more than **€500 million**.

### COUNTRY RISK

In the first half of 2010, the OECD amended its risk classification for the following countries:

Country	Previous rating	New rating
Bahrain	2	3
Bolivia	7	6
Estonia	3	4
UAE	2	3
Indonesia	5	4
Latvia	4	5
Lithuania	3	4
Serbia	7	6
Yemen	6	7

### SIGNIFICANT EVENTS IN 1H 2010

In the first six months of the year SACE continued to reinforce its domestic commercial network with the aim of being closer to SMEs. The **Bari office**, hub for companies operating in Puglia, Basilicata, Calabria and Molise, was opened in April.

The international network was also broadened, with the opening of a new **office in Istanbul**, intended to be a regional hub for Turkish and Near East markets, that will operate alongside the Sao Paulo, Moscow, Johannesburg and Hong Kong offices. The **Bucharest office** also started operations in July 2010 and will assist companies for their expansion plans in the Balkan area and emerging Europe.

SACE's election to the Board of the **African Trade Insurance Agency**, which promotes economic development in the Sub-Saharan region, has reinforced its support to Italian exports and investments in Africa. Furthermore a cooperation agreement has been sealed with **Inter-American Development Bank** through which SACE will sustain major projects in the infrastructure, transport and energy sectors in Latin American and Caribbean countries.

SACE launched its **e-learning** portal, which will give companies and entrepreneurs access to information on the subject of internationalization and a detailed insight into its business operations.

### CORPORATE PROFILE

SACE is an insurance and financial group that operates in the field of credit insurance, export credit, investment protection, financial guarantees, surety bonds and factoring. The group assists its clients in more than 180 countries, ensuring more stable cash flows and transforming companies' risks of insolvency into development opportunities. SACE has been rated Aa2 by Moody's.

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