



ANNUAL REPORT 2011



**Driving your
ambitions**

**We provide
coverage
and promote
business
development for
more than 25,000
enterprises in
Italy and
the world**

Our journey into the world of the SACE Group begins here. Together we explore the activities, initiatives and results of 2011, a year of challenges and new horizons, illustrated by photos taken by our staff, along with their stories and our customers' stories.

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Up in the air with ATR

In 2011 SACE guaranteed more than €280 million in loans for the acquisition of 42 passenger aircraft built by ATR, a joint venture between Alenia Aermacchi and Eads. ATR is one of the world's leading aerospace companies and the biggest manufacturer of regional aircraft.

HIGHLIGHTS

€ millions



Gross written premiums	442.3
Claims paid	112.5
Profit after tax	139.5
Shareholders' equity	6,202
Technical provisions	2,342
Outstanding commitments	
SACE	33,928
SACE BT	36,850
SACE Fct	1,220
Customers	25,800



We are living in a time of epic changes. Since 2007, the far reaching crisis has accelerated the process of rewriting global dynamics, overturning long-standing convictions and returning the question of risk to centre-stage for all economic operators.

Developed markets can no longer be considered to be “safe havens”. Geopolitical tensions continue to cause concern in various regions of the world, such as the Middle East, North Africa, Latin America and the Commonwealth of Independent States, and emerging markets are showing signs of scaling down their growth projections.

It is in this complex context that Italian businesses operate today.

As Italy enters a technical recession, Italian businesses have turned to further diversifying exports to counter flailing domestic demand, gradually shifting supply towards catchment areas with higher potential demand, and in doing so they have achieved positive results in the past two years, despite rising insolvency risks and the elusiveness of critical financing.

Courage and vision have become vital driving forces, but the difficulties posed by the economic situation have forced businesses into finding additional tools if they are to make headway against

increasingly fierce competition, obtain financing for investment in development, and protect themselves against the risks of an operating environment that is still far from stabilised.

Whether they operate in Italy or abroad, businesses no longer regard credit insurance as a cost, but rather as a strategic tool for protecting themselves against non-payment risks, stabilising cash flows and offering their customers longer payment terms or more competitive financing conditions. This new interest is a sign of the times and important proof of the confidence businesses have in what we do.

In our role as insurance and financing partner, we work in close collaboration with companies. We give them our products and our commitment to risk sharing to help them pull through this testing period and cultivate national economic growth.

As Chairman of SACE and as Ambassador, I believe that the best opportunities must be seized and that only an approach of “active” internationalisation can really win the day. An approach that relies on the creation of an international chain based on a strong local presence, and that draws on the creativity and capacity for innovation of our human resources to conquer new markets.

The industrial enterprises of today’s world are increasingly based on the specialisation of trades

and the building of “networks”. The best model for establishing a global presence has become one of niche specialisation with strong innovation in products and technologies.

These are the true resources of Italian businesses. The resources that will enable our businesses, yet again, to successfully overcome the challenges posed by change, choosing exports not as a way out, but as an incredible opportunity for staking a claim as a player in the global chains of value.

However, it is crucial for our SMEs, even in the current difficult situation, to invest in growth and establish dimensions that are competitive on international markets. Therefore, we will continue to place a special focus on small and medium-sized enterprises, the heart of the Italian industrial fabric. “A crisis can be a real blessing to any person, to any nation. For all crises bring progress. It’s in crisis that invention is born, as well as discoveries, and big strategies.”

These words were spoken in another day and age by Albert Einstein, and it is on this note that I would like to conclude this message. With the sincerest wish to keep looking forward with confidence and commitment, exploring the future with the passion and ingenuity that has made our country great.

Giovanni Castellaneta

Chairman



The economic context in 2011 was particularly challenging, throughout the world and in Italy especially. The question of risk was thrust to the forefront by greater instability on markets, accompanied by the progressive deterioration of advanced economies, a downturn in growth on principal emerging markets and an escalation in geopolitical tension.

In full awareness of the critical nature of this environment, we have stood firmly alongside businesses, putting into action all tools developed in previous years to support growth, competitiveness and liquidity. Our anti-cyclical role and risk mitigation/business facilitation function has led us to strengthen our commitment in emerging and OECD markets, where the demand for insurance has notably increased. The

portfolio of transactions insured by SACE has reached €34 billion, a 5.4% increase compared with the previous year, with a considerable shift of exposure to private risks, which

currently represent more than 80% of the total. At a time when liquidity remains a crucial issue for economic recovery, our factoring company SACE Fct achieved a turnover of € 1.3 billion, an increase of 49% over the previous year, while SACE BT - a product company specialised in credit insurance, surety bonds and construction risks, - completed its turnaround with a positive net result and € 37 billion insured transactions. Since becoming a joint-stock company in 2004, SACE's significant growth in volumes has been accompanied by a business model focused on market practices and territorial proximity, which has enabled us to assist more than 25,000 businesses, mainly SMEs. A development made possible thanks to a B2B distribution network which currently includes ten domestic

branches and an extensive network of agencies and brokers in Italy, as well as an international network of representative offices in the main markets where we operate.

Russia ranks first on SACE portfolio, with an exposure of € 5.2 billion, followed by Turkey, Saudi Arabia and Brazil. These markets accounted for the lion's share of Italian exports in 2011, which alongside advanced markets, are destined to play a prominent role in the years to come.

We need to make further efforts in the export chain, by providing greater support to investments abroad for our businesses, such as acquisitions, joint ventures, and commercial and distribution partnerships.

Our businesses must specifically work on innovation and know how, one of Italy's most important

“THE COMPANIES THAT WE WORK WITH SIDE-BY-SIDE SHOW US EVERY DAY THAT ITALIAN BUSINESS NEVER STOPS”

strategic assets, which cannot in any way be threatened by labour cost arbitration from cheap labour. There needs to be an even closer move towards the concept of designed

in Italy, where localisation of production becomes a residual part of the worth of the company and its brand. Another competitive asset which warrants investment is the latter, namely brand recognition, which becomes global and vital precisely because of the close link to quality and innovation: values that our country has become known for throughout the world.

Through this additional undertaking, like all challenges that the crisis throws upon us at every stage, we want to continue to stand shoulder to shoulder with companies, sharing the risks, stabilising cash flows and facilitating the necessary funding for their growth projects. We are determined to maintain the role of a partner which we have established over the

years with our customers, gradually expanding our scope to provide improved support.

Further to our traditional export credit business and investment protection products, we have added guarantees for facilitating access to funding, credit insurance, surety bonds, construction risk insurance and factoring.

We hold an integrated vision within the SACE Group with an utmost attention to the impact, both direct and indirect, of our activities on the economy, on people and on the environment where we and our customers operate.

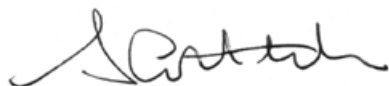
In this Annual Report we have tried to illustrate such integration with a "top-down" approach that encompasses our many activities and demonstrates how value can be created. A commitment which, over time, I am sure we will be able to refine and improve.

Also this year I must extend a sincere thank you, on behalf of myself and the Board of Directors, to all Group employees - our underwriters, our analysts, all our staff. Their professionalism, integrity and team spirit are our most precious and valuable resource.

Lastly, a special thought goes out to all our customers who, day after day, through their dedicated work and continued innovation reconfirm the belief that "Made in Italy" will continue to excel.

Alessandro Castellano

CEO



Raoul Ascari

Chief Operating Officer

“The crisis that we are going through is set to continue and it will profoundly change the economic world in which we are living.

One of the first questions we must ask ourselves is whether there is still any point in distinguishing between developed and developing countries when it is the former that are suffering from the effects of the crisis, while the latter are demonstrating the best prospects for growth, as a result of favourable population dynamics, important natural resources and more solid economic fundamentals.

The second question involves global finance and the support it can offer to businesses. The strong liquidity cycle, which was a feature of the developed world until 2007, is over. We need to be realistic and acknowledge that access to credit will become more difficult and definitely more expensive.

The third question involves the financial strategy which businesses should pursue as a result of the above changes. This strategy should, out of necessity, be based on greater equity strength, adequate levels of liquidity and improved risk management (especially commercial risk) to ensure a better rating for businesses. At times like these, the credit market becomes increasingly more selective and access differences between businesses with good ratings and others become wider. Against this backdrop, SACE wishes to be a partner to businesses and banks, making its experience available and offering a range of products for all needs.”

MILAN



VENICE



MONZA



TURIN



VERONA

WORKING TOGETHER





MODENA

ROME



PESARO

LUCCA

FLORENCE

BARI

TO TURN RISKS INTO OPPORTUNITIES



SAO PAULO



HONG KONG



BUCHAREST



MOSCOW

WORKING TOGETHER



JOHANNESBURG

MUMBAI

ISTANBUL

TO TURN RISKS INTO OPPORTUNITIES

IN ITALY, TO BE EVER CLOSER TO SMES

SACE is present in Italy with locations capable of independently managing the entire demand, assessment and issue process for insurance coverage for amounts up to € 20 million. Bank branches, which have an agreement under the finance programme dedicated to SME internationalisation projects, are another important channel for contact with businesses and the areas in which they operate. In addition, the offices of the three main global brokers, Aon, Marsh and Willis, handle policies intended for exporters and surety bonds.

SACE BT offers credit insurance products, surety bonds and construction risk policies through its offices in Milan, Modena and Rome and via a network of 55 agents and 135 brokers in locations all over Italy.

The Group's distribution capacity is strengthened by the agreement between SACE Fct and Poste Italiane, which allows businesses that supply public sector companies to provide factoring services through BancoPosta branches dedicated to business customers (PostelImpresa).

EMERGING MARKETS, MAKING THE MOST OF THE BEST OPPORTUNITIES

SACE has a presence in overseas markets with high potential: Latin America, Asia, the Near East, Sub-Saharan Africa, Central and Eastern Europe and the Commonwealth of Independent States.

In 183 countries throughout the world, anywhere a business decides to export or invest, it can count on managers who are experts in the local business environment and on analysts specialised in assessing the risk profile of markets and counterparties. In China we are partners with Jesa, a company specialised in strategic consulting and administrative services.

Cooperation and risk sharing with the main credit export agencies strengthens our operations even in markets where the risk profile is high. Our partnership with African Trade Insurance (ATI) and our historical collaboration with the Russian development bank Vnesheconombank (VEB) and its subsidiary Exiar, the newly formed Russian export credit agency for which we act as advisor, are just a few examples.

Our range of surety bonds dedicated to Italian exporters is backed by reinsurance and counter-guarantee agreements with operators such as Chartis, Libertis Mutual, Travelers and Zurich for markets in the Americas and Europe Arab Bank for Middle Eastern and North African markets.

OUR PRODUCTS AND SERVICES

Our range of products and services is devoted to banks and to large, medium and small-sized businesses

- **WE BOOST EXPORTS**

We insure exporters against the risk of non-payment and we guarantee loans granted to foreign companies for the purchase of Italian goods or services, including project finance and asset based transactions

- **WE SUPPORT INTERNATIONALIZATION**

We guarantee financing granted to businesses, especially SMEs, for internationalization activities and we protect foreign investments from political risks

- **WE FOSTER STRATEGIC INVESTMENTS FOR ITALY**

We guarantee the financing of projects carried out in Italy in sectors which are strategic to our economy, such as infrastructure and renewable energy

- **WE WORK ALONGSIDE BUSINESS FOR TENDERS AND CONTRACTS**

We offer guarantees of a contractual nature either for the legal commitments required from businesses to take part in tenders or to win contracts in Italy and abroad. We also offer construction risk cover

- **WE INSURE BUSINESS TURNOVER**

We insure business sales with deferred payment of less than 12 months, from the risk of insolvency of Italian and foreign customers

- **WE IMPROVE LIQUIDITY**

We offer factoring services, with and without recourse, through a line dedicated to suppliers of public sector companies

OUR ON LINE SERVICES

Flexibility, speed, simplicity. We are aware that time is a precious resource when it comes to entrepreneurial activities.

For this reason, we are constantly striving to improve, expand and extend our online platforms, which have become the preferred channel of SMEs. The SACE Group portals guarantee lean procedures, limited costs and reduced management times, in a technologically protected environment.

Through the ExportPlus portal, businesses which export or invest abroad can ask for Preliminary Opinions to assess the feasibility and indicative costs of the transaction, as well as the direct issue of insurance cover for amounts of less than € 5 million.

Businesses that insure their turnover with SACE BT can access the LeOn portal to manage their policy in real time.

Customers who take advantage of SACE Fct's factoring services have their own dedicated portal where they can consult their own information.



HELPING BUSINESSES GROW, HELPING ITALY GROW

The SACE Group supports the growth of the Italian economy through its spinal column: businesses.

Businesses create employment, development, culture and well-being. They bring technologies, innovation, ingenuity and creativity to Italy and abroad. Protecting their activities, facilitating access to credit, making them stronger and more competitive is our way of flying the flag for Italian-made goods throughout the world.

This Annual Report tells the success stories of businesses and our people, bearing witness to the challenges they overcame together, side by side.

When a business decides to invest in its future, explore new markets or turn risks into opportunities, the SACE Group is a solid and dependable partner that it can count on.

To create shared value our resources and our experience are put at the service of the country system.

Corporate social responsibility is a vocation that we pursue inspiring us to best practices, adopting Global Reporting Initiative standards and measuring our results by listening to stakeholders.

We promote OECD Guidelines on corporate social responsibility together with the National Contact Point: recommendations and voluntary behaviour standards on transparency, relations with employees, protecting the environment, consumers and competition, the fight against corruption, technological innovation and tax obligations.

Complying with the principles and values expressed in the Code of Ethics and a transparent governance system promotes a business culture based on the centrality of people and a positive approach in everything we do.

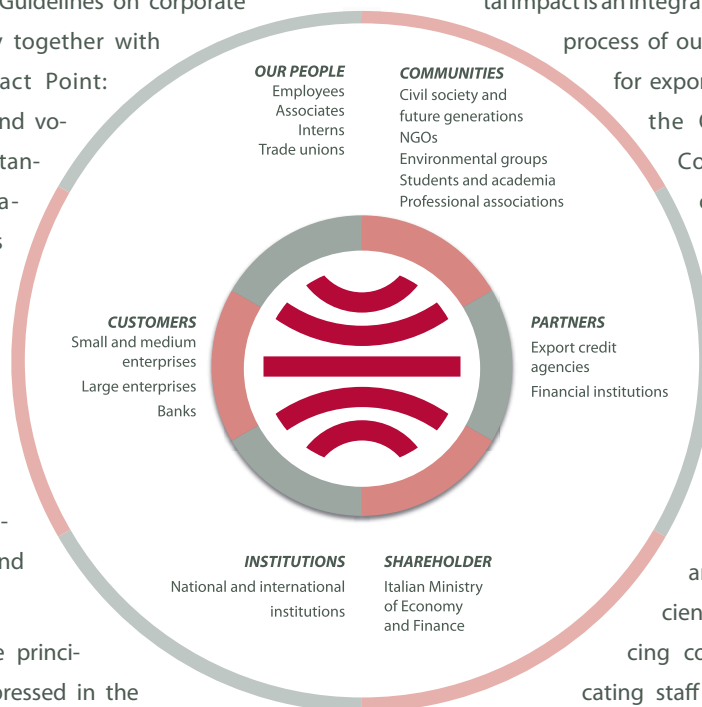
Relations with stakeholders are marked by responsibility. This is borne out by closeness to customers, transparency in relations with suppliers and care shown to employees, which translates into initiatives for

protecting health and well-being, striking a work-life balance, and making SACE, in form and substance, an inclusive company.

We protect the environment. Analysis of environmental impact is an integral part of the evaluation process of our operations. Not only for export credit, as set out by the OECD through their Common Approaches on Environment and Officially Supported Export Credits recommendation, but also for all products dedicated to internationalization activities.

We have implemented an internal energy efficiency programme, reducing consumption and educating staff about environmental themes.

Exports and investments are an opportunity for growth not only for our businesses, but also for the countries where they operate. SACE supports their projects with commitment and passion, and with responsibility and respect for places and cultures. This, for us, is how to create shared value.



T
fr



Botswana. Okavango delta, a mokoro.

Alessandro Ceci - Risk Underwriter, SACE BT

he global amework

ECONOMIC FRAMEWORK

THE GLOBAL FRAMEWORK

The 2011 global economic scenario saw a marked slowdown in growth and a surge in uncertainty. Risk assessment became crucial in a context characterized by great financial volatility, the deterioration of advanced economies, the deceleration of key emerging markets and the rise of geopolitical conflicts.

In 2011, global GDP rose by 3.9% compared to 5.3% the previous year, with purchasing power remaining equal. The deceleration was particularly pronounced in the second half of the year, as the effects of the financial crisis that began in 2008 were heightened. Eroding confidence in the government bonds risk in the euro area, initially confined to Greece, Portugal and Ireland, extended to Spain and Italy, leading to large-scale transfer of funds into securities in other countries considered to be safer, like the US, Britain and Germany.

A number of tax measures were launched to ease market tensions, while the European Central Bank expanded liquidity operations and implemented the Securities Markets Programme, already in place since May 2010, to support bond prices in countries most

under pressure. The restructuring agreement for Greek debt reached in March 2012 averted the risk of a “messy” default in Greece, contributing to the reduction in spreads on government bonds of countries like Italy and Spain.

Despite these positive signs, 2012 will not be an easy year for the world economy, which will grow at a slower pace compared to 2011 (at around 3.5%). The slowdown will be more evident in developed countries, with a mild recession in the euro area, but will also affect major emerging countries, like Russia, India and China with a net reduction in the growth rate.

Direct investments overseas have fallen considerably at a global level since the crisis took hold. Signs such as a growing trade deficit and the depreciation of the Lira invite caution for Turkey.

In a far from stable global scenario, growing uncertainties and the potential for a recurrence of the euro area crisis are contributing to deleveraging on global financial markets and to fuelling high commodity and oil prices as a result of geopolitical tensions.

In Saudi Arabia with Danieli

SACE has secured a USD 435 million loan provided by HSBC to Saudi Basic Industries Corporation (SABIC), the largest petrochemical player in the Middle East, for the expansion of Hadeed compound in Jubail Industrial City (Saudi Arabia). As part of the project, the Danieli Group, one of the world’s leading producer of steel making equipment, will supply a plant for the production of billets and rebar rolling mill.

FOCUS ON FINANCIAL INSTABILITY: EMERGING EUROPE AND CIS

Eastern Europe and Commonwealth of Independent States (CIS) were among the areas hardest hit by the 2008-2009 international crisis and, subsequently, by the financial turmoil that originated in the euro area. A recovery in economic activity has been experienced across the regions since 2010, bringing respective growth rates to positive levels domestically (Eastern European countries grew by 5,3% on average in 2011, and the CIS by 4.9%), within economic environments which, however, remain vulnerable. Weak domestic financial markets are common to both areas, stemming from the European bank crisis and in particular the gradual withdrawal of credit lines from European banks to their subsidiaries, as in the case of Serbia, Romania and Ukraine.

Prospects for the two areas vary. Eastern European countries are expected to continue their weak performance in 2012 (the region's GDP is expected to grow on average by 1,9%) as a result of the projected contraction in the euro area, its main economic partner. A more vibrant upturn (4.2% in 2012) is anticipated in CIS countries, reflecting recovering demand, commodity prices and exports to more dynamic markets such as those in Asia.

“ The perception of country risk was very high in 2011. Although attention continues to focus mainly on the risks associated with political and institutional upheaval in southern Mediterranean countries, sovereign risk has become a key element of investor analysis, including for the Eurozone. Countries with large public finance imbalances, current account deficits and low currency reserves are being approached with caution, since they are more vulnerable to potential worsening of the euro-area crisis. ”

Giulio Dal Magro
Chief Economist, SACE



INFRASTRUCTURES FOR GROWTH

Andrea Venezia

Chief Financial Officer, **MACCAFERRI GROUP**

“ With 62 companies, 28 production plants and 133 years of operation, the Officine Maccaferri Group, part of the Maccaferri Industrial Group, has an organisational structure which allows it to be both global and local at the same time. Thanks to the implementation of diversification and acquisition strategies, our company's development and know-how in civil and environmental engineering have been strengthened and consolidated. Commitment to technological innovation and a greater presence on the world's top markets have allowed us to grow despite the difficult economic climate. In particular, our activities in South Africa over the last ten years have served as a springboard into neighbouring markets and new areas, such as the mineral, road surfacing and tunnel sectors. Attention to emerging economies led to the opening of a new plant in Albania last April, from where we will coordinate our technical and marketing activities in Greece, Macedonia, the Middle East and Kosovo. ”

In Albania and South Africa with Maccaferri

SACE guaranteed a €4.1 million loan granted by Cariparma to Officine Maccaferri for the start-up of a production facility in Albania and the consolidation of a plant in South Africa, both devoted to the construction of works for river, lake, sea and road defences. The Officine Maccaferri group is based in Bologna and has been active for more than 130 years in the civil engineering and construction fields.

Namibia. Quiver Tree Forest.

Luca Gatto - Senior Account, SACE



THE ARC OF POLITICAL INSTABILITY, FROM AFRICA TO THE MIDDLE EAST

The year 2011 was one of profound political and social upheaval for the Middle East and North Africa, with prolonged consequences on a regional and global level. The processes triggered by the Arab Spring, the tightening of sanctions against Iran, and the increase in tensions between Sunnis and Shiites in Iraq after the American withdrawal suggest continuing uncertainty in geopolitical scenarios. Short and medium-long term financial and economic repercussions are inevitable for the entire region.

North Africa has paid the price for political instability in terms of GDP growth (1.9% with the exception of Libya, which alone suffered a 61% downturn). Althou-

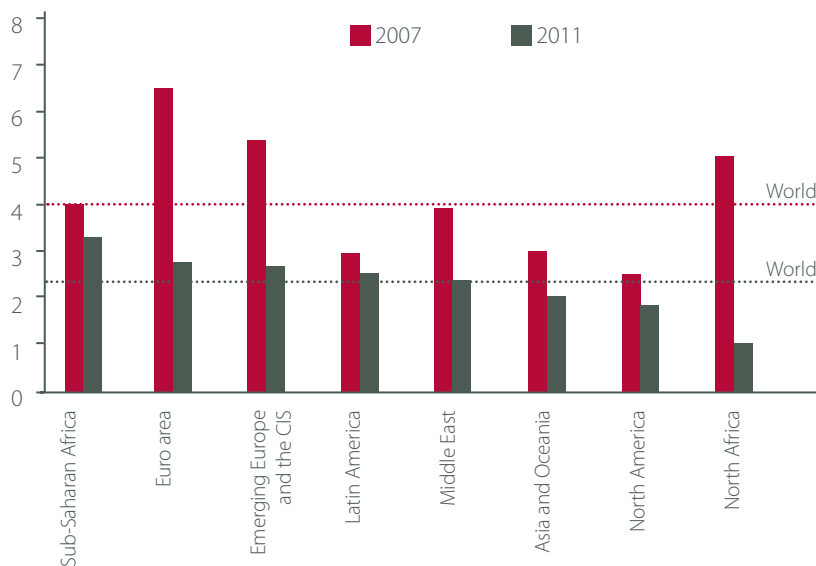
gh the area is anticipating a return to growth of 2.6% in 2012, stark uncertainty continues to surround the consolidation of political and institutional transition processes in Egypt, Tunisia and Libya, vital for the return of foreign investors and tourism and the launch of major infrastructure projects in the pipeline.

Economic performance in the Middle East was an entirely different matter, with 7.7% overall growth this year (against 5.7% in 2010). The financial health of the Gulf countries, reinforced by the rise in oil prices and the influx of foreign capital “diverted” by Egypt and Libya has enabled the adoption of expansionary economic measures to curb the possible domino effect of the Arab Spring, ensuring continuity for the ruling regimes in vulnerable countries like Oman and Bahrain.

The 2012 economic outlook for Gulf countries is ren-

Foreign direct investments as a percentage of GDP: pre and post crisis levels

North Africa, the euro area and emerging Europe and CIS were hit hardest by the loss of confidence by foreign investors in 2007-2011



Source: SACE analysis based on Economist Intelligence Unit data

In Latvia with Turboden

SACE has provided insurance cover of €530,000 for the supply of a biomass-fuelled turbogenerator for the production of electricity and thermal energy, commissioned by a Latvian company from Turboden. Turboden is based in Brescia and specialises in the construction of turbogenerators powered by alternative energy sources. The transaction was managed online through the ExportPlus portal.

dered uncertain by expectations of a recession in the euro area and rising geopolitical risk in the region, which will hamper capital flows from abroad, but which has been compensated by a further increase in public spending, up 22% in 2011. The embargo against Iran is also set to drive production and oil prices.

Sub-Saharan Africa is a case apart. Despite the problems it faces in regards to its operating environment, it is enjoying a phase of political stabilisation and growth, characterised by the strengthened dynamics of intra-African trade and diversification among its economic partners, most notably China and India. In 2011, the area's total GDP rose by 5.1%, a rate that is expected to rise to 5.4% in 2012, driven by high commodity prices, exports and domestic demand.

DRIVING GLOBAL GROWTH: EMERGING ASIA AND LATIN AMERICA

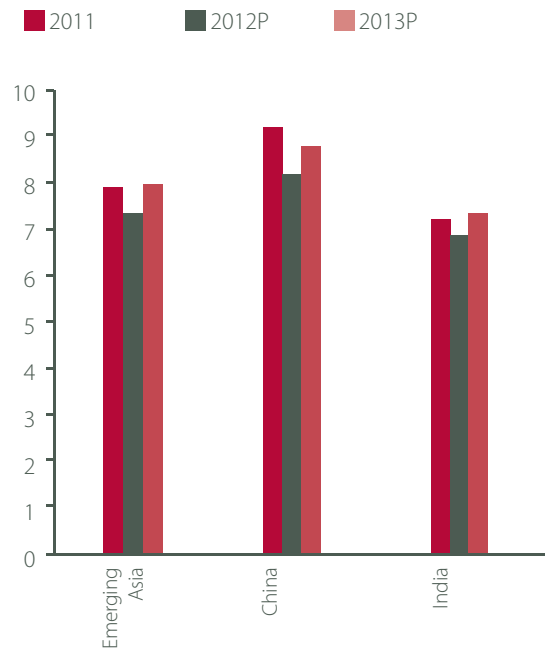
Despite the downsizing of growth prospects linked to declining exports to Western markets and a slowdown in capital inflows, emerging Asia is confirmed as the most promising area globally. For 2012, the average GDP growth rate is projected to be 7.3%, down from 7.8% in 2011.

A decline in exports to advanced economies is prompting many countries, primarily China, to develop growth models which focus more on domestic demand, promoting an increase in the share of intra-regional exports to offset the downturn in demand outside the region, as in the case of Indonesia.

China continues to drive the area with GDP up 9.2%, while growth in India slowed in the second half of the year, closing 2011 with an estimated GDP growth rate of 7.2%.

Latin America maintained a strong and dynamic economic trend in 2011, despite the considerable differences between individual countries. The impact of the crisis on the region was moderate because of trade flows with relatively small markets in the EU (the euro area accounting for approximately 16% of the region's total exports), strong bank systems and limited exposure to foreign banks and solid economic fundamentals enabling governments to take appropriate counter-cyclical measures. The region's GDP

Rates of GDP growth in Asia
China rises above the regional average



Source: International Monetary Fund

In Uganda with Elettronika

SACE has provided insurance cover of €440,000 for the supply and installation of a digital broadcasting network commissioned by a Ugandan company active in the communications sector from Elettronika. Elettronika is a Bari-based company specialising in the design, production and sale of radio and TV broadcasting systems.



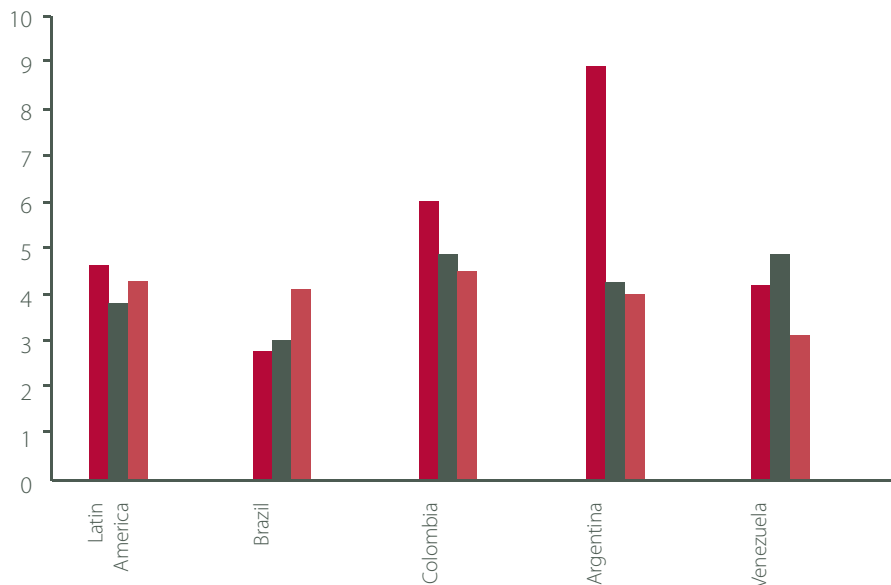
grew by a 4,5% overall in 2011. Within this framework, large differences persist between more economically and politically stable countries and those with more radical political systems and less stable economic performance. The first group includes countries such as Brazil, Chile and Colombia where proper management of the political-economic crisis and economic strength suggest a sustained recovery in growth rates over the next two years.

Brazil retains its leadership role, despite the abrupt slowdown in its GDP growth rate in 2011. It maintains a moderately positive outlook for growth (+3% in 2012 and +4.1% in 2013). More vulnerable countries include Venezuela, Ecuador and, to a lesser extent, Argentina, characterised by macroeconomic management that will be hard to sustain and by vulnerability to the international price trends of the commodities it exports.

Rates of GDP growth in Latin America

Brazil best performer in the region

■ 2011 ■ 2012P ■ 2013P



Source: International Monetary Fund

In the Philippines with Revas Technologies

SACE has provided cancellation risk insurance cover of €6.6 million for the Revas Technologies contract for the sale of a plant for producing concrete-reinforcing bars, commissioned by a Filipino company. Revas Technologies is based in Udine and has been designing, constructing and supplying machinery for the iron and steel industry since 1980.

EXPORT CHANGES

From opportunity to necessity. In order to offset weak domestic demand and better manage the uncertainties of current economic scenarios, Italian companies are making penetration in new markets and investment in internationalisation a priority.

Despite the economic difficulties, in 2010-2011 Italian exports reflected exceptionally good results. At an average growth rate of 14%, this year they have exceeded pre-crisis levels at over €375 billion (compared to €290 billion in 2009). The trend will fall below 5% in 2012, following a slowdown in global demand. The performance of the last two years can be considered not just to be a “rebound” from the record low of 2009, but also a result of gradually repositioning supply to target areas with the highest potential demand.

The destinations for Italian exports in 2011, alongside traditional markets led by Germany, France and the United States, saw emerging countries such as China, Turkey, Russia, Brazil and India taking the lion's share. These markets are destined to play a prominent role in the years to come, though with important caveats.

The scaling down of the growth prospects of China and India but also Turkey and Brazil has emphasised the need for careful diversification of destination markets. There are essentially two directions for consideration – less familiar emerging markets (Indonesia and the Philippines in Asia, Colombia and Peru in Latin America, and markets in sub-Saharan Africa, including Kenya, Tanzania and Uganda), and developed markets outside Europe (such as Australia and South Korea). More caution is warranted for markets closer to Eastern Europe (with certain exceptions such as Poland and Czech Republic), the Middle East and North Africa (with the exception of Saudi Arabia and the UAE).

Highly specialised and export-oriented sectors, such as mechanical engineering and metallurgy, will post the best performance in terms of foreign sales, thanks to industrial development and infrastructure in emerging countries, but also to luxury goods to meet the needs of the new high income classes among whom Italian-made goods are popular.

In Armenia with Renco

SACE has provided political risk insurance cover for an \$8.7 million shareholder loan granted by Renco to an Armenian subsidiary that produces and markets hydroelectric energy. Founded in 1979 in Pesaro, Renco specialises in industrial plant, particularly for the energy and oil & gas sectors.

FROM THE SOUTH TO THE WORLD

Antonio Ferraioli

CEO, LA DORIA

“ We are a group with strong roots in our area, and this is where we wish to continue investing. Every stage of our entire production process is carried out in Italy, at our plants in the provinces of Salerno, Potenza and Ravenna. Our strength, however, comes from our ability to respond to demand on new markets. Today we are the preferred supplier to the leading Italian and foreign supermarket chains. We export 64% of our production to northern Europe and enjoy significant shares on markets such as Asia and Australia. Our added value? Having a good understanding of the raw materials we work with, and the consumers we work for. Studying their needs and their buying habits is the key starting-point for developing a winning offer. Food quality is a must, as is innovative, practical and environmentally friendly packaging, making our products competitive and viable for tapping into increasingly broad market bracket. ”

In Asia and Australia with La Doria

SACE has guaranteed a €9 million loan granted by Cariparma to La Doria to expand production and storage capacity at the plant in Fisciano (Salerno), thus responding to the growing overseas demand from Asia and Australia. La Doria is the largest agro-alimentary company in southern Italy, and specialises in the production of tinned tomato, fruit and vegetable products on behalf of third parties.

ITALIAN FRAMEWORK

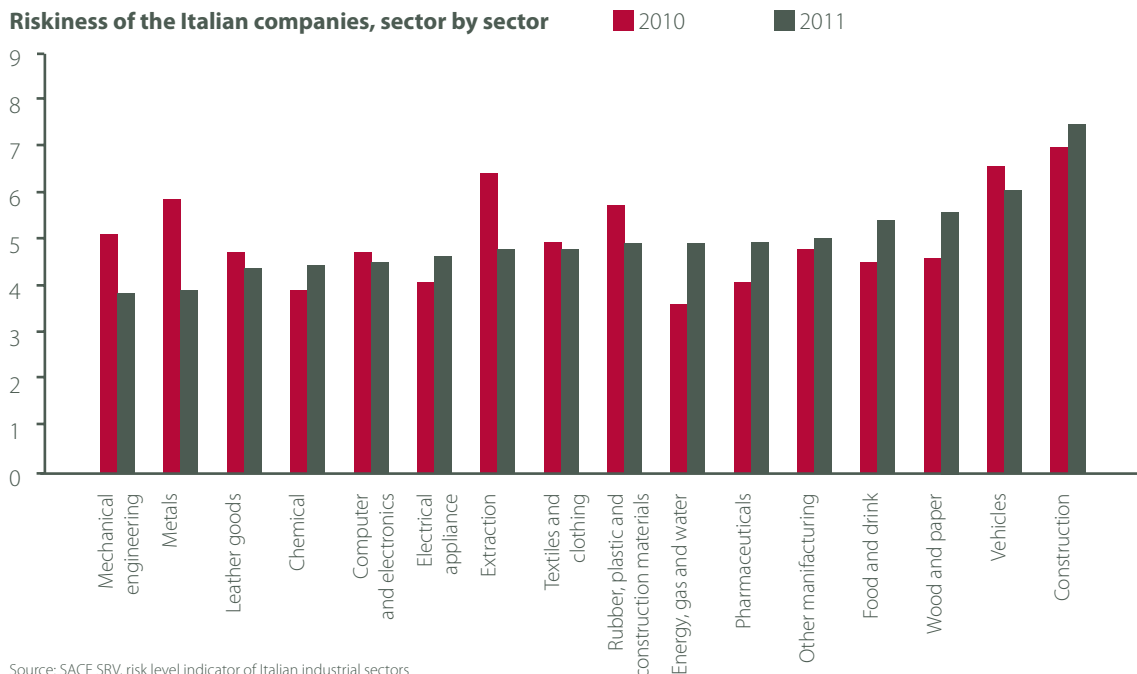
The year 2011 was a difficult one for Italy. The slow path to economic recovery which characterised the first half of the year came to a screeching halt in the summer months with a recurrence of the financial crisis that spread to Italy.

The Italian economy crossed the threshold of a technical recession in the last quarter, ending the year with a rise in GDP of just 0.5% (against 1.4% in 2010). Inflation was 2.8%, unemployment 8.4%, and rising borrowing costs have weakened consumer spending

and business investment, while exports have positively contributed to GDP growth, despite the sudden standstill at the end of the year.

PERFORMANCE OF ITALIAN INDUSTRIAL SECTORS

In Italy, as in other euro area countries, the recession was triggered by industry, with production volumes remaining for the most part unchanged since the pri



In Bangladesh with Conceria Fratelli Bettega & Priante

With a total commitment of around €2.1 million, SACE has guaranteed letters of credit pertaining to the supply of footwear leather commissioned by a company based in Bangladesh from Conceria F.lli Bettega & Priante. Conceria F.lli Bettega & Priante is based in Vicenza and has been processing and dyeing leather, mainly for the footwear sector, since 1980.



or year. The recession stemmed from very different performances according to asset groupings: capital goods posted highly positive results, while consumer goods (durable and otherwise) did very poorly, and intermediate goods registered a positive but moderate trend.

Considered in terms of the risk indicator developed by SACE SRV*, sector performance trends in 2011 suggest that the more export-oriented sectors have responded with greater success to economic difficulties. Indeed, the performance of Italian industry pivoted on its ability to compensate the downturn in business on the domestic market with sales abroad.

The mechanical engineering sector is an example. Recognised as the best performer in 2011 and for the current year, the sector is reaping the rewards of its high quality competitiveness, a result of the high degree of personalisation it delivers in manufacturing, and its good positioning in the more dynamic markets, such as China, Russia, Turkey, as well as France and Germany. It has the lowest level of risk of all Italian industry at 4.1 (on a scale from 1 to 9, with 1 being the lowest risk and 9 the highest).

The metal industry also achieved a relatively low level of risk this year at 4.2 (down from 5.9 in 2010). While metal products were affected by the difficulties in domestic construction, the steel industry encountered

* The indicator, developed by SACE SRV, the Group company specialising in commercial information and credit recovery solutions, measures the risk level of companies in various Italian industrial sectors, on a scale from 1 (lowest risk) to 9 (highest risk). It is calculated by taking account of industrial production, turnover, production prices, company demographics (difference between new registrations and removals in the Companies Register) and overdue bank loans.



“Economic difficulties in the euro zone are driving Italian companies towards more dynamic markets. Active internationalisation strategies, from partnerships to the relocation of production divisions, are crucial to effective management of such challenges. The complexity and financial cost of these processes places great demands on SMEs, for whom guarantees supporting internationalisation can provide important competitive leverage.”

Alessandro Terzulli
Head of Economic Analysis and Research,
SACE SRV

INNOVATION AND CRAFTSMANSHIP FOR COMPETITIVENESS

Lorenzo Caminoli

President, **SOGIMI GROUP**

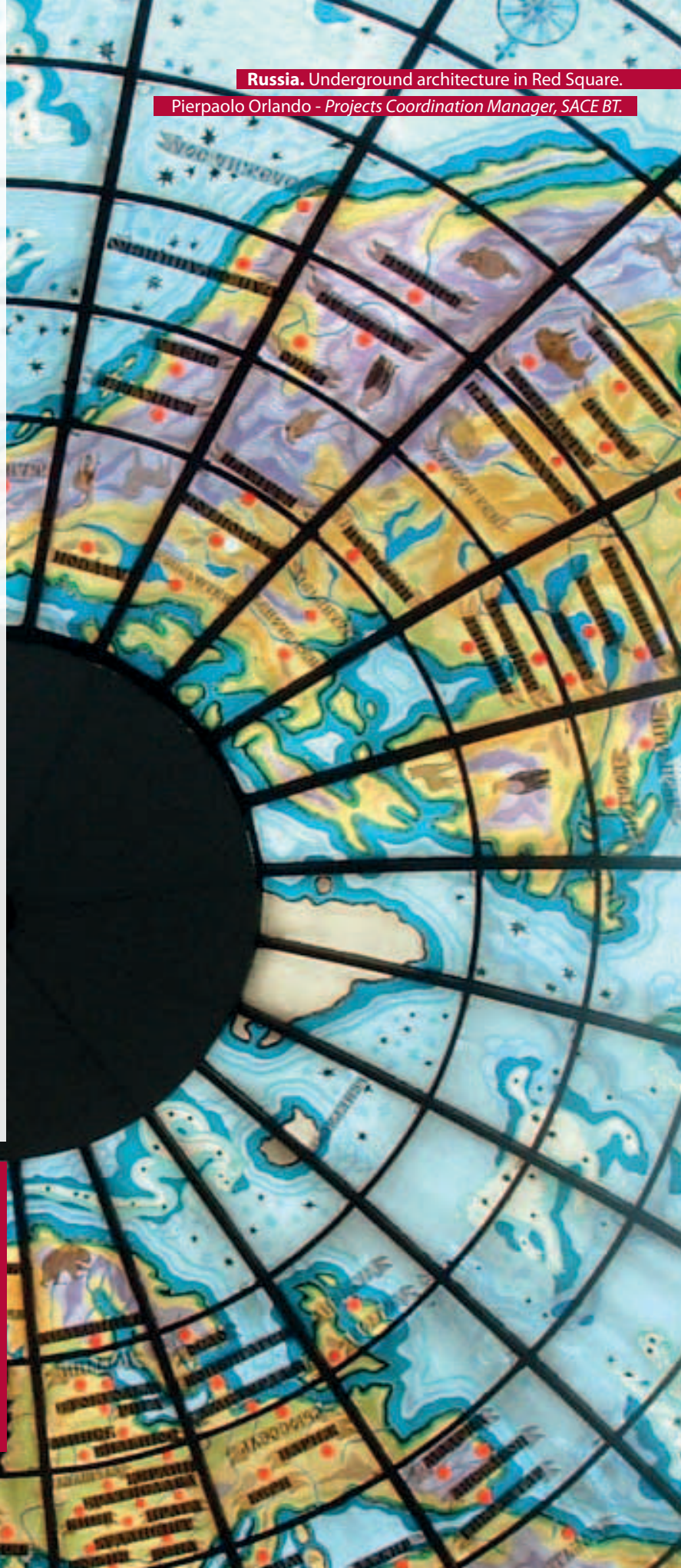
“ We are an industrial group with an ‘artisanal’ approach. Whether we are packaging a product or replacing the cladding on a façade, we always strive to use the materials and processes best suited to our clients’ needs. We offer personalised solutions rather than standardised production, and this makes us competitive. Of course, there are competing products, particularly coming out of Asia, which especially affects our low added-value business. The difficulties of the current economic situation do not allow for error. Insuring turnover enables us to build a portfolio of trusted clients and to monitor our operations. We are far more concerned with the financial side of the crisis than with the competition. The credit squeeze is hitting SMEs particularly hard, and they represent 80% of our clients. There is a risk of a domino effect which may even end up hurting solid businesses. ”

Abroad and in Italy with Sogimi

SACE BT has provided turnover insurance cover to the 14 companies in the Sogimi Group through a Global Multimarket policy. The Sogimi Group has plants in various regions of Italy, and specialises in the processing and distribution of foam and solid plastic and polycarbonate materials, mainly for use in the construction, automotive, railway and shipping industries.

Russia. Underground architecture in Red Square.

Pierpaolo Orlando - Projects Coordination Manager, SACE BT.



the best opportunities, fuelled by foreign demand for downstream sectors such as mechanical and electrical engineering, expected to increase in coming years. The industry boosted its operating profitability through better use of invested capital combined with positive growth in operating margins, particularly in the steel industry. Finally, the rubber and plastic industry posted good performance, falling to a risk level of 5.3 (from 5.8 in 2010), although it was affected by the decline in purchases of construction goods such as pipes and cables, and the sluggish automotive market. It is expected to return to pre-crisis activity levels in the next two years.

The sectors posting negative results (home appliances, fashion, chemical and construction) have suffered greatly from poor demand on the domestic market, among other things.

Appliances have been affected by the lower disposable income of the average household, and demand is now mainly driven by sales promotions and increased competitive pressure from international markets. The sector's risk level has increased from 4.2 to 5.0. Domestic production has been characterised by the reorganisation of large firms, aiming to relocate manufacturing operations close to markets with attractive growth prospects. The negative trend in residential construction also affected demand, both in regards to

initial and replacement installations. In particular, sales of large electrical appliances have been stalled by the end of replacement incentives and by the negative performance of major Western European markets. Forecasts are poor due to the impact of fiscal manoeuvres on domestic consumption as well as the downturn in foreign sales.

Similarly, fashion industry sectors have experienced very different performance levels. Vigorous foreign sales driven by luxury products were counteracted by stagnating sales in Italy, especially in clothing and footwear. The return to a path of growth will be crucial for capturing demand from new consumers on emerging markets, in part through enhancing distribution channels. The top bracket has achieved the best results in terms of return on investment, boosted by the upturn in the market and corporate policies in recent years enhancing working capital management and guaranteed operational efficiency.

In the chemical sector (where the risk level has increased from 4 to 4.8), many companies reported fragmented orders in 2011 followed by a complete halt after September, ascribable to difficulties in accessing credit and the deterioration of destination sectors. Profitability also declined and is only expected to recover after 2013 because of the slowdown in foreign demand and cost dynamics.

In Italy with Randstad

SACE BT has issued an €18 million surety bond to Randstad Italia, as required by current employment legislation for the pursuit of its business. Randstad Italia is a company specialising in staff placement, training, recruitment and selection.

GROWING IN THE VALUE OF TRADITION

Nicola Carparelli

Sole Director, **CARPARELLI COSTRUZIONI**

“ Like many businesses in the construction industry in the South, we are family-run. Perhaps it is because of our heritage, but it has never been easy to do business in this part of the world and having family involvement tends to reflect a particular commitment to doing well, generation after generation. Our main problem today is getting financing. For public works, we have to pay all the expenses in advance, and we have around twenty employees and thirty dependent workers to pay. We no longer get help from the banks, and if we do, it is at a higher rate than in the past. The property market is frozen, and things have changed; now there is an enormous difference between a mortgage payment and rent. Public works are at a standstill due to the budget constraints imposed on local authorities by the Stability Pact. SACE Fct has given us the chance to convert credit into cash by assuming the burden, allowing us to continue working and investing to create new opportunities. ”

In Italy with Carparelli Costruzioni

In partnership with Poste Italiane and within the framework of the reverse factoring agreement with the Province of Brindisi, SACE Fct has mobilized €3.5 million by factoring receivables due to Carparelli Costruzioni from the Province for the construction of a school building. Carparelli Costruzioni, set up in 1980 and based in Brindisi, operates in the construction and electrical engineering sector.

SACE FOR SMES

The construction sector has been the hardest hit, and its risk level has risen from 7 to 8. It has suffered from both a decline in public investment, partly due to fiscal restrictions, as well as a decline in residential demand, driven down by the higher cost of financing. Only the residential property renovation sector has shown some positive signs with investment edging above 2007 levels. A downturn is expected in all industry sectors in 2012 due to the impact of budget manoeuvres, which will hinder investment further in Italy and slow the international cycle, impacting exports.

LIQUIDITY: ACCESS TO CREDIT AND LATE PAYMENTS

The Italian financial market has been hit particularly hard by the euro debt crisis. After the low of November 2011, the credit spread has started to gradually decline to near levels of before the summer turmoil.

The financial buoyancy of enterprises has inevitably suffered as a result of the intense instability in the second half of 2011, a fact reflected in late payments as well as the tightening of financing conditions forced by the reduced capacity of banks to collect. The austerity measures enacted in response to market tensions, in addition to decreasing the spread, are hoped to reduce

the budget deficit by 3 GDP percentage points in 2012 and about 4.6 points in 2013-2014.

During the year, late payments for the financing of supplies between companies rose from 30 to 34 days, and peaked as high as 90 days when it came to payments to the Public Administration. Prospects for financing to enterprises remain uncertain, although in 2011 overall stock financing exceeded €894 billion (up 3%) and the last quarter was marked by a substantial decline of 1.6%. This quality of bank assets has also fallen, with losses on irrecoverable debts among non-financial companies rising by 38%.

Given the tightening of funding conditions by banks, financial institutions are increasingly turning to the European Central Bank for refinancing. The first Long Term Refinancing Operation (LTRO, three-year funds at an interest rate of 1%) in December lent out €489 billion (of which €116 billion to Italian banks), while a second refinancing operation in February 2012 amounted to €530 billion (of which €138 billion to Italian banks), positively impacting the spread and collection capacity of financial institutions.

The moratorium on debt, intended to provide financial resources to companies that are still viable despite experiencing liquidity stress, and thus have a positive economic outlook in the longer term, could have important implications.

In Ecuador with Bausano & Figli

SACE has provided insurance cover of €600,000 for the supply of PVC tube manufacturing machinery, commissioned by an Ecuadorian company from Bausano & Figli. Bausano & Figli, which has been making plastic extrusion machinery and plant since 1946, has insured its exports through SACE since 2005.





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RAIL
STATION

MILTON

Australia. Infrastructures

Ludovica Giglio - Strategy and Corporate Development Manager, SACE

Guaranteed Efficiency

PRODUCTS AND SERVICES

275



Driving your



€ 1.4 mln
Confirmation of Documentary
Letters of Credit
Footwear leather

2011 Bangladesh



€ 1.5 mln
Surety Bond
Metallurgic sector machinery

2011 Russia



MOLTENI
FARMACEUTICI
€ 1.5 mln
Guarantee
Business development

2011 Italy



FUTURA
Converting lines
€ 1.6 mln
Guarantee
Converting line
for paper production

2011 Argentina



€ 1.6 mln
Factoring
Securitisation of receivables
insured by SACE BT

2011 Italy



€ 1.7 mln
Guarantee
PET bottling plant

2011 Kazakhstan



€ 2 mln
Guarantee
Investments in R&D
and business development

2011 Lybia



€ 2.1 mln
Guarantee
Cold-cut processing system

2011 Ukraine



Babbini
Member of Cingoloni Group

€ 2.2 mln
Confirmation of Documentary
Letters of Credit
Sugar beet dehydration press

2011 Belarus



€ 2.2 mln
Guarantee
Chocolate processing plant

2011 Croatia



€ 2.6 mln
Guarantee
Fruit and vegetables
processing machinery

2011 Spain



€ 2.6 mln
Guarantee
Acquisition and strengthening
of subsidiaries abroad

2011 New Zeland



€ 2.6 mln
Guarantee
Railway infrastructure

2011 Tunisia



€ 2.8 mln
Guarantee
Brass billets wire-drawing system

2011 Portugal



€ 2.9 mln
Guarantee
Industrial and commercial vehicles

2011 Saudi Arabia



€ 3.5 mln
Guarantee
Sea water purification plant
on an off-shore platform

2011 South Korea



€ 3.8 mln
Guarantee
Increased production capacity
of the subsidiary Turbo Gear Ltd

2011 India



€ 3.9 mln
Political Risk Insurance
Plastic films and
hygienic bags plant

2011 Tunisia



€ 4.8 mln
Surety Bond
Paper production machinery

2011 Italy



€ 4.9 mln
Guarantee
Production site acquisition

2011 Italy

ambitions



€ 5 mln
Factoring

Deferred maturity with recourse

2011 Italy



€ 5 mln
Surety Bond

Hydraulic tunnel

2011 China



€ 5 mln
Guarantee

Funding for investments and machinery purchase

2011 Poland, Libya and Australia



€ 5 mln
Guarantee

Reinstatement of Eldoret Kebuje road section

2011 Kenya



€ 5 mln
Factoring

Trade receivables securitisation with recourse

2011 Italy



€ 5.5 mln
Surety Bond

Infrastructure for drinking water supply

2011 Ethiopia



€ 5.8 mln
Surety Bond

Photovoltaic plants

2011 Italy



€ 6 mln
Factoring

Trade receivables securitisation with recourse

2011 Italy



€ 6.1 mln
Guarantee

Tissue paper production line

2011 France



€ 6.4 mln
Political Risk Insurance

Investment in a company producing woolen yarns

2011 Egypt



€ 6.5 mln
Surety Bond

Photovoltaic plants

2011 Italy and Greece



USD 8.7 mln
Political Risk Insurance

Foreign investment in the energy sector

2011 Armenia



€ 7 mln
Factoring

IAS-compliant trade receivables securitisation


2011 Italy



€ 7.1 mln
Guarantee

Ceramic tiles production line

2011 United States



€ 9.6 mln
Guarantee

Acquisition abroad


2011 Russia



USD 17.1 mln
Surety Bond

WTC Transportation Hub steel structure

2011 United States



€ 14 mln
Guarantee

Earth moving works, paving and bridges construction

2011 Brazil



€ 14.4 mln
C.A.R. Policy

Construction of a building for commercial use

2011 Italy



€ 15 mln
Guarantee

Natural gas engines

2011 Turkey



€ 15 mln
Surety Bond

Offshore windpower plants

2011 Germany



€ 0.1 mln
Guarantee

Pipe bending machinery

2011 Mexico



€ 0.1 mln
Confirmation of Documentary
Letters of Credit

Earth moving machines

2011 Mozambique



€ 0.1 mln
Guarantee

Milk and yogurt
processing plant

2011 Uganda



€ 0.2 mln
Guarantee

Supermarket furnitures

2011 Cyprus



€ 0.2 mln
Guarantee

Participation to national
and international fairs

2011 Italy



€ 0.2 mln
Guarantee

Plastic materials
processing system

2011 Luxembourg



€ 0.2 mln
Surety Bond

Supply of overhead travelling
crane and uplift system

2011 United Arab Emirates



€ 0.3 mln
Guarantee

Steel moulds

2011 Argentina



€ 0.3 mln
Guarantee

Investments for new machinery
and business development

2011 Italy



€ 0.3 mln
Guarantee

Plastic material press

2011 Poland



€ 0.3 mln
Guarantee

Wood processing machinery

2011 Brazil



€ 0.3 mln
Guarantee

Textile machinery

2011 Brazil



€ 0.4 mln
Surety Bond

Air compression system

2011 Kazakhstan



€ 0.4 mln
Guarantee

Storage plant

2011 Egypt



€ 0.4 mln
Surety Bond

Pipes for the nuclear power
plant in Fangchenggang City

2011 China



QAR 2.5 mln
Surety Bond

Water depuration plant

2011 Qatar



€ 0.6 mln
Guarantee

PVC pipes production line

2011 Ecuador



€ 0.7 mln
Guarantee

Equipment and furnitures
for shopping centers

2011 Kenya

STEFANO RICCI

€ 0.7 mln
Guarantee

Opening of commercial premises
and machinery renewal

2011 Italy



€ 0.8 mln
Factoring

IAS-Compliant trade receivables
securitisation

2011 Italy



€ 0.8 mln
Guarantee

Ceramics production plant

2011 Brazil



USD 1.2 mln
Guarantee

Fitness and wellness machines

2011 Argentina



€ 1.2 mln
Guarantee

Wine storage, fermentation
and preservation plant

2011 Moldova



€ 1.2 mln
Surety Bond

Photovoltaic plant

2011 Italy



€ 18 mln
Surety Bond

Supply contracts activity

2011 Italy



€ 19 mln
Surety Bond

Oil&Gas plants machinery

2011 Brazil



€ 20 mln
Guarantee

Investments in R&D

2011 Italy



€ 21.3 mln
C.A.R. Policy

Expansion of Varese hospital

2011 Italy



USD 33.6 mln
Surety Bond

Facing for a World Trade Center tower in NYC

2011 United States



USD 35 mln
Guarantee

Steelworks supplies

2011 Mexico



€ 27.6 mln
C.A.R. Policy

Highway section extension

2011 Italy



€ 32 mln
Guarantee

Funding for an acquisition abroad

2011 South Africa



JPY 3.3 mld
Guarantee

Acquisition abroad

2011 Japan



USD 46.6 mln
Structured Finance

ATR 72-500 for PT Lion Air

2011 Indonesia



RON 158.8 mln
Surety bond

Highway section

2011 Romania



€ 50 mln
Project & Structured Finance

A24 Motorway expansion

2011 Italy



USD 70 mln
Political Risk Insurance

Sea river tankers

2011 Russia



€ 77 mln
Reverse Factoring PA

Framework agreements with local authorities

2011 Italy



USD 144.5 mln
Guarantee

Refinery in Tatarstan

2011 Russia



€ 109 mln
C.A.R. Policy

Highway section extension with other partners

2011 Italy



€ 130 mln
Reverse Factoring PA

Advance payments for associated SMEs

2011 Italy



USD 210 mln
Guarantee

Refinery modernization and expansion with Italian supplies, among others

2011 Colombia



€ 190 mln
Guarantee

Livorno regasification unit

2011 Italy



€ 200 mln
Guarantee

Funding for the 2010-2017 investment plan

2011 Italy



USD 260 mln
Political Risk Insurance

Intercompany loans

2011 Ukraine



USD 280 mln
Guarantee

On and off-shore pipeline realized by Saipem

2011 Australia



USD 355 mln
Guarantee

Gas extraction, processing and retail by Italian suppliers

2011 Qatar



USD 624.3 mln
Guarantee

Izmit refinery fuel oil conversion project involving Italian exporters

2011 Turkey

OVER 30 YEARS' EXPERIENCE IN RISK ASSESSMENT

Before entering into a sale contract or making an investment with a foreign customer, it is important to define, understand and assess the various risks associated with both the counterparty and the destination country. In many cases, the risks involved could undermine the financial solidity of the company and create financial strain.

Partnership with the SACE Group insures companies against these risks and provides them expertise acquired over a period of more than 30 years in assessing and managing risks. A team of analysts works alongside the insured during the negotiation and conclusion process, and later in the management of commercial transactions or investments, providing assessments on counterparty solvency or transaction related risks.


Preliminary Credit Assessment , an online service available on the **ExportPlus** portal, provides businesses planning for exports or foreign investments and an assessment of a foreign buyer's reliability or transaction feasibility, in addition to an estimate of the insurance coverage costs.

Through its turnover coverage, SACE BT provides

benefits such as preliminary assessment services and subsequent monitoring of the solvency of potential and existing customers for the entire duration of the coverage.


SACE Fct factoring products provide the seller with credit portfolio assessment services during the debtor assignment stage, regular review of positions and routine management of the entire credit exposure.

Group economists are available in more than 180 countries to assist companies wishing to operate in international markets, providing analysis, research and tools such as the **Country Risk Map**, an interactive map that displays the risk index for the export or investment destination country, and identifies the most suitable insurance-financial solutions for individual requirements.

SACE Training & Advisory provides technical assistance and training courses on risk assessment, risk management techniques, national and foreign legislation and Group products. A wide range of training video seminars are available directly online through the **e-learning**  portal.

In India with Fom Industrie

SACE has provided €47,000 in insurance cover for the supply of a double-head aluminium sawing machine commissioned by an Indian company from Fom Industrie. Based in Cattolica and established in 1972, Fom Industrie designs and builds machinery and equipment for cutting and processing aluminium and PVC. The transaction was managed online through the ExportPlus portal.



Kenya. A traditional painting in Marafa.

Federica Pocek - Country risk analyst, SACE

ENERGY FROM THE TERRITORY

Gianfranco Simonetto

Chairman, MALTAURO

“ Construction has been our main activity for more than four generations, but for some years now Group companies have also been active in complementary sectors such as prefabricated buildings, the extraction of building materials, the environment, water purification and landfills. We also have operations in infrastructures, both in Italy and abroad. We have been present in Libya since 1974, and now have projects all over North Africa and in the Arab Emirates, Tanzania, Kenya, Cape Verde and Albania. In all of these places, we accept the challenge of creating and building, combining the latest technologies with respect for the environment. Our business draws energy from the territory where it originated and from its people. For this reason, Italy is a fundamental market for us, but the problem of liquidity has posed a difficult challenge. With the help of SACE's Venice office, we have identified all the answers to our needs: from traditional mechanisms for the protection of overseas activities to the discovery of factoring services. ”

In Italy and Kenya with Maltauro

With a commitment of € 5 million, SACE has provided insurance cover to Maltauro for the payment of upgrading works on a stretch of road between the towns of Eldoret and Webuye in Kenya. Through SACE Fct, the Maltauro Group has also discounted receivables of € 24 million due from public sector companies. Maltauro is based in Vicenza and specialises in major civil engineering, industrial and infrastructural works.

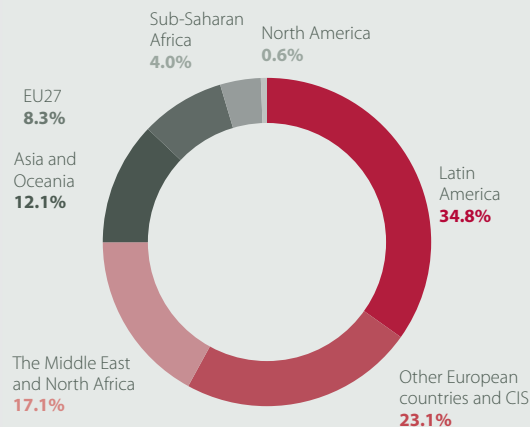
WE STRENGTHEN EXPORTS

Emerging markets offer the best opportunities for export growth. Many of these markets are distant and unfamiliar but are developing at a fast pace. The success of Italian enterprises will therefore increasingly depend on the availability of competitive payment terms for foreign customers and the ability to recognise and manage the political and commercial risks. SACE offers Italian exporters a wide range of insurance and financial products and services to strengthen the overall range of Italian companies with operations on foreign markets.

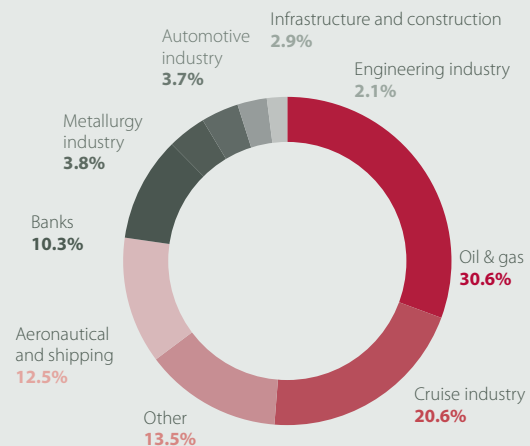
In 2011 SACE provided insurance coverage for transactions worth more than 6.4 billion euro, primarily

in the oil & gas sector (31%), cruise industry (21%) and aeronautics and shipping (12%). In geographical terms, the majority of transactions took place in Latin America (35%), followed by non-EU countries and the Commonwealth of Independent States (23%), and the Middle East and North Africa (17%). SACE insured exports were mainly destined for Brazil, Russia and Turkey. Companies with export insurance from SACE were mainly small and medium sized enterprises, the majority of them operating in the sector of mechanical engineering, one of Italy's principal sectors. 48% of transactions were managed directly online through the ExportPlus portal, the preferred channel of SMEs.

Coverage of Italian exports by destination area (2011)



Insured volumes of Italian exports by industry sector (2011)



euro **6.4** billion
in insured export transactions

48%
of coverage of Italian exports
managed online

PROTECTING EXPORTS

SACE protects Italian businesses that sell goods or services overseas against the risk of non-payment. The **Supplier Credit** policy insures single transactions with payment deferred for more than 24 months for OECD countries and without any time limit for other countries. The company can **transfer** the benefits of the policy to a bank or other financial intermediary to discount the underlying credit without recourse.

The **Civil Works** policy covers the specific needs of construction and plant engineering firms involved in civil works or supplying projects abroad where payments are due at intervals or upon completion of milestones.

The Supplier Credit and Civil Works policies cover exporters against the risk of non-payment as a result of undue cancellation of the contract or calling of guarantees, destruction, damage, requisition or confiscation of temporarily exported goods. For transactions of up to 5 million euro, SACE offers two basic versions of the Supplier Credit policy **Plus One** and **Basic**. These are available on the ExportPlus portal and have the advantage of simplified procedures and faster feedback.

SACE's **Documentary Credit Confirmation** policy insures Italian and foreign banks against the risk of non-reimbursement of documentary credit from credit arising out of confirmations made through letters of credit. For transactions with a repayment period of up to 5 years and a maximum amount of 5 million euro, banks can obtain cover for documentary credits in real time through **Credoc Online**, thus reducing the time and cost involved.

“ SMEs showed greater interest in our products last year. The use of export credit has risen mainly due to the current economic situation, which has prompted companies to seek greater protection, particularly in countries affected by political upheaval. In addition, with the intensification of international competition, entrepreneurs need to have a winning offer that provides not only a valid commercial proposal, but also a favourable financial proposal. ”

Maria Luisa Miccolis
Senior Account Milan Branch, SACE





Italian majesty

On the oceans of the world with Fincantieri

In 2011 SACE approved guarantees for €1.4 billion in loans for the acquisition of four vessels commissioned from Fincantieri Cantieri Navali Italiani by foreign buyers. Two of these operations had the financial support of Simest and Cassa Depositi e Prestiti, within the framework of the Export Banca agreement. In the light of increasing foreign competition and the effects of the financial crisis, this support is crucial for maintaining Fincantieri's leadership in a sector that directly or indirectly involves hundreds of Italian SMEs.

Ireland. Dublin, St. Stephen's Green.

Dario Barigelli - Media and Communication, SACE

GIFTED PEOPLE

Fabio Perini

Chairman, FUTURA

Part of the Faper Group since 2004, Futura was originally established to build a converting line for tissue products. It went on to develop new technology delivering high performance and providing maximum operating simplicity. Today we offer a complete, innovative and highly specialised range of products. We operate in a sector - the paper industry - in which Italy has a long tradition and in which we have acquired great expertise through our staff. People are at the heart of our work, and this is why we developed the "Procare" support system, which offers rapid support and a programme of installation, maintenance and training to our clients all over the world. Futura also has a solid international vocation. We have companies in Atlanta, USA and in Joinville, Brazil. ””

In Argentina with Futura

SACE has provided €1.6 million in insurance cover for the supply of a converting line for the production of paper, commissioned by an Argentinean company from Futura. Futura designs complete lines and machinery for processing tissue used to create a wide range of products.

SACE FOR SMES



CULTURE KNOWS NO BORDERS**Donato Lorusso**Export Manager, **TECNILAB**

“ We have been producing hardware for language laboratories since 1972, when analogue audio cassette tapes were still in use. We have always been at the cutting edge, but things have moved on a long way since then. Today, with MP3 technology, our laboratories are very lightweight: the apparatus weighs no more than two hundred grams, and no computers are used. Students are given intelligent devices for recording audio tracks, imitating models, conducting simultaneous translations, performing listening exercises and taking tests. Although technologically advanced, our products are extremely accessible, not only in terms of price (the costs have more than halved over the last twenty years), but also in terms of usability. I have been to Turkmenistan to train the operators who will be managing our equipment. Most of our laboratories will be set up outside the capital, in isolated desert areas. While today our own schools are having to come to terms with cost cutting, countries like this one are going through a period of major economic growth, and are beginning to invest in development and to demand appropriate technology. ”

In Turkmenistan with Tecnilab

SACE and SACE BT provided online insurance cover of €370,000 for the supply of teaching equipment for 160 language laboratories, commissioned by an electronic product distribution company in Dubai from Tecnilab and destined for Turkmenistan. Based in Cuneo, Tecnilab is a leader in the automated design, manufacture and marketing of materials for the pharmaceutical industry and in multimedia teaching systems.

SACE FOR SMES

Armenia. Pag Shuka market door in Yerevan.

Maddalena Cavadini - Media and Communication, SACE

FUNDING EXPORTS

The competitiveness of Italian exports is increasingly linked to the credit terms available to foreign buyers rather than simply on the quality and price of the actual products or services.

Through its **Buyer Credit** policy, SACE guarantees loans granted to foreign borrowers to purchase goods or services supplied by Italian companies or their subsidiaries, thus strengthening the capabilities of the banking system. SACE covers the risk of the foreign borrower failing to repay the loan granted by the bank within the terms agreed upon.

The competitiveness of financing supporting Italian exports is reinforced by collaboration between SACE, Cassa Depositi e Prestiti (CDP) and the Italian Banking Association (ABI), under the **Export Banca** system. The scheme allows Italian exporters to provide foreign customers with funding guaranteed by SACE and provided by CDP through the banking system or directly by CDP in case of transactions involving sums greater than 25 million euro.

Buyer Credit is often used to guarantee project & structured finance and asset based investment projects, which often involve other export credit agencies, commercial banks and international and local financial institutions.

In project finance transactions, SACE guarantees limited and non-recourse financing for the promoters of the project, whose commitment is generally limited to their own financing linked to the project and other possible forms of support (such as completion guarantees, stand-by equity, subordinated debt, technical and operational assistance, support in marketing activities).

In asset based transactions, used especially in the shipping and aeronautical industries, the assets which are funded constitute the guarantee of the debtor. In the case of non-payment, the credit is recovered by selling the asset.

All these transactions are dealt with by a team of professionals with skills in various industrial sectors. This means they are involved from the initial stages of structuring the finance. It also accelerates the due diligence and negotiation process by providing efficient and timely support to the various parties involved.

Within the scope of these activities, SACE has to date guaranteed more than 7.9 billion euro in financing to support numerous international projects in a variety of sectors including oil & gas, metallurgy, petrochemicals, energy, infrastructures, aeronautics and shipping.

All over the world with Technogym

In 2011, SACE insured 16 commercial contracts entered into by Technogym with clients in various countries, including Colombia, Mexico, Peru and the Dominican Republic, for a total commitment of €2.7 million. Many of these transactions were managed online through the ExportPlus portal. Technogym, a SACE client since 2004, is the world leader in the manufacture of fitness equipment.

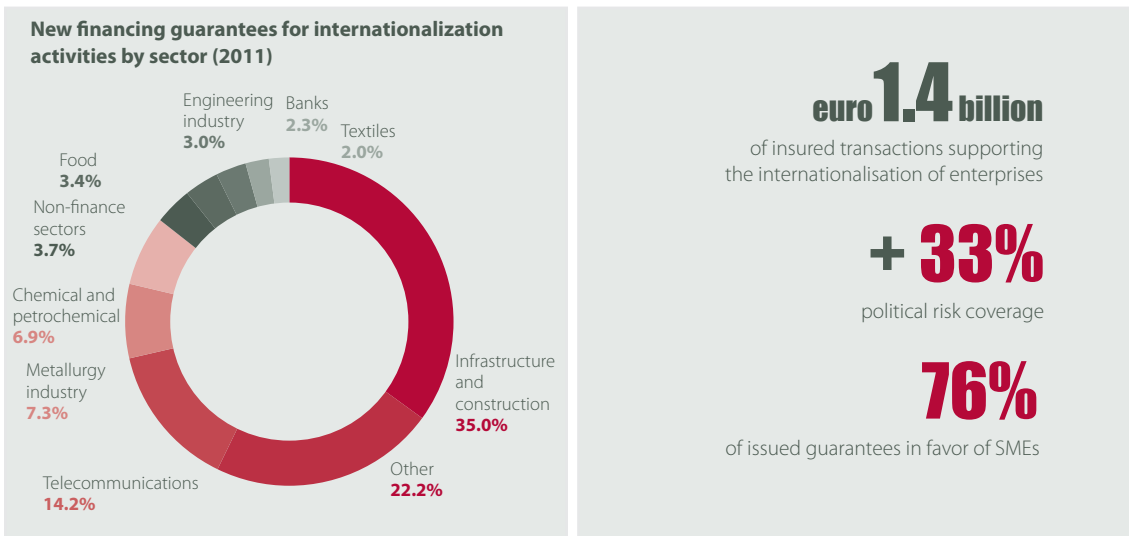
WE SUSTAIN INTERNATIONALISATION

Helping small, medium and large Italian enterprises strengthen their presence in international markets will become ever more crucial for their growth. In this context, SACE offers a range of products that satisfy the many different requirements of companies and banks undertaking internationalisation projects, from supplying capital to having easier access to credit and to protecting investments abroad.

During the course of the year, SACE has guaranteed loans destined to support growth on foreign markets for a total of 740 million euro. The industrial sectors which

have benefited the most from the credit lines are infrastructures and construction, which represents 35% of the total, followed by telecommunications (14%), metallurgy (7%) and the chemical-petrochemical industry (7%). The transactions have allowed a growing number of businesses, 76% of which SMEs, to finance internationalisation projects despite scarce liquidity in recent years.

Recent political events affecting North African and Middle Eastern countries have rekindled interest among enterprises in tools to protect them against



In Russia with De Cecco

SACE has guaranteed a €16 million loan granted to De Cecco by BNL-BNP Paribas and Centrobanca for the acquisition of the First Pasta group, the second-largest player in the pasta foods sector in Russia. The loan enabled the Abruzzo group to make its first production investment abroad and enter the Russian market. De Cecco, one of the leading and best-known Italian pasta makers, generates more than a third of its turnover from selling its products abroad.


political risks. This area has recorded a 33% increase in insured investment transactions since the previous year, costing a total of 637 million euro. Around half the volume of new covers involved coverage of investments in countries affected by the Arab Spring, mainly by SMEs.

FINANCING SMES IN INTERNATIONAL DEVELOPMENT

SACE has signed agreements with major Italian banking groups to facilitate access to credit for small and medium enterprises, the sector hardest hit by the liquidity crisis of recent years, with the aim of strengthening activities on foreign markets.

The **internationalisation guarantee for SMEs** covers loans granted by approved banks to finance projects directly and indirectly related to foreign development, for companies with yearly revenue of up to 250 million euro, at least 10% of which generated by exports.

The guarantee is issued for up to 70% of the loan, and is granted to businesses that invest abroad, either directly (joint ventures, mergers and acquisitions, partnerships with foreign countries) or indirectly, or are involved in research and development, want to renew and upgrade factories and machinery, protect brands and patents, attend international trade fairs or invest in



“ Our name is often linked with major international operations and projects. But for many years, we have adopted a business model that focuses primarily on SMEs, because they are the life of the Italian industrial fabric, and today more than ever they need a specialist partner to tackle emerging markets, strengthen their financial management and increase their capacity for investment in Italy and abroad. Our nationwide network is at their service. ”

Federico Bressan
Senior Account Modena Branch, SACE

WHEN A NAME BECOMES A SYMBOL**Roberto Gallo***Chairman and Managing Director, BORSALINO*

“ Our company handles not just a brand or an object, a mere hat. The Borsalino is, to all intents and purposes, a cultural asset. We like to think we are carrying on the tradition of the Borsalino family, which has always relied on the value of quality, a trend apparently counter to market demand and globalisation, but one that represents the uniqueness of Italian made products. I believe that the process of making a Borsalino hat, which is still highly artisanal, provides tangible continuity linking our history with the present day. We are an Italian brand recognised all over the world as a synonym for elegance, tradition, quality and class. Since the 1990s, we have relied heavily on exports, gathering fresh momentum on international markets, America and Asia in particular, by widening our range by adding accessories and clothing. Today our brand is found in the world's most elegant boutiques and best department stores, and in seventeen single-brand outlets in Italy, France and China. ”

All over the world with Borsalino

SACE has guaranteed a €2.2 million loan granted to Borsalino by BPER to support the costs of participating in international trade fairs held in Milan, New York, Paris and Shanghai. Founded in Alessandria in 1857 by Giuseppe Borsalino, the company is internationally recognised as one of the most prestigious brands in hats for men and women.



promotional initiatives.

Under the banking agreements signed to date, SACE has guaranteed 2.3 billion euro of financing to 2,300 businesses, mainly small and medium enterprises.

FINANCING INVESTMENTS AND WORKING CAPITAL

SACE works with financing intermediaries on loans supporting projects relating to the internationalisation process for large Italian companies or their foreign subsidiaries.

SACE's **Investment** guarantee covers loans granted to finance investments destined to strengthen the competitive position of the business in foreign markets: joint ventures, mergers and acquisitions, increases of capital in foreign enterprises, or setting up of production facilities, and investments in research and development.

The **Working Capital** guarantee, on the other hand, covers non-payment of loans granted for the preparation of supplies to be exported or used in the execution of civil works abroad.

SACE issues the Working Capital and Investment guarantee at market conditions for up to 80% of the loan. The portion of the loan that is guaranteed does not affect the company's credit lines with the banks.

SACE supports investments for Italian businesses in partnership with the European Investment Bank, the European Union's lending institution for medium-long term loans and important projects for pursuing community objectives. During the course of 2011, the collaboration has supported financing to the order of 1.2 billion euro.

SACE's support for Italian enterprises involved in internationalisation is strengthened by collaboration with the Cassa Depositi e Prestiti and the Italian Banking Association.

Internationalisation Guarantee for SMEs: banks that have signed agreements

Banca Carige	Banco Popolare	Gruppo Intesa Sanpaolo
Banca Nazionale del Lavoro	Credem	Gruppo Monte Paschi di Siena
Banca Popolare di Milano	Deutsche Bank	Hypo Alpe Adria Bank
Banca Popolare di Sondrio	Gruppo Bper	Iccrea Banca d'Impresa
Banca Popolare di Vicenza	Gruppo Cariparma - Crédit Agricole	Mediocredito Trentino-Alto Adige
Banca Sella	Gruppo Credito Valtellinese	Sparkasse

In the USA with Nuove Energie


SACE has guaranteed a €200,000 loan granted to Nuove Energie by Cassa di Risparmio di Bolzano for the supply of water purification machinery to an American company. Nuove Energie is based in Vicenza and has been active since 1980 in the design, manufacture and marketing of wastewater treatment machinery and equipment, mainly for the industrial sector.



PROTECTING FOREIGN INVESTMENTS

SACE protects investments made by Italian enterprises in foreign markets with political problems but high growth potential by granting easier access to financing and also by protecting direct investments. The **Investments** policy protects Italian companies and banks investing abroad, either directly and through their affiliates or subsidiaries, against political risk so they can concentrate entirely on the business risk and on developing their business. The policy protects overseas investments (equity), when a new company is set up or in the case of acquisitions, also if done through a joint venture, and shareholder loans. For banks this cover has zero impact on their capital absorption and leaves more room within their country limits. The Investments policy allows companies or banks to prevent, limit or offset capital losses abroad as well as losses or non-payment of amounts due to the policyholder in connection with the investment (e.g. dividends, profits, repayment of shareholder loans) due to:

- war and civil unrest
- currency restrictions
- direct and indirect expropriation
- cancellation of contracts with state-owned local counterparties.

For equity investments of less than 5 million euro, **Online PRI**  can be acquired through the ExportPlus portal.



RESPONSE AND APPROACH TO CHALLENGES**Claudio Civello**

CEO, SICEP

“ We have been operating in Tunisia for a few years with a growing organisation, which currently consists of around 40 people. There is a great desire to get things done here. The business class is not huge, but on the whole anyone involved in business has diversified interests, often related to tourism and with a “European” mentality. However, this country is not yet very highly structured, and last year’s uprisings inevitably narrowed our business prospects. But we keep going. Our product cannot be exported, it has to be built on site, and our technology is in demand throughout North Africa. One thing that is certain is that, at least for the moment, it is vital for us to insure ourselves in order to protect our future. ”

BEYOND RISKS TO OPPORTUNITIES**Sergio Tamborini**

CEO, MARZOTTO

“ 2011 was an important year, and not only for the Arab world. Italy celebrated its 150th birthday, and the Marzotto Group its 175th. And it was also the year in which we opened our first plant in Egypt as part of a joint venture with the Schneider group. This joined the plant we opened in Tunisia in the 1970s. The events of the Arab Spring were obviously of concern to us. In Egypt, rioting began while the plant was being fitted out, so we started production three months late, and we sent our employees home in the tensest periods. But we are optimistic: North Africa remains a priority market for us, naturally reducing delivery times and offering a willing labour force, in addition to tax advantages and lower energy costs. ”

In Tunisia with Sicep

With a commitment of €2.5 million, SACE has provided insurance cover to Sicep against political risks for the construction of a production plant in Tunisia. Sicep is based in Catania and specialises in making prefabricated structures for industrial and commercial construction. Products and services

SACE FOR SMES

In Egypt with Marzotto

With a commitment of €6.4 million, SACE has provided insurance cover to Manifattura Lane Gaetano Marzotto & Figli against political risks for its new plant in Egypt, which is used for combing wool arriving at the port of Suez from Australia. The Marzotto Group has been operating for over 175 years in the textile sector, and has plants in Egypt, Italy, Lithuania, the Czech Republic, Romania and Tunisia.

WE SUPPORT GROWTH IN ITALY

Infrastructures and renewable energy are strategic to ensuring national growth and promoting internationalisation amongst enterprises. Supporting investments in these sectors reduces transport times and costs and energy costs among other things, resulting in improved efficiency to the benefit of productivity and national competitiveness. Large infrastructure projects can mobilize huge amounts of capital and, at the same time, generate business opportunities for domestic firms, with positive repercussions on employment and GDP. In line with this reasoning, SACE supports the development of infrastructure and renewable energy sources projects in Italy through a dedicated team.

In 2011, SACE issued guarantees amounting to 1.4 billion euro, 92% of which supported infrastructure projects (motorways, regasification plants, railway networks, waste-to-energy plants) and 8% the renewable energy sector.

In its four years of operations in this field, SACE's intervention (both in terms of project financing and corporate transactions) has, among other things, facilitated the construction of wind farms and photovoltaic plants with a total installed capacity of more than 420 megawatts, a heat recovery waste-to-energy power plant, approximately 280 km of motorways, as well as safety and environmental management measures along a further 660 km of motorways.

FINANCE FOR INFRASTRUCTURES AND RENEWABLE ENERGY

SACE guarantees the financing of nationwide projects in sectors strategic to the Italian economy through its **Investments** guarantee.

The financing, guaranteed by SACE under market

euro **1.4** billion

in transactions guaranteed
for infrastructures and renewable energy

420 megawatt

in power generation from renewable
sources guaranteed by SACE

Extending the A24 motorway in Italy

SACE has guaranteed € 50 million in financing granted to Strada dei Parchi to build two slip roads for the A24 motorway at the Rome intersection and extraordinary maintenance operations to bring several viaducts and tunnels up to standard to comply with the most recent earthquake regulations. This operation is the first financing project in the motorway sector in Italy.

conditions for up to 80% of the sum, is dedicated, among other things, to investments in:

- transport infrastructures, such as motorways, ports, airports and underground systems
- infrastructures for the distribution or provision of energy, such as regasification plants, gas pipelines, oil pipelines and power lines
- production plants for energy from renewable sources, specifically wind power and photovoltaic energy
- projects in the telecommunications sector aimed at reducing the digital divide in Italy.

With the aim of providing easier access to credit for operators involved in the construction of large infrastructure projects, SACE guarantees financing by the European Investment Bank and the Cassa Depositi e Prestiti in addition to other commercial banks. The financing provided to date by the EIB through SACE guarantees in this area of activity, amounting to 477 million euro, includes projects for Italian motorway network development, urban waste treatment and the diversification of gas supply sources.

“ It is increasingly difficult to obtain access to credit for infrastructures and renewables, in view of the amounts and duration of the financing arrangements. In this context, the intervention of SACE and other financial institutions, such as CDP and BEI, is all the more crucial to the completion of projects. In 2011, for example, SACE guaranteed a €240 million loan granted by BEI for the construction of an offshore regasification plant in Livorno for a total value of €800 million. ”

Daniela Cataudella
Head of Renewables and Strategic Infrastructures, SACE



WE SUPPORT COMPANIES IN BIDS AND CONTRACTS

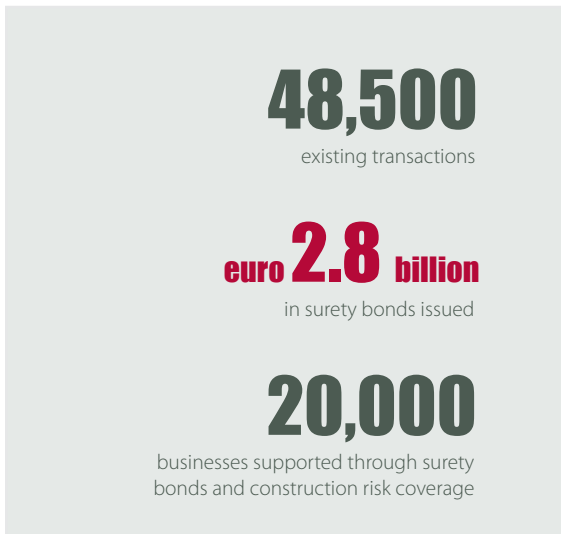
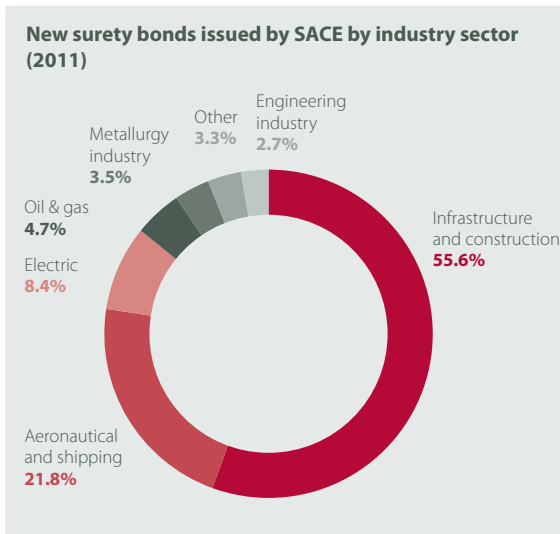
The SACE Group supports companies bidding for contracts or acquiring contracts and work orders in Italy and abroad. Guarantees covering the contractual or legal obligations of Italian contractors are issued directly by SACE or through accredited financial intermediaries.

In 2011, the Parent Company SACE granted 706 million euro to Italian companies directly or through counter-securities, primarily in the field of exports or civil works abroad in the sectors of infrastructure and

construction (56%), aeronautics and shipping (22%), power (8%) and oil & gas (5%).

Through its network of insurance offices, agencies and brokers, SACE BT issued surety bonds amounting to 2.1 billion euro, almost exclusively for civil works carried out in Italy.

The Group has supported more than 20,000 businesses, mainly SMEs, through its wide range of surety bonds and construction risk coverage products, and a portfolio of 48,500 guarantees.



In the USA with Cimolai


SACE has guaranteed a €11.7 million performance bond issued to Cimolai for the design, production and shipping of steel sections to be used in the construction of the New York World Trade Center subway station. Cimolai, which has been in operation since 1949, is one of the world leaders in the fabrication of metal constructions for civil and industrial engineering works.

WINNING CONTRACTS AND WORK ORDERS

It is increasingly common for companies taking part in tenders or undertaking civil works and supplying services to have to provide sureties to guarantee compliance with the terms of the contract.

The SACE Group offers an extensive range of **guarantees covering contractual** obligations directly in Italy and abroad. These include:

- bid bonds, to guarantee bids for contracts and signing of contract documents if awarded
- performance bonds, to guarantee the performance of all contractual obligations undertaken by the contractor upon signing the contract
- advance payment bonds, to guarantee the refund of advance payments made in the event of default by the contractor
- maintenance bonds, to guarantee the proper functioning of the product/system supplied
- money retention bonds, to guarantee the refund of retention money paid in advance on the basis of the progress of works if the contractor fails to fulfil contract obligations.

SACE also issues counter-security for financial intermediaries that give such guarantees. For transactions with a repayment period of up to five years and a maximum amount of 1 million euro, banks can use the **Online Sureties policy**  to cover up to 70% of the total amount of the guarantee. This policy uses a simplified application procedure and ensures faster feedback.



“ Market challenges are our challenges, because we want to work side-by-side with businesses. We can support them with a wide range of products in the surety bonds line: contracts, VAT credits, construction permits, environmental guarantees, buyer protection policies and customs insurance policies. Our offices specialise in client support and extending effective and advantageous solutions, with no impact on bank credit and with the comprehensive expertise of the SACE Group. ”

Alberto Macaluso

Underwriting Manager - Sureties, SACE BT

THE ART OF CARING FOR THE ENVIRONMENT

Giuseppe Malegori

President, MALEGORI

“ Working in a sector such as urban maintenance demands passion and dedication. The growth of our company over a full three generations has gone hand-in-hand with the spread of a culture of concern for sustainability and environmental compatibility. We work closely with local authorities on integrated projects for schools, public recreational spaces and cultural events. We take care of the green spaces in the city of Milan: from parks to public gardens, from flowerbeds to avenues of trees. Maintenance of parks and gardens involves planned cultivation, and we have to plan cyclical work spread over a number of years in order to keep management costs down and provide continuity. The experience we have accumulated in serving our community helps us to tackle challenges abroad as well, such as in the more advanced Middle-East countries that are sensitive to green culture. ”

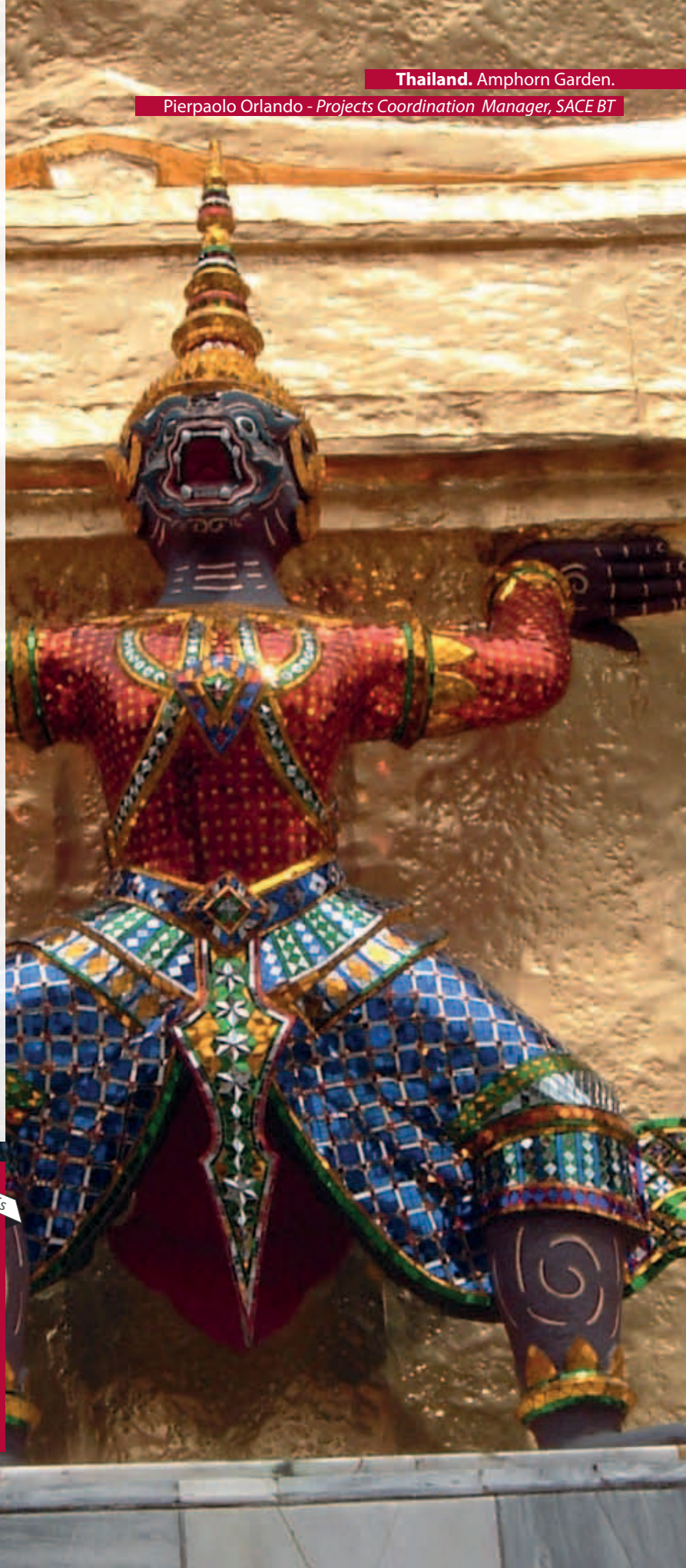
In Qatar and Italy with Malegori

With a commitment of €16 million, SACE has issued an advance payment bond to Malegori as a guarantee of performance of the contractual obligations relating to landscaping works in Qatar. With the intervention of SACE Fct, Malegori has also mobilized €4.5 million by factoring receivables due for work done for the Province of Monza and Brianza and for the Municipality of Bresso.

SACE FOR SMES

Thailand. Amphorn Garden.

Pierpaolo Orlando - Projects Coordination Manager, SACE BT



The surety bonds granted to Italian exporters are covered by reinsurance agreements and counter-securities underwritten by SACE with leading foreign operators. Companies with operations on American markets also have the benefit of partnerships in particular with Chartis, Liberty Mutual, Travelers and Zurich. In North Africa and the Middle East, SACE's operations are extended by collaboration with the Europe Arab Bank, which has branches in 15 countries in the region.

In addition to offering insurance surety bonds for contracts for construction, services and supplies, the SACE BT subsidiary also issues the following for the Italian market:

- guarantees to cover urbanisation charges, to guarantee fulfilment of obligations of performance (direct execution of urbanization works) or obligations to give (deferred payment of building licence fees, primary/secondary urbanisation costs and construction costs, in the case of payment by instalments)
- guarantees to protect the buyers of new buildings, to ensure repayment of amounts paid by the buyer in advance at various stages of the work.

The Group also offers **guarantees of performance of legal obligations**, which cover the fulfilment of obligations undertaken with the public authorities. These include:

- tax refund payment bonds
- guarantees for customs duties
- green certificate bonds, for advance payment of gains from the future sale of green certificates.

CONSTRUCTION RISK INSURANCE

Through its SACE BT product company, the Group in-

sure risks associated with the construction of factories and civil works. This enables construction companies to take part in tenders in compliance with current legislation, whether in Italy or abroad.

The **CAR** (all contractors' risks) policy insures the company against material and direct damage to the works during construction or to pre-existing structures, including damage caused involuntarily to third parties (death or injury). The policy also covers construction risks for works completed or in progress in approved foreign countries, under Italian law or, pursuant to fronting agreements, in accordance with local law.

The **Decennial Liability** policy covers all direct material loss due to collapse, falling or serious structural defects in the building for ten years after the completion of the building work, including damage to third parties due to structural defect. The policy is suitable for public and private works contracts.

CAR and Decennial Liability policies provide insured companies with flexible coverage of site risks and risks related to the useful life of the works.

The **EAR** (erection all risks) policy insures against all risks arising from the construction and installation of machinery, plant and steel structures. Cover also includes inspections, tests and post-delivery damage during the guarantee or maintenance periods.

For certain selected risks, SACE BT also operates in the non-motor business, providing property insurance for civil engineering works (**Global Buildings** policy) and third party liability in the construction industry.

In Italy with Strabag

Through a CAR policy and with a commitment of €109 million, SACE BT has insured Strabag for construction risks relating to resurfacing works on a stretch of the SS223, the trunk road that links the Tuscan cities of Grosseto and Siena and represents one of central Italy's major communication routes. The company is based in Bologna and forms part of the Strabag group, one of the largest European construction firms.

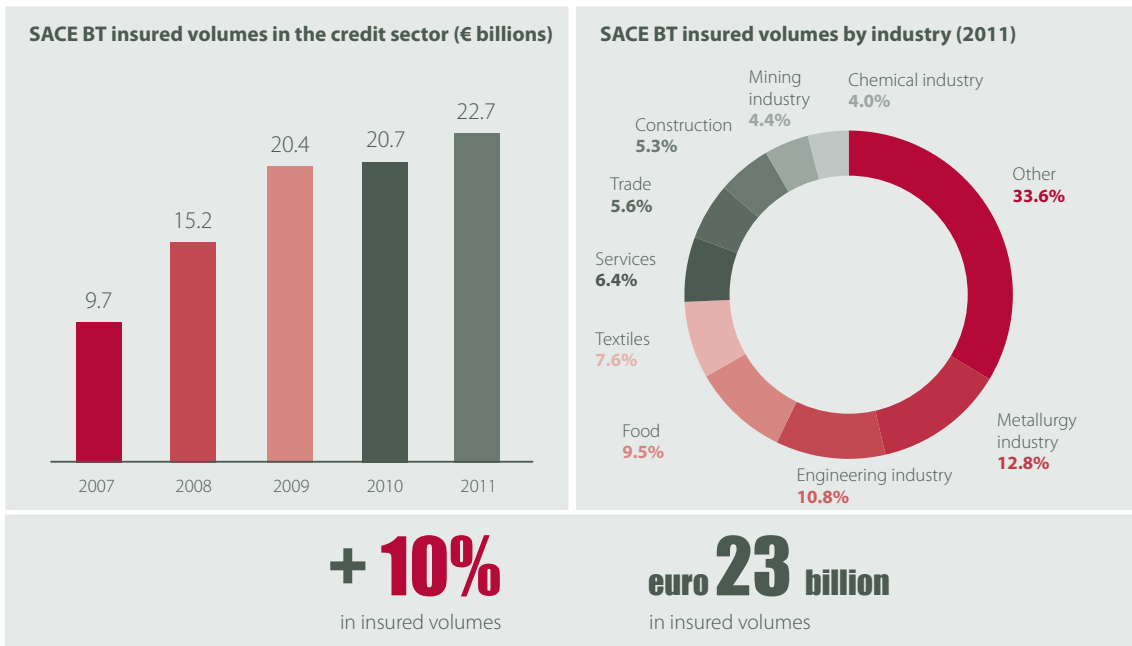
WE INSURE COMPANIES' SALES

Credit insurance allows companies to reduce or transfer their customers' business insolvency risks into development opportunities, obtaining support at all stages during the acceptance and management of commercial transactions: from assessment of the customer's solvency to credit recovery.

In 2011 SACE BT's insured volumes grew to 22.7 billion euro, up 10% since the previous year. Coverage was primarily provided to the metallurgy industry (13%),

the engineering industry (11%), food (9%), textiles (8%) and services (6%).

During the year, collaboration agreements were signed with trade associations including the National Union of Agricultural Machine Manufacturers (Unacoma) and the National Association of Italian Footwear (Anci) to provide member companies access to SACE BT products at favourable rates, covering sales in Italy and abroad.



In Italy with Smeg

SACE BT has provided insurance cover to Smeg for turnover generated in Italy against non-payment risks through a Global Multimarket policy, thus supporting the Emiliana-based company in the monitoring and management of commercial risks. Founded in 1948, Smeg produces and markets domestic and professional electrical appliances of unmistakable Italian design all over the world.

PROTECTING SALES IN ITALY AND ABROAD

SACE BT insures companies against the risks of insolvency in connection with commercial transactions in Italy and all OECD markets, with payment deferred for up to 12 months, and offers a range of products and services to satisfy the requirements of small, medium and large enterprises. SACE BT's insurance solutions provide coverage of commercial risks, which can be combined with political risk coverage.

The **BT 360°** policy is a tool designed for companies wishing to insure their entire turnover, or similar risk classes, providing access to a wide range of ancillary services: from preventive assessment of customer solvency, to portfolio monitoring, and compensation for losses suffered due to specialist debt collection services. Because of its flexibility, this product is suitable for both SMEs and large industrial groups, protecting the turnover of subsidiaries at favourable rates. The LeOn platform allows enterprises to manage the coverage, display the policy, submit new applications, increase or cancel ceilings, handle sales notifications and check the status of claims and credit recovery.

The **Multiexport Online** policy is for companies that carry out repeated transactions with one or more foreign customers. It enables them to insure exports of goods and services against non-payment. Customers may request coverage online through the LeOn platform.



“ 2011 was a decisive year. It was our pleasure to work on fostering loyalty among our clients, who continued to choose the services of SACE BT in appreciation of our tailor-made approach. The pivotal elements of our development are the multi-channel distribution model, the integrated offer of credit management services, and new insurance solutions: these characteristics make us a solid and versatile insurance partner for tackling a constantly evolving market. ”

Marianna Parlapiano

Underwriting Manager - Credit Insurance, SACE BT

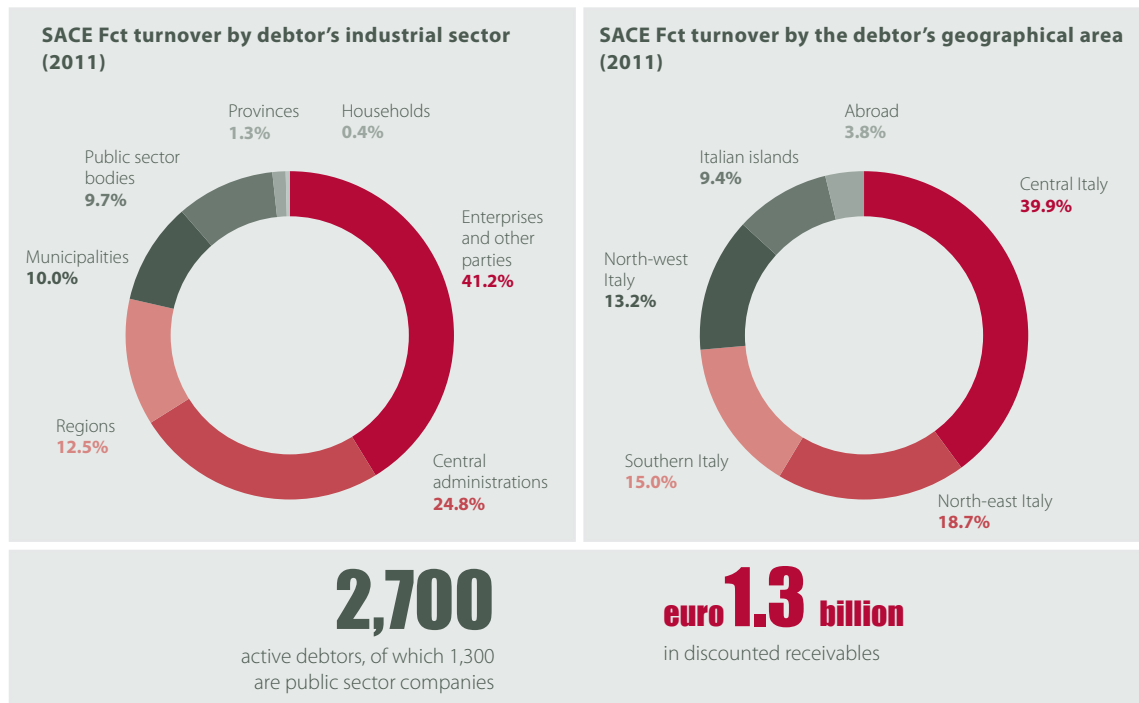
WE IMPROVE CASH FLOWS

Through its factoring company SACE Fct, the SACE Group offers short-term financing of companies' receivables to help boost their growth. SACE Fct offers traditional factoring products and a specific range of services for discounting receivables due from public sector customers.

In 2011, SACE Fct discounted 1.3 billion euro in receivables, a 49% increase since the previous year.

Discounted receivables since the start of operations in April 2010 rose to 2.3 billion euro, from over 2,700 debtors, including 1,000 Municipalities, 61 Provinces, 253 Local Health Authorities, 18 Regions and 11 central administrations.

40% of the debtors are located in Central Italy, 32% in the North and 24% in the South and island regions. Of these, 58% belong to public sector companies.



In Italy with Fimet Grandi Lavori

SACE Fct has mobilized €6 million by factoring receivables owed to Fimet Grandi Lavori by wholly or partially State-owned debtors, stemming from works to upgrade the road system. Fimet Grandi Lavori is a construction company based in Vimercate and specialising in major infrastructural projects.



VIRTUOUS CIRCLES TO OVERCOME THE CRISIS

Stefano Petrucci

President, ANCE Lazio

“ The intervention of SACE Fct produced positive results through factoring receivables the companies had been expecting for more than a year and a half. The two protocols finalised as part of the agreement with the Lazio Region were already subscribed to by 142 construction companies, of which over 100 were financed: companies committed to residential construction and infrastructural projects contracted by the Region. Other companies were either paid by the Region on the due dates shown on the credit certification or are now having their cases investigated by the banks. In a time of absolute crisis, obtaining liquid funds quickly is essential. In many cases, factoring is saving the companies from closure. And structured companies are no less immune to risk, suffering the consequences of the recession and the freezing of the private market, as well as the financial system putting a stop to projects that might promote recovery. For this reason, it is to be hoped that the agreement will also be adopted by other local authorities. ”

In Italy with Ance Lazio Urcel

SACE Fct signed a reverse factoring agreement with the Lazio Region and Ance Lazio Urcel, the Regional Union of Construction Contractors of Lazio. The initiative has already enabled SACE Fct to mobilize €115 million by factoring receivables for more than 100 construction companies supplying services to the Lazio Region, providing them with savings in time and costs, as well as greater certainty in the planning of cash flows.

DISCOUNTING RECEIVABLES

SACE Fct offers a wide range of services for discounting receivables from companies of all sizes from any sector.

With **Recourse factoring** SACE FCT provides credit management services and makes prepayments to the client. Receivables may be due from one or more debtors and normally regard trade receivables with payment periods of up to 180 days. SACE Fct collects the receivables and, if the borrower fails to pay, it has the right of recourse to the customer.

Non-recourse factoring includes all the usual factoring services: credit management, assumption of the risk of default by the debtor and prepayment. In the event the debtor becomes insolvent, SACE Fct undertakes to pay the factored amount to the client.

With **Maturity factoring**, in addition to all the conventional factoring services, SACE Fct undertakes to pay the nominal value of each invoice on or within a few days after the payment term. Payment may reduce or extinguish any advances drawn on the invoiced amount, and no more interest will be charged to the client from that date.

With a view to Group synergy, SACE BT corporate clients can access factoring services, combining the advantage of credit protection with the possibility of obtaining liquidity from SACE Fct by discounting insured credits.

IMPROVING PAYMENTS

Delayed payments by public sector customers can put a great strain on suppliers, especially when these are small and medium sized enterprises. It is estimated that public sector receivables have now reached 60 billion euro.

Through **Reverse Factoring**, SACE Fct offers a “guaranteed payment” system which involves discounting invoices to suppliers with credit certification from the debtor. This financial instrument provides companies with more effective credit management, substantial savings in time and costs, and greater certainty in planning financial flow dynamics. The advantages for the public sector companies are also significant, in terms of the lower potential financial cost of the delayed payment and general efficiency in the management of relations with suppliers.

SACE Fct has signed an important distribution agreement with **Poste Italiane**, allowing suppliers to affiliated public sector companies to apply for Reverse Factoring services at BancoPosta branches dedicated to customer business (“Posteimpresa”). The basic requirements for requesting factoring services include the existence of an agreement between SACE Fct and the debtor, the signing of a factoring contract by the supplier and SACE Fct at the Posteimpresa branch, and the sale to SACE Fct of the credits certified by the affiliated public sector company. After the application is submitted, the company deals with the post offices

In Italy with KME

Thanks to the corporate Reverse Factoring agreement signed with SACE Fct, KME is able to offer its suppliers, mainly SMEs, the ability to monetise their receivables. Founded in 1886 in Florence, KME is an industrial group specialising in the production of semi-finished products and copper alloys.

for the steps outlined below.

The Reverse Factoring scheme can also be applied to large Italian companies to improve the payment flows for their suppliers and support the supply chain.

THE 5 STEPS OF REVERSE FACTORING

SACE Fct and the public sector company sign an agreement for payment services relating to new loans



The affiliated company assigns the receivables to the supplier without recourse to SACE Fct



The affiliated company assigns the credit certification



The receivables to the supplier are discounted by the contract due date



The receivables assigned to SACE Fct are repaid by the public sector company

“ For firms that supply public-sector companies, payment delays and the credit squeeze have created a destabilising vicious circle. Factoring is a solution for obtaining liquid funds and planning cash flows with confidence, as well as providing some breathing room, particularly for SMEs. Thanks to the partnership entered into with Poste Italiane, companies can also request the mobilization of their receivables directly at branches of BancoPosta. ”

Paolo Natalini
Senior Account, SACE Fct



ITALIAN

ITALY



SACE has guaranteed a € 190 million loan granted to Iren, one of the leading Italian multi-utilities, for the construction of a regasification plant off the coast of Livorno. This plant will diversify the gas supply sources available to Italy, thus increasing security of supply and also offering potential benefits in terms of energy prices.

QATAR



SACE has guaranteed a \$ 355 million loan granted to Barzan (a joint venture between Qatar Petroleum and Exxon Mobil) for a new integrated project in the Ras Laffan industrial city, dedicated to the extraction, treatment and sale of gas and derivatives on the domestic and international markets. SACE's intervention will cover the contracts awarded to the Italian companies involved in the project, including Nuovo Pignone, Cameron and numerous other players in the sector.

COLOMBIA



SACE has guaranteed a \$ 210 million loan granted to Reficar (Ecopetrol Group) in Cartagena for the modernisation and expansion of a refinery. The project, valued at \$ 5 billion, will involve a number of Italian companies through contracts for the supply of goods and services.

BRAZIL

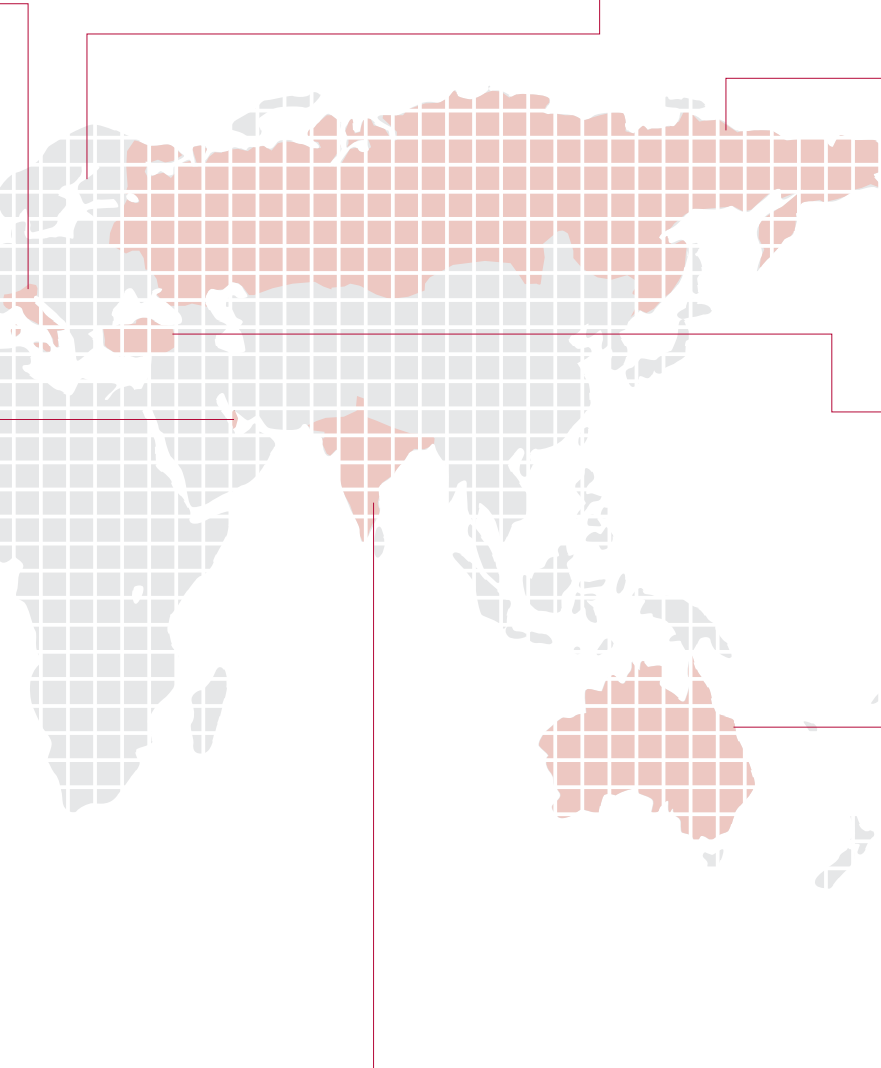


SACE has guaranteed a \$ 300 million loan granted to the Brazilian company Vale, the world's leading producer of iron ore and the second-largest producer of nickel. SACE's guarantee is aimed at fostering commercial relations between Vale and Italian companies, particularly the large numbers of ancillary small and medium-sized enterprises operating in the country.



ALSO SERVING INTERNATIONAL

COMPANIES,



BALTIC SEA

SACE has guaranteed a € 500 million loan within the framework of Phase II of the Nord Stream project for the design and construction, by the Italian company Saipem, of the second line of the deep-water gas pipeline that will cross the Baltic Sea to connect Russia with Germany. The operation takes the financing to more than € 1.4 billion so far guaranteed by SACE in connection with the project, whose main sponsor is OAO Gazprom.



RUSSIA

SACE has guaranteed a \$ 144 million loan granted to Taneco (OAO Tatneft Group) for the construction of a new refinery in the Republic of Tatarstan. The project, with a total value of \$ 7.4 billion, will involve a number of Italian companies including Mangiarotti, Officine Luigi Resta, Walter Tosto and Weir Gabbioneta.



TURKEY

SACE has guaranteed a \$ 624 million loan granted by a pool of international banks to the Turkish company Tüpraş to modernise the İzmit refinery near Istanbul. The project, valued at \$ 2.4 billion, will involve a number of Italian companies through contracts for the supply of goods and services.



AUSTRALIA

SACE has guaranteed a \$ 280 million loan granted to Santos, Australia's largest gas producer, within the framework of the Gladstone LNG project in Queensland. SACE's guarantee will cover the EPC contract awarded to the Italian company Saipem for the construction of the 435 km gas pipeline that will link the Bowen and Surat fields to the liquefaction and export facility in Gladstone.



INDIA

SACE has guaranteed a \$ 400 million loan granted by a pool of international banks to Reliance Industries, the leading Indian group in the petrochemical and oil & gas sectors, for the expansion and development of the production capacity of its petrochemical plants. SACE's guarantee will cover the contracts awarded to a number of Italian companies for the supply of goods and services.

MAJOR PROJECTS



Iceland. Icebergs' lagoon.

Massimo Baldini - Senior Legal, SACE

Bright horizons

STRATEGY AND RESULTS

REPORT ON OPERATIONS

STRATEGY

The difficult macroeconomic context that marked the last two years deteriorated further in the second half of 2011. The worsening perception of sovereign risk by markets and the difficult access to liquidity has driven up the cost of funding for Italian businesses with a negative impact on their self-financing capacity.

In this context, the SACE Group has confirmed its role of supporting the national economy, widening its portfolio of insured operations and collaborating with banks and other institutions to facilitate access to credit for businesses.

In line with its Three-Year Industrial Plan (2011-13), updated in November, the SACE Group is reaffirming its focus on the central importance of the client and on integrating its offer, with the aim of developing integrated solutions and enabling businesses to take advantage of the full power of the Group's products. This is the principle underlying the initiatives launched by SACE during the course of 2011 with the objective of supporting the greatest possible number of Italian businesses.

In order to strengthen its capacity in Italy, SACE has opened new offices (in Verona, Pesaro and Florence), improved online services, and signed agreements with leading insurance brokerage companies and trade associations. To widen and increase the

competitiveness of the financing solutions available to businesses, particularly SMEs, it further reinforced collaboration with the banking system and others financial institutions.

SACE BT, the Group company specialising in credit insurance, surety bonds and construction risks, also confirmed in 2011 the goal of achieving economic and financial equilibrium, taking positive steps to continue the turnaround that has been seen in all of the Company's technical and organisational aspects. It will carry forward its prudential risk assumption, pricing and contract management policies in 2012 in a move to address the declining economic situation. The subsidiary SACE SRV, which specialises in the acquisition of commercial information for the evaluation of counterparty risk, obtained authorisation to carry out credit recovery activities in addition to an investigation agency licence, and is preparing to extend its services to other countries. SACE SRV also handles economic research and analysis relating to Italy and other developed countries, which are taking on increasing importance in the decision-making process of the insurance business.

SACE Fct, the Group factoring company set up in April 2010, continued to pursue its mission of helping to regulate commercial relations between suppliers and buyers, through direct and indirect factoring

services, pooling operations with leading market operators, and the formulation of framework agreements with public authorities (Regions, Provinces and Municipalities) and major distribution agreements, such as the one in place with Poste Italiane to promote Reverse Factoring. SACE Fct is also awaiting the outcome of the review by the Bank of Italy of its application for inclusion in the Single Register of Financial Intermediaries.

OPERATING RESULT

SACE posted a consolidated net profit of €139.5 million, down from €409.8 million in 2010. This is largely attributable to the lower contribution from non-technical activities due to the valuation losses seen in the bond component of the securities portfolio, following the worsening of the debt crisis in the European countries. Net profit before taxation was €211.2 million.

The subsidiary SACE BT posted a positive result of €247,000, an improvement on losses of €4.7 million in 2010 and €34 million in 2009.

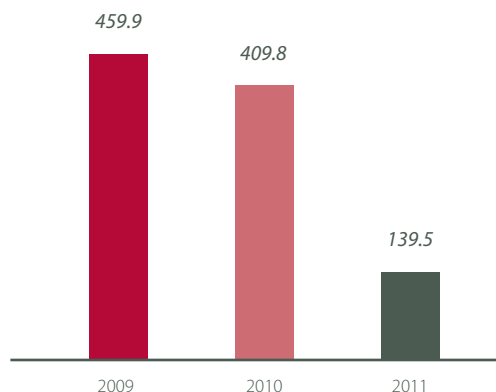
Roberto Taricco

Chief Financial Officer, SACE



The subsidiary SACE Fct closed its second year of operation with a profit of € 6.6 million, a substantial increase on € 144,000 in 2010.

Net profit (€ millions)



REVENUES

The insurance business generated 95.4% of the Group's revenues, with the remaining 4.6% produced by factoring activities. Consolidated gross premiums were €442.3 million, down by 17% on the previous year. Of this sum, €431.4 million derived from direct operations and €10.9 million from indirect operations (active reinsurance).

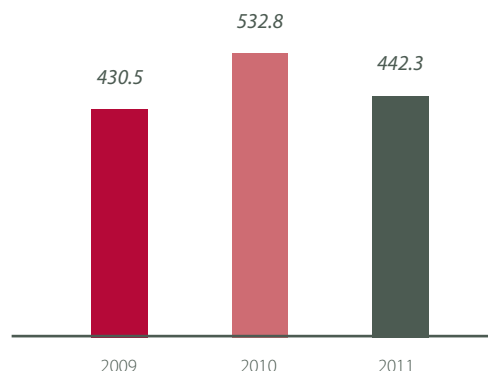
The Parent Company's activities generated €336.1 million in gross premiums, representing 76% of the total. Of this amount, 54.5% was represented by premiums relating to the Buyer Credit policy, followed by financial guarantees (20.6%), surety bonds (10.3%) and Supplier Credit policies (5.5%).

The product company SACE BT earned €106.1 million in gross premiums, representing 24% of the consolidated figure, showing an increase of 12.2% since 2010. This growth is mainly ascribable to the Credit

line of business, which recorded an increase in premiums of 18.7% to €57.6 million. The Surety Bonds line of business also posted a positive performance, with €31.9 million in premiums (+6.7%), and the Other Property Damage line of business, with €13.7 million in premiums (+1.3%).

The factoring business handled by the product company SACE Fct generated operating income of €21.2 million, a substantial increase on €3.3 million the previous year. Of this sum, 64.7% represented net interest income, with the remaining 35.3% deriving from net fees and commissions.

Gross premiums (€ millions)



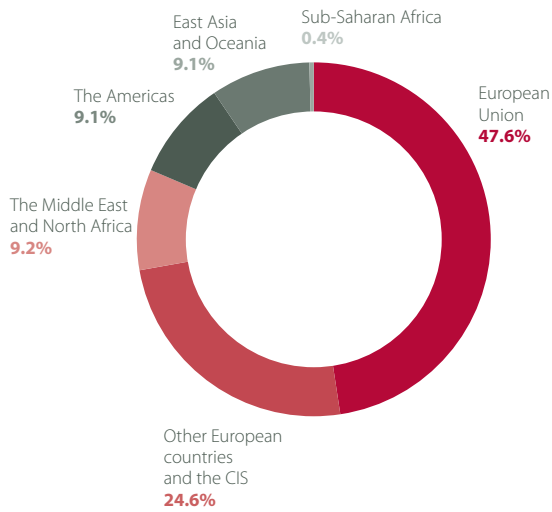
VOLUMES

The Parent Company provided new guarantees worth €10.4 billion, broadly in line with the previous year. The new commitments pertained mainly to the European Union (47.6%), non-EU and CIS countries (24.6%), and Middle Eastern and North African countries (9.2%). The

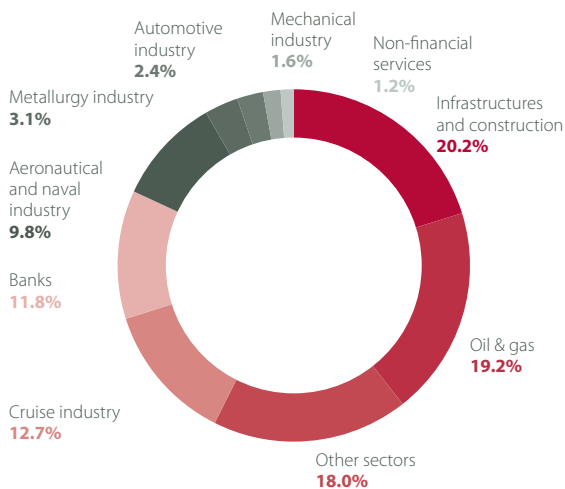
infrastructures and construction sector generated the largest share, accounting for 20.2% of new guarantees, followed by oil & gas (19.2%), the cruise industry (12.7%) and banking (11.8%).

Claudio Andreani
 Director General, SACE BT

New guarantees provided by the Parent Company by geo-economic area (2011)



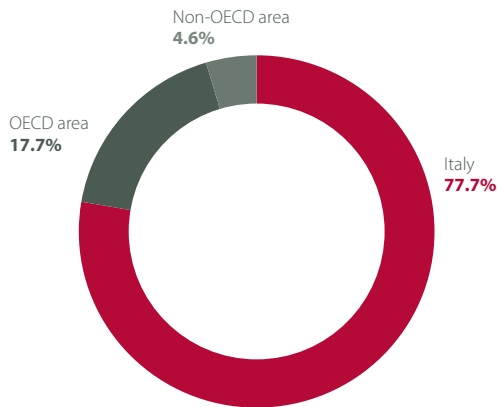
New guarantees provided by the Parent Company by sector (2011)



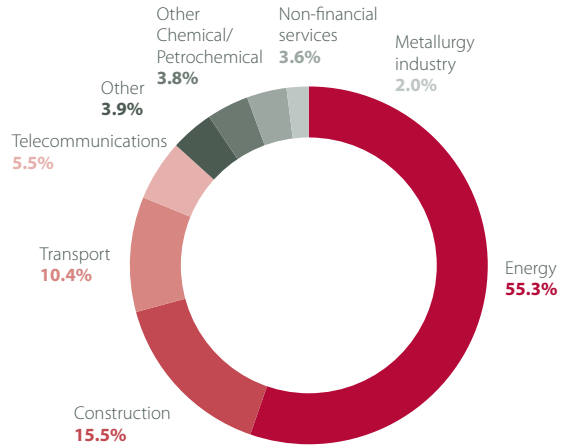
In the Credit line of business, SACE BT provided insurance coverage of €22.7 billion, up by 9.7% compared with 2010. Of this sum, 78% pertained to Italy, 18% to OECD countries, and 4% to other countries. The largest sectors for this line of business were metallurgy, generating 12.8% of the volumes, mechanical engineering (10.8%), the food industry (9.5%), and textiles & clothing (7.6%). The transactions covered by SACE BT in the Surety Bonds line of business amounted to €2.1 billion, a downturn of 4.5%.

SACE Fct generated turnover of €1.3 billion, up 48.6% since 2010. Non-recourse factoring operations accounted for 90.6% of the turnover. The sectors featuring most prominently in factoring activities were energy (55.3%), construction (15.5%), transport (10.4%) and telecommunications (5.5%).

Insured volumes in the Credit line of business of SACE BT by geo-economic area (2011)



Turnover of SACE Fct by seller's industrial sector (2011)



CLAIMS

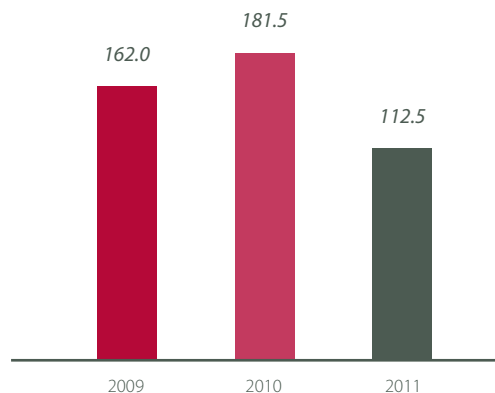
Claims totalling €112.5 million were settled during the year, down 38% from €181.5 million in 2010.

The claims paid by the Parent Company alone amounted to €55.7 million, down sharply from the previous year (€107.5 million). All lines of business were affected by defaults, particularly the steel industry and mechanical & electrical engineering sectors. SACE BT settled claims of €56.8 million, down 23.6%. The Credit line of business saw an 8% downturn in non-collection reports, ascribable in particular to the sectors of textiles and clothing (16.6%), construction (15.1%), mass retailing (9.6%) and mechanical engineering (8.4%). Claims in the Surety Bonds and Other Property Damage lines of business fell by 14% and 5% respectively, while the average cost of reported incidents rose.

RECOVERIES

Political and commercial credit recovery activities generated a positive effect on the income statement on a consolidated level, amounting to €74.2 million.

Claims settled (€ millions)



Cash flow from sovereign credit recovery on the part of the Parent Company amounted to €84.2 million, with 60% of this amount deriving from two countries, Egypt and Iraq. During the course of the year, credit restructuring agreements were signed with Cuba and the Emirate of Ajman. The Parent Company collected €8.4 million from commercial risks.

Post-settlement recovery activities in relation to claims allowed SACE BT to collect €6.6 million, net of legal costs.

REINSURANCE

The reinsurance policy adopted by SACE, aimed at maintaining and improving technical equilibrium, involves market counterparties with high ratings and international scope.

Valerio Ranciaro
Director General, SACE SRV



In 2011, SACE entered a new reinsurance agreement with the Israeli export credit agency Ashra, bringing the number of reinsurance agreements signed to 23, and a cooperation agreement with the Greek agency Ecio.

In line with its rationalisation strategy, SACE BT reduced recourse during the year to reinsurance and signed proportional and excess loss treaties for the Credit and Surety Bonds lines of business, and excess loss treaties exclusively for the other lines of business.

SHAREHOLDERS' EQUITY AND TECHNICAL PROVISIONS

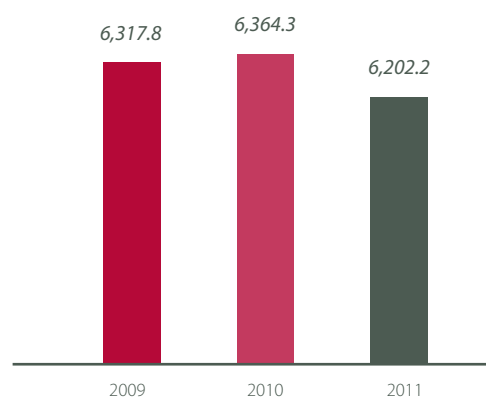
Shareholders' equity at 31 December 2011 was €6.2 billion, slightly down on the previous year (-2.5%); the share capital, fully paid-up, was €4.3 billion. The technical provisions, consisting of premium and claims provisions, amounted to €2.3 billion (+5.7%).

FINANCIAL INVESTMENTS

Consolidated financial investments stood at €7.5 billion at the end of 2011, down 4% since the previous year. The portfolio was made up of 75.3% bonds, 8% bond and UCITS equity and 0.4% equities, with the remaining 16.3% in monetary instruments.

97% of these investments belonged to the Parent Company, whose financial management approach aims to optimise capital structure, improve capital adequacy, and balance risks assumed through insurance activities.

Shareholders' equity (€ millions)



Financial investments (€ millions)

Type of investment	2011	2010	Var.
Bonds	5,653.1	5,844.8	-3.3%
Monetary investments	1,219.3	166.3	>100%
UCITS investments	601.9	1,152.3	-47.8%
Equities	28.9	19.3	49.7%
Total	7,503.2	7,182.8	4.5%

SACE invests in listed SMEs or those in the process of listing

SACE has awarded a mandate to a leading provider specialised in the small cap market to handle medium to long-term investments in listed SMEs or those in the process of listing on the Italian market. The initiative, which will have initial funding of €50 million, is aimed at purchasing sizeable stakes in companies whose business model is focused on exports. The capital of target companies will benefit from the presence of an institutional investor capable of guaranteeing a time horizon that is appropriate for their industrial development in exchange for an adequate return on investment.

CONSOLIDATED BALANCE SHEET

ASSETS - € thousands	2011	2010	2009
Intangible assets	15,776	16,502	16,672
Tangible assets	70,656	79,273	80,118
Technical provisions – Reinsurers' portion	104,042	99,717	95,371
Investments	7,667,327	7,915,266	7,320,767
Receivables	992,550	841,939	809,222
Other asset items	250,006	285,519	234,684
Cash and cash equivalents	78,299	84,368	685,721
Total assets	9,178,656	9,322,584	9,242,555
LIABILITIES - € thousands	2011	2010	2009
Shareholders' equity	6,202,168	6,364,342	6,317,830
Provisions	46,525	76,060	83,340
Technical provisions	2,342,117	2,214,794	2,316,892
Financial liabilities	170,639	188,441	113,519
Payables	182,775	193,447	151,754
Other liability items	234,432	285,500	259,220
Total shareholders' equity and liabilities	9,178,656	9,322,584	9,242,555

CONSOLIDATED INCOME STATEMENT

€ thousands	2011	2010	2009
Gross written premiums	442,292	532,843	430,510
Change in the premium provision	(99,467)	93,580	(188,218)
Premiums ceded to reinsurers for the year	(42,293)	(35,466)	(42,999)
Net premiums	300,533	590,957	199,293
Gains and losses from financial instruments at fair value	(572,503)	(205,703)	511,081
Gains from other financial instruments and investment property	209,792	196,670	200,502
Other revenue	509,596	399,378	239,859
Total revenue	447,418	981,302	1,150,735
Claims paid	(23,748)	51,189	268,442
Change in the life and non-life technical provision	(22,271)	(13,488)	(34,996)
Net charges relating to claims	(46,019)	37,701	233,446
Expenses relating to equity investments in subsidiaries and associates	-	359	-
Charges arising from other financial instruments and investment property	5,810	1,085	3,556
Administrative expenses	97,186	97,840	101,206
Other costs	179,194	231,830	173,380
Total costs and charges	236,171	368,815	511,588
Profit for the year before tax	211,247	612,487	639,147
Tax	71,727	202,663	179,209
Profit for the year after tax	139,520	409,824	459,938

RISK MANAGEMENT

RISK MANAGEMENT POLICIES

Risk management is the identification, measurement and control of risks, key elements in the economic assessment of a company's assets and liabilities, using the best possible asset liability management techniques. Risk management is fully integrated with decision-making processes with the aim of improving risk adjusted performance.

Risk management processes are defined according to the specific nature of the Group's lines of business and in compliance with reference standards. The latter set out three pillars:

- Pillar I: introduces a capital requirement for addressing the typical risks of insurance/finance activities (technical, counterparty, market and operational risks)
- Pillar II: requires Group companies to be armed with a strategy and control process for capital adequacy
- Pillar III: introduces reporting requirements regarding capital adequacy, exposure to risks and the general characteristics of related management and control systems.

Group companies manage the following types of risks:

- **technical risk**, intended as **underwriting risk** and **credit risk**. The former refers to the risk of loss or write-down in the value of liabilities due to inadequate assumptions on the subject of pricing

and establishing reserves, the latter to the risk of default and migration of a counterparty's credit worthiness. Both risks are managed by the adoption of prudent pricing and reserve policies defined using the best market practices, underwriting criteria, monitoring techniques and active portfolio management

- **market risk**, from market operations involving financial instruments, currencies and goods, controlled through asset liability management and kept within preset limits by adopting asset allocation guidelines and quantitative risk measurement models (Market VaR)
- **operational risk**, namely the risk of suffering losses from inadequacy or failure in procedures, human resources and internal systems, or from exogenous events. SACE and SACE BT regularly carry out qualitative evaluations of potential risk factors (risk self assessment), tracking and logging effective operating losses through the loss data collection process.
- These data represent the input process for measuring and managing operating risks in line with the principles drawn from the reference standards. For the purpose of more accurate overall risk management, SACE Fct will soon be implementing loss data collection and self assessment systems
- **liquidity risk**, namely the risk that the company will not be able to liquidate investments and other assets to manage its own financial commitments


1 - Underwriting risk pertains to SACE S.p.A. and SACE BT

at maturity. There are no significant liquidity risks for SACE and SACE BT because all the instruments held in the trading portfolio hedging technical reserves derive from securities traded on regulated markets; in addition, the lower average life of the investments ensures a rapid turnaround. In this context, SACE Fct is in the process of defining a specific policy for the management of liquidity risk, in compliance with the prudential regulatory reference framework

- **concentration risk**, resulting from exposure to counterparties, groups of connected counterparties in the same economic sector or which carry out the same activities or belong to the same geographic area
- **interest rate risk**, specific to the operations of SACE Fct and which relate to activities other than those allocated in the trading portfolio. This represents the company's economic-financial situation in regard to unfavourable variations in interest rates.

The following risks are identified and, where necessary, measured and mitigated through suitable management processes:

- **reputational risk**, intended as the risk of deterioration of the company's image and an increase in conflict with the insured, due also to poor quality services, placement of inadequate insurance policies or the behaviour of the sales network. This risk



“ At a time when nothing is certain, not even the definition of risk free, risk management becomes even more critical. The second half of the year, which saw Italy losing ground in terms of competitiveness, has tested the activity of supporting businesses, something which is vital to enable the system to grow adequately. Only efficient risk management protects businesses from such adverse events and their effects. ”

Francesca Meloni
Risk Management, SACE

is greatly mitigated by existing safeguards with regards to internal control, compliance and risk management, as well as specific internal procedures designed to regulate the group's operations

- **strategic risk**, in other words the current or prospective risk of a decline in profits or capital resulting from changes in the operating context and from misjudged company sales, unsuitable implementation of decisions and inadequate reaction to changes in the competitive context.

THE ROLE OF RISK MANAGEMENT

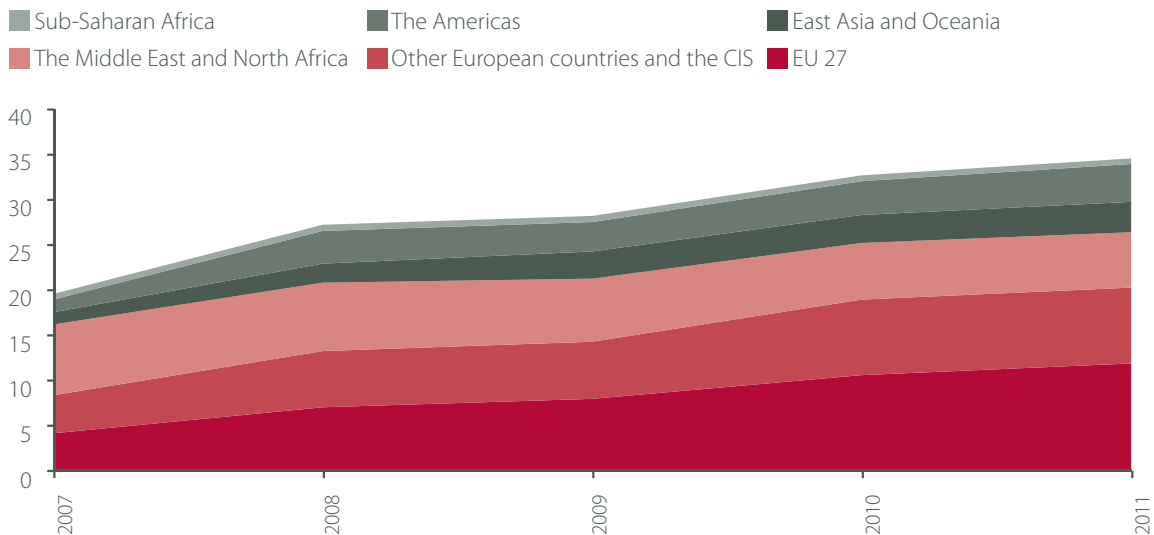
Risk management activities are carried out by a single organisational structure which contributes to strategic choices and the Group's managerial and financial stability through an integrated process. This structure also defines methodologies and instruments for identifying, measuring and controlling risks, and making sure that procedures are suitable for the individual Group companies' risk profile. Specifically:

- it proposes methodologies, develops risk

measurement and control and internal capital models and systems, suggesting provisions, through value at risk and portfolio scoring systems and pursuant to specific sector legislation

- it implements measurement and control systems with risk/performance ratio and creation of value pertaining to individual risk taking units, monitoring the correct allocation of economic assets in line with company guidelines on the subject
- it contributes to the definition of operating limits assigned to the corporate offices, signalling any violation of the limits in place for the Board of Directors, top management and the offices themselves
- it ensures the measurement and integrated control of overall exposure to risk by preparing procedures for the detection, assessment, monitoring and reporting of risks, including scenario analyses and stress tests
- it provides support to corporate offices involved in defining reserve levels
- it prepares regular reports on the development of

Performance of total exposure of SACE by geographic area (€ billions)



risks taken and the presence of possible irregularities and encroachments, reporting them to the Board of Directors, top management and operations managers

- it monitors operations aimed at improving capital structure, management of reserves and liquidity (ALM)
- it collaborates with other offices and controlling bodies, both internal and external, sending regular flows of information
- it coordinates activities relating to the capital adequacy process.

SACE'S RISK PORTFOLIO

The total exposure of the Parent Company SACE, calculated as the total loans and outstanding guarantees, principal and interest, stands at €34.6 billion, up 5.7% since the end of 2010. The guarantee portfolio represents 97.9% of total exposure. The loan portfolio, which has increased by 25.6%, is equal to €717.7 million. Both sovereign credit (+24.2%) and trade credit (+80.7%) have increased compared with the previous year.

EU countries represent 34.5% of SACE's exposure, an increase of two percentage points compared with 2010, followed by non-EU countries and the Commonwealth of Independent States (24.2%). Exposure in the Americas (which accounts for 12.1% of exposure) and in East Asia and Oceania (9.7%) decreased respectively by 12% and 8.4%; the percentage risk relating to the Middle East and North Africa (17.7%) decreased by 2.2%, and exposure in Sub-Saharan Africa (1.8%) fell by 4.3%.

The outstanding guarantees portfolio in principal recorded an increase in concentration levels compared with 2010. The share held by the top country rose from 23.1% to 26.2%, while that of the top ten countries went up from 67.3% to 68.8%.

As for the composition of the portfolio by type of risk, exposure to private risk increased by 10.9%, while exposure to political risk decreased by 22.2% as a result of the maturity of significant direct investment operations abroad. Guarantees relating to sovereign risk (-3.9%) and ancillary risks (-28.8%) also fell.

The private risk portfolio saw a generalised increase

Total exposure of SACE (€ millions)

Portfolio	2011	2010	Var.
Outstanding guarantees	33,928.1	32,202.6	5.4%
<i>principal</i>	28,884.9	27,249.5	6.0%
<i>interest</i>	5,043.2	4,953.2	1.8%
Performing credits	717.7	571.3	25.6%
Total exposure	34,645.8	32,774.0	5.7%

SACE guarantee portfolio by type of risk (€ millions)

Type of risk	2011	2010	Var.
Sovereign risk	2,257.6	2,348.3	-3.9%
Political risk	1,817.8	2,335.1	-22.2%
Private risk	24,416.2	22,013.5	10.9%
Ancillary risks	393.3	552.5	-28.8%
Total	28,884.9	27,249.5	6%

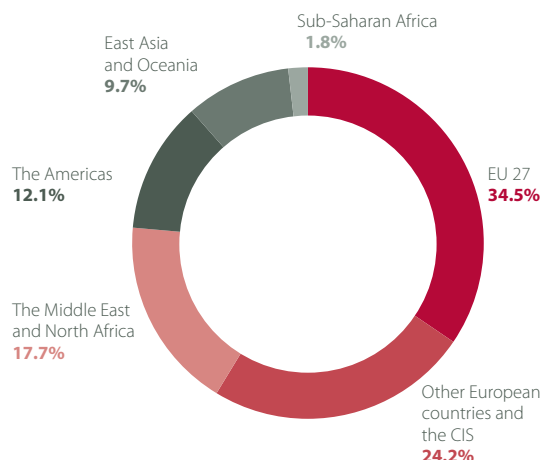
in exposure, specifically in corporate risk in the credit (+27.9%) and surety (+13.9%) lines of business. Exposure in the banking sector, on the other hand, decreased (-10.1%). The industrial sector experienced a significant concentration, with the top five sectors representing 70% of the portfolio. The largest sector remains oil & gas, accounting for 24.6% of the total, followed by infrastructures and construction (18.8%) and metallurgy (11.7%). Exposure to the banking sector decreased, falling from 8.7% the previous year to 7.1% of the total, while exposure to the chemical and petrochemical sector (7.9%) and aeronautical and shipping sector (5.9%) increased.

SACE BT'S RISK PORTFOLIO

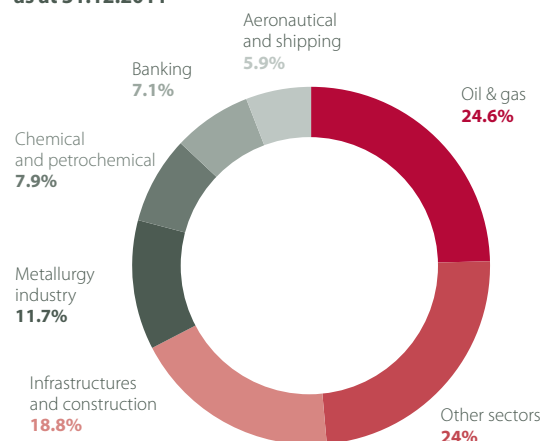
The overall exposure of SACE BT stands at € 36.8 billion, up 2.4% since the previous year.

Exposure in the Credit line of business – defined net of policy excess - is equal to €15.6 billion, up 12.5%. Existing exposures, which exceed 322,000 units, have also increased, as has the total number of debtors (221,000). The average exposure per debtor stands at € 82,000. The portfolio is mainly concentrated in European Union

Total exposure of SACE by geo-economic area as at 31.12.2011



SACE guarantee portfolio by industrial sector as at 31.12.2011



SACE guarantee portfolio: distribution of private credit risk by type (€ millions)

Type of risk	2011	2010	Var.
Corporate – credit line of business	8,767.5	6,856.9	27.9%
Corporate – sureties line of business	4,950.7	4,347.5	13.9%
Corporate with collateral	2,259.0	2,390.2	-5.5%
Banking	1,726.2	1,919.2	-10.1%
Project finance	4,937.7	4,553.5	8.4%
Structured finance	1,243.9	1,515.4	-17.9%
Aeronautics (asset based)	531.1	430.9	23.3%
Total	24,416.2	22,013.5	10.9%

countries (91.6%), with Italy alone representing 76.7%. The manufacturing industry and the wholesale and retail trade are the two major industrial sectors with greatest exposure, accounting for 44.6% and 30.8% respectively.

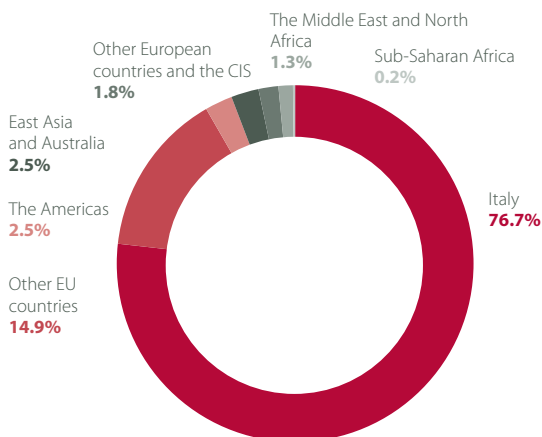
Exposure in the Sureties sector, in other words the amount of insured capital, stands at €7.5 billion, a rise of 1.5%. Guarantees related to contracts account for 66.9% of existing risks, followed by guarantees related to tax payments and refunds (28.3%). The portfolio, which

comprises more than 42,000 contracts, is concentrated in Northern Italy (65.6%) and the central regions (22.9%). The exposure of Other Damage to Property – defined net of deductibles, excesses and compensation limits - is equal to € 13.8 billion, down 6.6%. The figure of 5,812 existing policies remains virtually unchanged. Contracts relating to Construction All Risk and Erection All Risk type policies account for 59.3% of the portfolio, with Posthumous Decennial policies making up the remaining 40.7%.

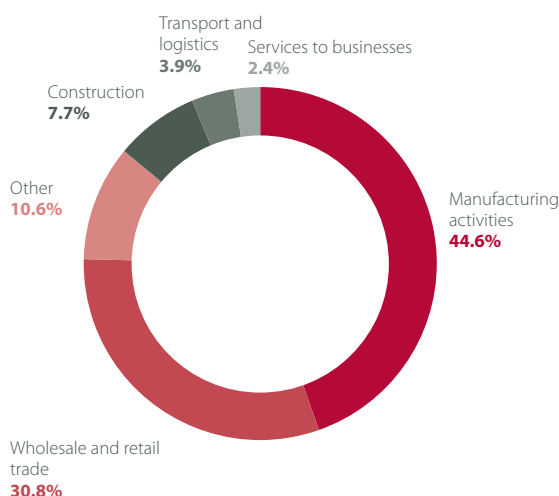
Total exposure of SACE BT by line of business (€ millions)

Portafoglio	2011	2010	Var.
Credit insurance	15,579.3	13,847.0	12.5%
Sureties	7,478.9	7,371.5	1.5%
Other Damage to Property	13,791.7	14,772.3	-6.6%
Total	36,849.9	35,991.1	2.4%

Exposure of SACE BT in the Credit line of business by geo-economic area as at 31.12.2011



Exposure of SACE BT in the Credit line of business by industrial sector as at 31.12.2011



SACE FCT'S RISK PORTFOLIO

SACE Fct's total amount of credits, in other words the total amount of receivables acquired net of receivables collected and credit notes, stands at €1.2 billion, an increase of 51.7% compared with 31 December 2010.

During the course of the year, factoring transactions produced a turnover of €1.3 billion (+48.6% compared with 2010), against receipts recorded in the same period of €870 million. At the end of the year, there were 190 asset sellers (36 in 2010), while there were 2,743¹ assigned debtors (2,419 in 2010), of which approximately 95% were from the Public Administration.

The total amount of credits refers, in the main, to "pro-solute" (without recourse) transactions, accounting for 92.3% of the total, while the share of "pro-solvendo" (with recourse) receivables acquired recorded growth compared with the previous year end, rising from 4.7% to 7.7%.

The distribution of the total amount of credits by the seller's industrial sector shows a concentration in the energy sector of 56.9%, followed by transport with 12.7% and construction with 11.9%.

In line with the previous year and factoring market trends, exposure is mainly concentrated in the areas of Central Italy (72.5%) and North West Italy (11%).

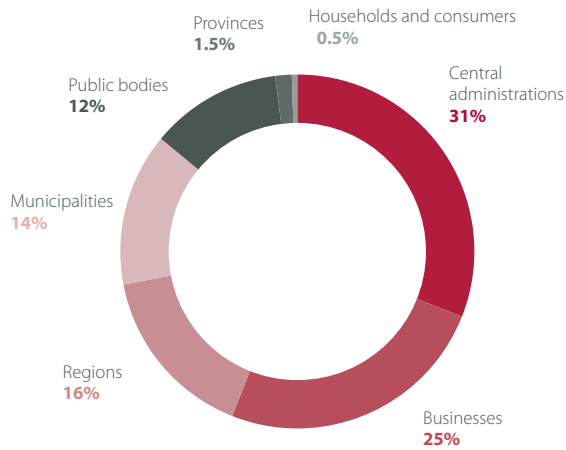
The Public Administration sector accounts for 74.5% of debtor counterparties, with businesses representing 25% of the total figure, an increase of 13% compared with the previous year. The distribution of the total amount of credits by the debtor's geographic area shows a concentration in Central Italy due to the location of central administrations; an increase was also recorded in the percentage in the North West and the North East compared to the previous year. Lastly, the number of foreign debtors displayed growth, accounting for 2.5% of the total at the end of the year.

SACE Fct total amount of credits by product type (€ millions)

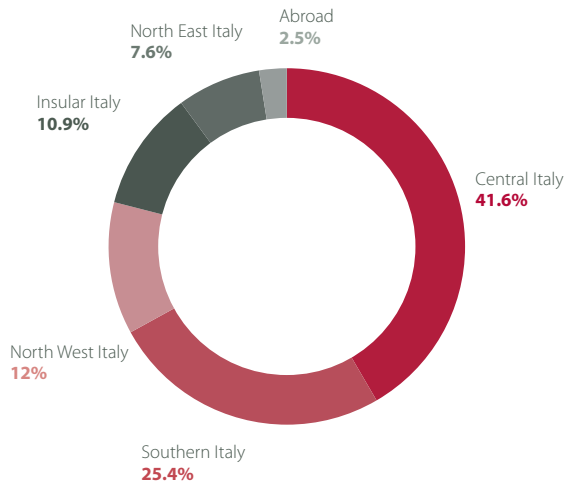
Product	2011	2010	Var.
Non-recourse factoring	1,126.2	766.1	47.0%
Recourse factoring	93.4	38.0	145.8%
Total	1,219.6	804.1	51.7%

1. Net of debtors belonging to the "households" category.

SACE Fct total amount of credits by debtor type as at 31.12.2011



SACE Fct total amount of credits by debtor geographic area as at 31.12.2011



“ The current crisis underlines the need to be familiar with and manage risks taken and to establish a buffer of capital to absorb losses. Our objective is to preserve the value and profitability of the business, which we plan to do by defining the appetite for risk, assessing overall exposure risks and fostering the correct risk profitability logic. Every day in the company we act as advocates for the “risk culture”, in the knowledge that it is a vital factor for strengthening the fundamental assets of our company. ”

Alessandra Sbardella
Head of Risk Management SACE BT



THANKS TO

GIOVANNI ABBADIA – VINCENZO ABBATE – TIZIANA ABBRUZZESE – CRISTINA ABBRUZZESE – ANDREA ABRATE – CLAUDIA ROBERTA ACCARDI – GIUSEPPE AMOROSO – FRANCESCA ANDREANI – VALENTINA ANDREANI – CLAUDIO ANDREANI – ROSINA ANDREOLI – ANNALISA ANGELETTI – SONIA ANGELINI – NAZARIO ANTELMO – GIUSEPPE ARCARO – MARCELLA ARDIUINI – GIANFRANCO AVELLINI – RUGGERO BAFFARI – CINZIA BAGAGLI – MASSIMO BALDINI – CRISTINA BALESTRA – MARCO BALESTRI – FABIO BALLERINI – EMANUELA BALLINI – ENRICO BARBERI – PAOLA BARCHIETTO – DARIO BARBASTONI – MARCO BATTAGLIA – ROBERTO BATTISTI – ANTONIO BELFIORE – GIANLUCA BELISARI – FRANCO BELLAMENTE – ROBERTA BELLAVIA – NICOLA BELLINI – PASQUALE BELMONTE – MARIA BERNABEI – MICHELA BERTINI – STEFANIA BISI – STEFANO BISOGNI – GIAMMARCO BOCCIA – FRANCESCA BONTEMPI – ALESSANDRO BORNETO – ALESSANDRA BRACAGLIA – STEFANO BRAGA – BARBARA BRANCIAMORE – GIANLUCA BRAVIN – MARINA BRUCIUNI – ITALO BUFACCHI – SUSANNA BULGARELLI – GIUSEPPE BUONGIORNO – PATRIZIA BUSTI – MAURO BUTTARELLI – GIANLUCA CABULA – ALESSANDRO CALAMEA – SONIA CALCAGNI – NICOLA CALVANO – PATRIZIA DANIELA MARIA CARBONATI – GIUSEPPE CARBONE FRANCESCA MARIA CARDARELLI – DARIO CARDILLO – VALENTINA CARIANI – VERONICA CARLOCCHIA – MILOS CARLONI – ROCCO CARLUCCI – SABRINA CARRETTA – DANIELE CARONICO – NICOLETTA CASSANO – ROSANNA CASSESE – CLAUDIO CASSIANI – GIOVANNI CASTELLANETA – ALESSANDRO CASTELLANO – ROSSSELLA CASU – DANIELA CATAUDELLA – PATRIZIA CATTANEO – MADDALENA CAVADINI – CHIAMPO – FLAVIA CHIAPPINI – VALENTINA CHIAVARINI – FRANCESCA ANNA CIBATI – MATTEO CICCARELLI – EMANUELA CICCOLINI – PATRIZIA CIFANI – TIZIANA CIFERRI – ALESSANDRA CIMINI – ELENA CIMMINO – MARIA LUCIA COEN – ROBERTA COEN – ANNA MARIA COFINI – ARMANDO COLAFRANCESCO – ANTONIO COLANTUONI – DOMENICO COLETTA – ROBERTA COLLACCIANI – BENEDETTO ANTONIO COLOMBO – FABIO COLOMBO – VITTORIA COLOMBO – EMANUELE CORRADINO – CLAUDIA EMILIA CORRAO – MANOLO CORRETTO MIRKO CORSETTI – FLAVIA COSTABILE – FRANCESCO PAOLO COTUGNO – MICHAEL CREIGHTON – LAURA CREMONA – EMANUELA CRETONI – FABIO D'AMELIA – IDA D'AMORA – MAURIZIO D'ANDRIA – GABRIELLA DARESTA – ANDREA D'ARMINI – ROCCO DARTIZIO – MONIQUE DASEMAN – LORENZO D'AVETA – ANGELO DE BENEDETTO – FRANCESCA MARIA DE CARPAOLIS – FABIANA DE ROMANIS – GIOVANNI D'EGIDIO – BARBARA DEL MARRO – PAOLA DEL SOLE – ENRICA DELGROSSO – PAOLO DELLA TORRE – BARBARA D'ELPIDIO – ROSSSELLA DERME – ANDREA DI BENEDETTO – ANDREA DI SALVO – MARIANNA DI SAVERIO – ANTONELLA DI TULLIO – LETIZIA DIANA – PIERGIORGIO D'IGNAZIO – FAUSTA DILENA – LAURA DIPRIMA – ALESSANDRO DIPRIZIO – STEFANO DONGHIA – PATRIZIA DONNINI – FRANCESCA FABRIZIO – ELISA FACCHIN – PINA FAIELLA – CLAUDIA FALAVOLTI – CLAUDIO FALCIANO – RICCARDO FANELLI – MICHELA FANT – MARCO FARANO – VITO FRANCESCO FAVATA – ORIANA FEOLA – HANIEH FERDOUSI – FIORELLI – GIOVANNI FIORILLO – POMPEA FIORINI – ANNA FLAMINI – ANDREA FORESI – STEFANIA FORTI – FRANCESCA FORTUNATO – ILARIA FRANCESCHELLI – ROBERTA FRANCI – DAVID FRAZZETTO – GIOVANNA ANTONI GAMBELLI – CATIA GAMBINI – SERAFINA GAROFALO – LUCA GATTO – ANTONIO GENNA – ANTONELLA GENTILI – EMANUELA GEZZI – STEFANO GHERARDI – ROXANA MARIA GHERMAN – JACOPO GIACOMELLI – IVAN GIACOMELLI – GIORGIO – ILARIA GIOVANNINI – DANIELA GIROLAMI – GAETANINA GISINI – PIETRO GIULIANI – TIZIANA GIUSTINIANI – EVGENIYA GORBACHEVA – MANUELA GRASSIN – ELEONORA MARIA GRAVINA – GIANPIERO GRECO – ROBERTA GRILLI – FABIO GUGLIERI – ALESSANDRO GUIDA – LUCA GULLOTTA – YUE HON JONATHAN HO – ALESSIA IANNONI SEBASTIANINI – PAOLA IANNUCCI – FRANCESCO IOIME – CINZIA IZZI – LOURDES JIMENEZ GALAN – ANN ULRIKA JONSSON – ANGELA LEO – DANIELE LEONE – LEONARDO LESO – MEI ZANG LI – EDOARDO LI CASTRI – PATRIZIA LIBERATI – GIOVANNI LICATA – MARCO LICCIARDELLO – LINDA MARIA LIPPI – GIOVANNI LO FASO – SIMONE LO PAPA – MACCARRONE – ROBERTO MACCHIONI – LUCIA MACCELLARI – FULVIA MAFFI – PATRIZIA MAGARINI – ALESSIA MAGGIO TUMMILO – CARLO MAGISTRELLI – GIANLUCA MAGISTRI – MARINA MAGNI – SALVATORE MAIMONE – MARCO MANZI – SALVATORE MARANO – EVA MARANZANO – ALDO MARI – VALERIO MARINARO – MARIA CRISTINA MARINI – MAURO MAROLLA – ANNA MARIA MARRONI – EVA MARTIN – NADIA MARTINELLI – ALESSANDRA MARZANO – MATAZZO – ANDREA MATTIOLI – GUIDO MAURI – ALESSIO MAURICI – MARIA GRAZIA MAZZARANO – MARIO MAZZELLA RENATO MAZZONESCHI – ANDREA MAZZOTTI – FRANCESCA MELONI – MARIA RAFFAELLA MENA – MICCOLIS – MARIANGELA MICHELETTI – AUGUSTO MICHETTI – FRANCESCO MIGLIORINO – LIVIO MIGNANO – CHIARA MILLERI – MARCO MINORETTI – STEFANIA MITTEMPERGER – VALENTINA MOFFA – LUCA MONETA – FEDERICA MORETTI – RANDA MARIA MORGAN – ELISA MORICI – MARINA MOSCATIELLO – MARCO MOSSINO – FRANCESCA MUREDDU – CHIARA NALLI – ANNY VALENTINE NALLI – ALESSANDRO NAPOLITANO – LUISA NAPOLITANO – NUCCITELLI – DONATELLA OCCHIONERO – ANTONIO OLIVA – MARIO ORABONA – PIERPAOLO ORLANDO – SILVIA ORTENZI – STEFANIA PACIOTTI – ELEONORA PADOAN – ROSA PAGANO – STEFANIA PAGLIA – LUCA PAGLIARINI – MARIAROSARIA PASCA – LARA PASQUALI – MAURO PASQUALUCCI – LUCA PASSARIELLO – ANNA MARIA PASSARINI – FRANCESCA PASTORE – SERENA PATERNESI – MARINA PATURI – ANNALISA PECORARO – EMANUELE PEDRINI – PETRUCCI – STEFANIA PETTINARO – ANNA MARIA PIAZZA – SARA MARILU' PIAZZA – MARIA CRISTINA PILIA – CRISTINA PINZARI – ISACCO PIOVANI – ROSARIA PISANIELLO – ANGELO PIZZULO – LAURA PLACIDI – FEDERICA PIZZOLI – PROTTI – DMYTRI PROZOROV – GIUSEPPE PUGLISI – CARLO ANDREA PUPPO – CINZIA QUARANTA – FABRIZIO QUINTILIANI – ILARIA QUINTO – LAURA RADAELLI – GIOVANNI RAIMONDO – VALERIO RANCIARO – STEFANO REA – MICHAEL RIEDL – FRANCESCA RIMEDIO – ROSA RIOLO – CINZIA RIZZA – CLAUDIA ROCHIRA – DANIELA RODDI – SABINA RODRIGUEZ AGRI – RICCARDO ROLFINI – GIUSEPPE ROMANO – MARCELLO ROMEI BUGLIARI – GIUSEPPE ROMEO – DIEGO RUSSO – FABIO RUSTICHELLI – GIANCARLO SABATINI – CRISTIANA SABENE – ANNALISA SACCOTELLI – GIOVANNI SALINARO – GIANLUCA SALVAGNONI – MARCO SANDRONE – MASSIMILIANO SANNA – MARCO SAVASTANO – PATRIZIA SAVI SCARPONI – ALESSANDRA SBARDELLA – EMANUELE SBARDELLA – FRANCESCO SCANNIZZO – MARIANNA SCARANO – CHRISTIAN SCAROZZA – SILVIA SCATENA – GIANMARCO SCHIAVI – MASSIMO SCHIARI – ANTONIO SONCIN – ANGELA SORGE – STEFANIA SPALLUTTI TIZIANO SPATARO – PIERLUCA SPAVENTA – MANUELA MARIA SPINAZZI – ALESSANDRA SPINELLI – FILIPPO IVO SPINOGLATTI – CRISTINA SPIZZICHINI – BRUNELLA STABILE – TIRSAR – EVA TOMPETRINI – MASSIMO TOSTI – MICHELE TOTO – MARCO TRADITI – VANESSA MARIA TRAGGIAI – GIORGIO TRAIETTI – ANDREA TRAMONTE – MARIA FRANCESCA TRANCHINA – LAURA ROSARIA TRICARICO – LUIGI TRICARICO – VALDEZ – NADIA VALENTINI – SILVIA VALENZIANI – PAOLA VALERIO ELENA VANNI UMILE – ENRICA VANNONI – VIERI VELARDI – DEBORA VENTRICE – MATTEO VENTURELLI – CLARA VERONOLI – ANNA VERRASCINA – MARCO VERRASCINA – GIOVANNI VITALE – MARIA ELEONORA VITALIANI – PIERLUIGI VITI – ANNAMARIA VOX – SIMONA VULTAGGIO – GABRIELLA ZAGNI – CLAUDIA ZAMPA – FABIO ZAMPERINI – ANDREA ZIPPEL – ELEONORA ZITELLI – MARCO ZITELLI



BUSINESS NEVER S

NA ACERO – SIMONETTA ACRI – LORENZO ADINOLFI – STEFANO ALA – MARINELLA ALBERICHI – MARCO ALDEGHERI – VALERIO ALESSANDRINI – PAOLO ALFIERI – ROBERTO ALLARA – ALESSANDRO ALTAMURA – SAVERIO
 FRANCESCA ARGENTI – CRISTIANO ARLECHINO – SABRINA ARNONE – LAURA ARPINI – FULVIA MARIA ARRIGONI – RAOUŁ ASCARI – GIUSEPPE ASCIERTO – ANNAMARIA ASTA – PROSPERO ASTARITA – AMBRA AURIEMMA –
 RIGELLI – MARIA BARILARO – ALESSANDRO BARILE – MARIA DEL CARMEN BARRAL DIZ – FRANCESCA BARTOLI – LORENZO BARTOLI – ANTONIO BARTOLO – LIDIA BARTOLUCCI – ROBERTO BASILICATA – NICOLA BASSI – DAISY
 RTINI – BARBARA BERTOLDI – FLAVIO BERTOLOSSI – ANNA BERTOLOTTI – FRANCESCO BEVILACQUA – ALBERTO BIAGIOTTI – LUCA BIANCHI – FABIO BIANCHINI – MONICA BIFFI – RAFFAELLA BIGOTTI – LUCIANO BISCEGLIA
 RECCIA – LUCA BRECCIAROLI – FEDERICO BRESSAN – LAURA BRICHETTO – ETELDREDA BRUGNATELLI – MARIO ALEJANDRO BRUNI – MASSIMILIANO BRUNO – ALESSIA BRUNO – DANILIO BRUSCHI – AMELIA BUCAIONI – SARA
 A CAMPITELLI – DANIELA CANNAVO' – ANDREA CANTONI – CLAUDIA CAPPONI – BEATRICE CAPPuccio – ROBERTA CAPURSO – VINCENZO CAPUTI – ALESSANDRA CAPUTO – ANNALISA CAPUZZI – FABIO CARAMELLINO –
 DANIELA CARTERI – CATALDO CARUCCI – FRANCESCA CARUSO – PATRIZIA CASADEI – VALENTINA CASALGRANDI – STEFANIA CASALVIERI – STEFANO CASANDRI – FRANCESCO CASANOVA – MASSIMILIANO CASCIANELLI –
 FABIANA CAVALLIN – ALBERTO CECCHINI – ALESSANDRO CECI – BARBARA CELARI – GIUSEPPINA CERASO – PAOLO CERINO – ANDREA CERVINI – ALICE CETRONI – LAWRENCE CHAPMAN – CLAUDIA CHERUBINI – LORENZA
 LUISA CINIGLIO – ROSARIA CINQUEGRANI – CAMILLA CIONINI VISANI PAOLA CIPRIANI – MARCO CIPRIANO – DOMENICO CIRANNI – GUIDO CLARY – PATRIZIA CLINCO – VALERIO COARI – DAVIDE COCCO – COSTANTINO COCO
 ONNA – CLEMENTINA COLUCCI – ROSSELLA CONCIO – ELIANA CONTI – GIANLUCA COPPETO – ANTONELLA COPPOLA – IRMA COPPOLA – RAFFAELE CORDINER – GIOVANNA CORPORANDI – CLAUDIO GIOVANNI CORRADINI
 ALESSANDRA CROCI – FABRIZIO CRUCIANI – VALERIO CURSI – PASQUALE CURTO – EUGENIA CUTINI – LUIGI STEFANO CUTTICA – ALBERTO D'ACCARDO – DILETTA D'ADDARIO – GIULIO DAL MAGRO – PAOLO DALMAGIONI –
 O – FRANCESCO DE CILLIS – PAULINE DE FARIA SEBOK – VINCENZO DE GIOIA – MARIA TERESA DE LIO – MAURO DE LORENZO – CRISTINA DE MARTIN TOPRANIN – GIANCARLO DE MATTIA – MANUELA DE PACE – PATRIZIA DE
 IANO DI BIAGIO – PATRIZIA DI DEODATO – ELISABETTA DI DIONISIO – FEDERICA DI GIROLAMO – MORENA DI LORENZO – ANNARITA DI MANNO – GIOVANNI DI NICOLA – ANDREA DI NICOLANTONIO FRANCESCA DI OTTAVIO
 A – LAURA D'ORAZIO – DJENEBOU DOSSO – CRISTINA DOTTORI – COSTANTINO DUCA – DEA DURANTI – SALVATORE PIO D'URSO – MOHAMED ELMALT – DOMENICO ESPOSITO – FIAMMA FABIANI – ANTONIO FABOZZI –
 RINI – MARCO FERIOLI – ROBERTA FERRANTE – FABRIZIO FERRARI – EMILIANO FERRARI – MARCO FIGLIUZZI – CLAUDIO FILIPPELLI – ALESSANDRO FILIPPI – PAOLA FILIPPONE – LUISA FINESI – FRANCESCA FIOCCO – FIORELLA
 IA FRONTEDDU – PATRIZIO GABRIELE – LEONARDO LUCA ALESSANDRO GADALETA – ANDREA GALANO – GABRIELE GALBANI – MARIA ASSUNTA GALBANI – ROBERTO GALIANI – CECILIA GALLI – PASQUALINA GALLO – IRENE
 PPO – FRANCESCO GIAMPAOLI – MARIANNA GIANFRANCESCO – VINCENZA GIANNINI – PAOLA EVA GIANOGGIO – LUDOVICA GIGLIO – IVANO GIOIA – ELENA GIONI – ALESSANDRA GIORDANO – ROSELLA GIORGI – ROBERTA
 BERTA GRECO – FRANCESCA GRILLO – GUSY GRILLO – IDA GRIMALDI – ERNESTA GUALDARONI – SILVANA GUALTEROTTI – SIMONETTA GUARDAVACCARO – CARLO GUARINONI – SIMONETTA GUERRA – ANNALISA GUERRA
 KARLSSON – INSAIDA KROSI – ANNA LA LICATA – SHARON LABI – LUCIA MARIANNA LABRIOLA – GIAN MARCO LAI – LUIGI LAMMOGLIA – FRANCESCO LANZO – GIUSEPPA LANZOTTI – GIACOMO LAROCCA – LAVINIA LENTI
 A – LUIGI LOICO – MARCO LOMBARDO – ANNALISA LOMMANO – CAROLINA LONETTI – ALESSIA LORDI – ENRICO LUCCIOLA – EMANUELE LUCIANI – MARTA LUPI – ALBERTO MACALUSO – GIUSEPPA MACCA – FRANCESCA
 MATTIA MAIONE – FEDERICO MAITINO – ANGELO MALANDRINI – ROSANNA MALFAGIA – MATTEO MANCINI – RODOLFO MANCINI – SIMONA MANENTI – ELSA MANIGRASSO – SERENA MANNU – CLAUDIA MANNUCCI – LUCA
 ANI – FRANCA MASIA – LAURA MARIA MASINI – GIULIANA MASSI – ANTONIO MASSOLI TADDEI – MARCO MASTRANGELO – MARIAPIA MASTRODDI – PAOLO MASTROGIACOMO – CLAUDIA ELISA MASTROSIMONE – COSIMO
 ABENE – ANDREA MENABENE – ANTONIO MENCHELLA – STEFANO MENEGHEL – PIER GIORGIO MENGARELLI – EMILIANO MENICHETTI – STEFANIA MERCANTI – CINZIA MERCONE – LAURA MARIA MICCICHE' – MARIA LUISA
 DERICO MONGELLI – ENZO MONTANARI – SILVIA MONTANARI – MASSIMO MONTELEONE – MASSIMILIANO MONTI – DONATO ROBERTO MOREA – CRISTINA MORELLI – BEATRICE MORERA – MANUELA MORETTI – VALENTINA
 O – LORENZO NAPPO – PAOLO JOHAN NATALI – PAOLO NATALINI – SIMONA FORTUNATA NAVA – ANDREA NEBBIA – CARLO NERI – SERENA NICOLETTI – CHIARA MARIA STEFANI NOE' – ALESSIA NOTARGIACOMO – CARLO
 A – MARA PAGNOTTA – CRISTINA PAIELLA – PAOLO PALMIERI – GIACINTO PALMISANO – LUCA PANCUCCI – ELIA SABATINO PANICO – ANTONIA PAOLILLO – ANGELA FABIENNE PARISI – MARCO PARISI – MARIANNA PARLAPIANO
 E – VINCENZO PEDICINI – FLAVIO PELASSA – ALESSANDRA PELLEGRINI – LUCIA PELOSIO – STEFANIA PENSABENE – DARIA PERRELLA – SILVIA PERUZZI – DONATELLA PERUZZI – ALESSIO PETACCIA – SIMONA PETITTA – PIETRO
 CEK – IVANA POLETTI – GIANCARLO POLIDORI – MARCO POLLERA – SARA POMPEI – CRISTIANA PORTALE – LUCA POZIO – ROBERTO PRAGELDI – BENEDETTA PREMUDA – DANIELA PROIETTI – MONICA PROIETTI – LOREDANA
 CCHILONGO – GIOVANNI REGE – GIAMMARCO REGOLI – CRISTINA RENZI – STEFANO RETROSI – MARCO RETTAROLI – CHIARA RICCARDELLI – EUGENIA RICCELLI – ALESSANDRA RICCI – ANNALISA RICCI – STEFANO RICCIARDI
 IUSEPPE ANTONIO ROMEO – MICHAL RON – ILARIA ROSSETTO – ANDREA ROSSI – FRANCESCA ROSSI – MARCO ROTILI – SOPHIE ANNE MARIE ROUILLEAULT – LUCIANO FRANCO ROVEDA – AMIT ROY – MARIAGRAZIA RODES
 ANSEVERINO – GIULIA SANTANIELLO – ROBERTO SANTI – GABRIELE SANTINI – MARIA SANTORO – TERESA SAPONARA – CARMELA NUNZIA SAPUPPO – CARLOS SARAVIA – GAETANO SARNO – MASSIMO SARTI – MARCO
 SSIMO SCHIRO' – DANIELE SCHRODER – MANLIO SCIPIONI – ERIMYAN GALINA SERGEEVNA – MARIA SESSA – GIUSEPPE SETTANNI – MARCO SEVERI – MARCO SICA – VALERIA SILIPO – ENRICO SINNO – NENAD SOFRONIC –
 AMPATORE – SIMONA STOMPANATO – MARIAGRAZIA SUGLIA – ELISABETTA TARALLI – GIANPIERO TARANTINO – ROBERTO TARICCO – PAOLO ALESSIO TARQUINI – ROBERTO TATASCIORE – ALESSANDRO TERZULLI – SPERANTA
 LAURA TRIPODI – DAVIDE TROMBETTA – ALESSANDRO TROTTO – CARLO TUCCI – ALBERTO TURCHETTO – UGOLINO UGOLANI SARETTA – PIERLUIGI ULIVI – RITA USAI – MATTEO VAGHI – MARCO VAGNARELLI – LISBI CARINA
 IA VERRI – EMANUELA VETERE – MARINA VETTESE – RICCARDO VIANELLO SIMOLI – MARIA VIENNA – MARTA GIULIA VILLANI – MARCO VILLIARGIO – ALESSANDRA VINCIGUERRA – CINZIA VIOTTI – ANNA MARIA VIRGULTI –
 ZO – ROSSELLA MARIA ZURLO

SACE Group employees as at April 1st 2012



STOPS

In the photo the 11 employees of the SACE Group who won the "We Want You" competition, which involved all staff in voting for the new faces of SACE. Colleagues who received the most votes from each unit were entered in the draw.

THE SACE GROUP: WHO WE ARE

We believe in our people. We take care of their professional development, their health, their safety in the workplace and a balance between working life and private life.

We support their centrality. We have adopted a policy that aims to create harmony between family and professional commitments and to foster a climate that fuels productive energy and new ideas.

Here at SACE, people do not leave their interests, inclinations and personalities outside the business, but integrate them into the working environment.

Our actions are aimed at promoting positive values, stimulating a responsible awareness in every person and thus strengthening the sense of belonging at SACE.

SACE is committed to supporting the competitiveness and growth of Italian companies. Every one of our business functions is focussed on achieving of this objective. Every one of our people contributes to creating value for our clients, who see us as partners and not just insurers.

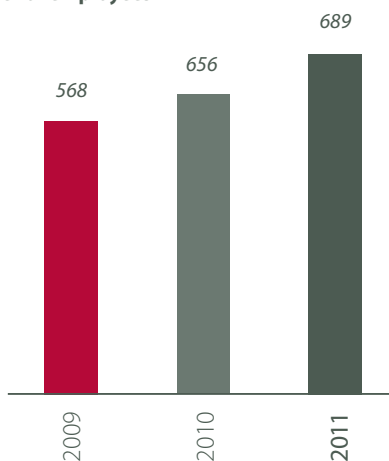
OUR PEOPLE

At 31 December 2011, the Group had 689 employees, up by 5% on 2010. Of these, 64% work for the Parent Company SACE, while the remaining 36% are employed by the subsidiaries SACE BT, SACE Fct and SACE SRV. 75% of the employees work at the head office in Rome, while the remaining 25% are based in regional offices in Italy and in other countries.

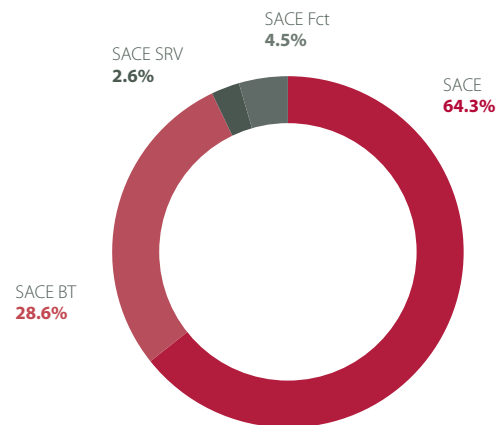
65% of our employees are graduates, and 70% are below the age of 46. Women account for 53% of the workforce and 44% of senior management positions.

In 2011, 83 new employees were recruited, while 50 people left the Group. We offered 41 internships, and of the 50 people whose internship periods expired in 2011, 30 (representing 60% of the total) were confirmed in their posts under various types of contracts.

Number of employees



Employees by company at 31.12.2011

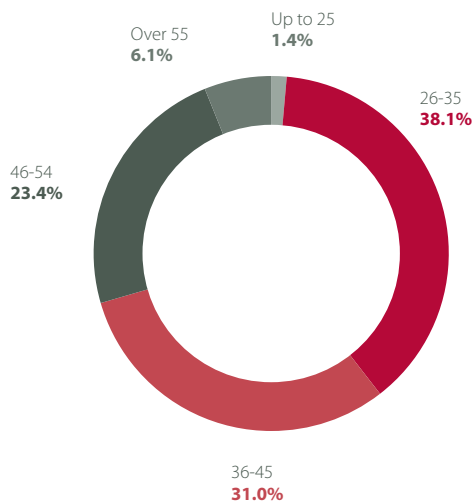


53%
Women

EXCELLENCE AT THE SERVICE OF BUSINESS

We pay particular attention to selection, seeking people with a solid academic education and an excellent knowledge of English, who are enthusiastic, creative and determined. We want people who can add value, professionals who use their skills but are also capable of working with others. Not just those with dazzling professional experience, but also young new graduates with excellent academic skills, a background in economics and finance, and international training. We facilitate integration into the Group by making the best possible match between the specific needs of our individual businesses and the particular characteristics of each individual person. We understand very well that it

Employees by age bracket at 31.12.2011



Giuseppe Carbone - Mr M

"I have been with SACE BT since 2010 as a policy underwriter in the construction field, a role that I also filled at the insurance company Assimoco. I have ten years' experience in the Management, Settlement and Recruitment departments. In 2011, SACE gave me the opportunity to improve my English thanks to an intensive course in Dublin."



Saverio Amoroso - Mr A

"I joined SACE in 2008 as an intern, and today I am an account manager at the Modena office. In 2011 I was given the fantastic opportunity to work at SACE's Istanbul office. Before coming here, I worked in Milan for Deloitte Consulting."

is people who make the difference. An essential requirement is a knowledge of foreign languages, certified by internationally recognised tests, such as the TOEIC in the case of English.

We collaborate with leading Italian and foreign universities, specialisation colleges and postgraduate schools, and we exchange know-how with them, demonstrating our preference for young and deserving personnel.

65%

Graduates

We take part in the main national job fairs, to spread awareness of the Group's activities and meet potential candidates face to face.

The process of induction into the business is gradual, and takes place both through on-the-job training and dedicated training programmes.

TRAINING, DEVELOPMENT AND MAKING THE MOST OF PEOPLE

SACE invests heavily in training, both to develop talent in core competencies and to make the best possible use of individual aptitudes.

We pay particular attention to language skills, and to develop these we offer staff the ability to take language courses in various forms, including full immersion abroad.

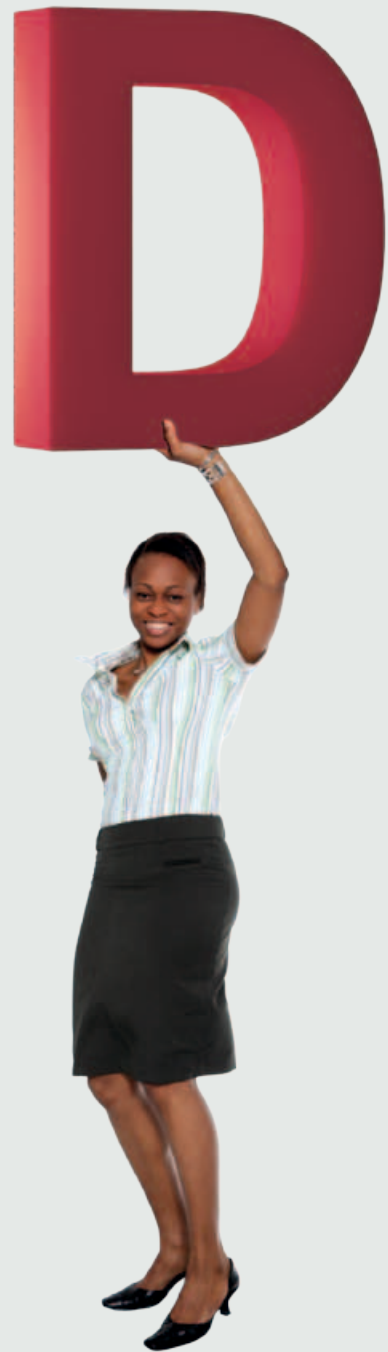
In 2011 we provided 15,200 hours of training, in classes and through online courses, with an increase of 11% on the previous year and an average of 22 hours of training per person.

SACE Training & Advisory plays a fundamental role, offering colleagues and outside guests technical, financial and legal skills acquired over more than 30 years of operation.

The E-Learning project also offers a concrete contribution to training activities by making information on

15,200

Hours of training



Deedee Dosso - Ms D

"I joined SACE as an intern three years ago, and now I work in financial guarantees as a policy underwriter at the Milan office. I have an MBA in international finance and a Master's degree in economics and accounting. I like the youthful and stimulating working environment at SACE, and many of my colleagues have also become friends."



Lorenzo Nappo - Mr E

"I am an engineer, and since 2009 I have worked on developing IT systems to support SACE's online product offer and customer relations management (CRM). At SACE, I greatly appreciate the value placed on women, who often - as in the case of my own division - occupy prominent and highly responsible positions."

SACE's national and international business available through online video seminars.

We pay great attention to recognising each person's contribution to the achievement of results, and we make the most of our people through personalised career paths and job rotations both in Italy and the Group's foreign offices, which make it possible to obtain a thorough knowledge of the various aspects of SACE's activities and stimulate the contribution of new ideas.

DIVERSITY MANAGEMENT: AN OUTLOOK OPEN TO THE WORLD

We are committed to making the most of diversity, because it offers a richness and an opportunity for growth.

We are inspired by the principle of "equality in diversity". We prevent any form of discrimination, guarantee equal opportunities and manage diversity through integration policies and the values of our Code of Ethics. We support gender equality through initiatives to highlight parenting (initiatives involving children, insurance policies for family members, agreements with summer camps, special working hours for employees returning from leave) and through the work-life balance programme.

We develop programmes of cultural integration and language training, with full immersion abroad and multilingual meetings. We stimulate the development of an international outlook by collaborating with our partners all over the world, and we promote training activities abroad for Italian staff and in Italy for international personnel.

We believe that inter-generational dialogue is an important point of contact for the transfer of skills from senior colleagues to their juniors, and we encourage this through training activities, job mobility, integration initiatives, employee involvement and strengthening of the corporate identity.

Disabled people are fully integrated by removing physical and architectural barriers and by providing special working equipment.

WORK-LIFE BALANCE: INTEGRATING WORKING LIFE AND PRIVATE LIFE WITH FLEXIBILITY

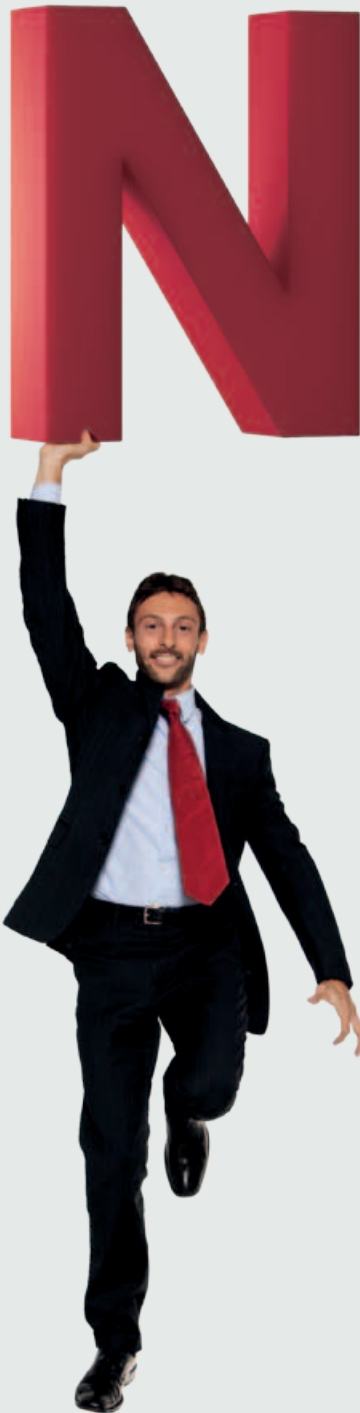
We have launched a work-life balance programme, and to improve its quality we have sponsored a special benchmarking analysis of more than 100 companies belonging to the CSR Manager Network, the association that brings together Corporate Social Responsibility Managers from all over Italy.

Through the "Happy manager: help just two steps away



Emanuele Luciani - Mr I

"After joining SACE way back in 1993, I managed and developed all accounting and cash management activities within the business. I then accepted the challenge of the infra-group transfer, and since January 2012 I have been working at SACE Fct, where I look after Treasury activities."



Marco Figliuzzi - Mr N

"I joined SACE BT in 2009 as a business studies graduate, and today I work at SACE SRV providing and managing commercial information for the businesses of the Group. What I like about my place of work is the constant interaction with people and the informal, youthful atmosphere. I greatly appreciate the training courses that SACE offers to all employees."

from you" programme, we offer our employees useful everyday services to help them manage daily chores as efficiently and quickly as possible: from the conduct of administrative formalities to tax advice, from laundry services to dressmaking.

With the "Teleworking from home" project, our employees have the option, for periods of time determined depending on circumstances, to work from home for a few days each week, keeping in touch with the office by telephone and e-mail.

On "Kids in the office" days, we open the doors to our employees' youngest children, while "Teens in the office" days offer concrete tips and suggestions on how to take the first steps into the world of work for children of university age.

We have a mobility manager to examine employees' needs and issues in relation to daily commuting and to develop initiatives that allow savings to be made on the time and money spent on travelling, while also mitigating the impact of the business on the region in terms of automobile traffic. As part of this programme,

SACE contributes towards the purchase of annual season tickets for local public transport in Rome and Milan, and has set up the "Bike point" service, which makes company bicycles available to employees so that they can negotiate traffic independently and nimbly while protecting the environment. We have also set up a daily newsletter providing traffic information for Rome and a screen, updated in real time, showing the waiting times for buses at the stops near the Rome office.

SAFETY, HEALTH AND WELL-BEING

We promote the well-being of our employees by investing in their health, applying current safety regulations and monitoring sources of potential risk.

In 2011, we designed the system of procedures necessary for adopting BS OHSAS 18001:2007, the regulation that governs occupational health and safety, in order to ensure even higher levels of protection. The entire system for the protection of employee health



Marco Sandrone - Mr I

"A graduate in political sciences, two years ago I joined the staff at SACE's Milan office, with commercial responsibilities at the Turin office, where I now work as an account manager. In 2011 my duties consisted of managing large corporate clients alongside the regional management."



Roberto Santi Mr T

"I have been with SACE BT since 2005. Between 2008 and 2009 I worked on the merger of SACE Surety (formerly Assedile) with SACE BT, and on the subsequent sale of the Life branch. In July 2011 I became coordinator of the client accounting unit, working on the "Premiums Cycle Automation" project, which involved various company units and external parties."

Andrea Cervini Mr A

"Since 2010 I have been senior account manager for the Triveneto area at SACE Fct, and I helped with the company's startup phase. I graduated in business economics at Bocconi, and before coming to SACE Fct I acquired experience in the insurance and factoring services with companies of the Altradius and Crédit Agricole groups."

Francesco De Cillis Mr L

"Since 2010 I have worked as an account manager at the head office in Rome. I have a degree in economics of markets and financial intermediaries, with specialisation in quantitative finance, and thanks to the Erasmus project I studied at the Metropolia Business School in Helsinki. At SACE I have rediscovered my sporting self, and I go to the employees' fitness centre almost every day."

and safety also provides for staff to be given specific training on the relevant legislation, the organisation of first-aid and fire-fighting teams, and the stationing of appropriate managers at the various sites.

We monitor the health of our employees through periodic medical examinations, offering insurance cover (sickness, accident and life) and the option of seasonal flu vaccinations and cancer screenings for those over the age of 45. During the course of the year, we carried out a survey into work-related stress and offered employees the option of attending a course organised by the Red Cross on how to dislodge obstructions from babies' airways.

In the conviction that lifestyle is an integral part of the business culture, we have made a fitness area available to staff at our Rome offices, and during the course of 2011 we continued to promote the "SACE in shape" initiative, including meetings with a nutritionist and an anti-smoking campaign.



Stefania Spalluti - Ms Y

"I started working at SACE at the age of 22 as an intern, after obtaining a degree in educational sciences. Since 2006 I have worked in the human resources division, and I am particularly involved in the selection of staff in Italy and for the international network."

OUR VALUES

OUR PEOPLE. OUR STRENGTH

- We guarantee equality of opportunity in an open and involving atmosphere
- We reward merit, initiative and individual ability
- We consider every contribution to be indispensable and encourage new suggestions
- We promote professional growth
- We support the highest standards of safety in the workplace

OUR CLIENTS. A CONSTANT COMMITMENT

- We make our clients' risks our own
- We supply accurate, precise and comprehensive information

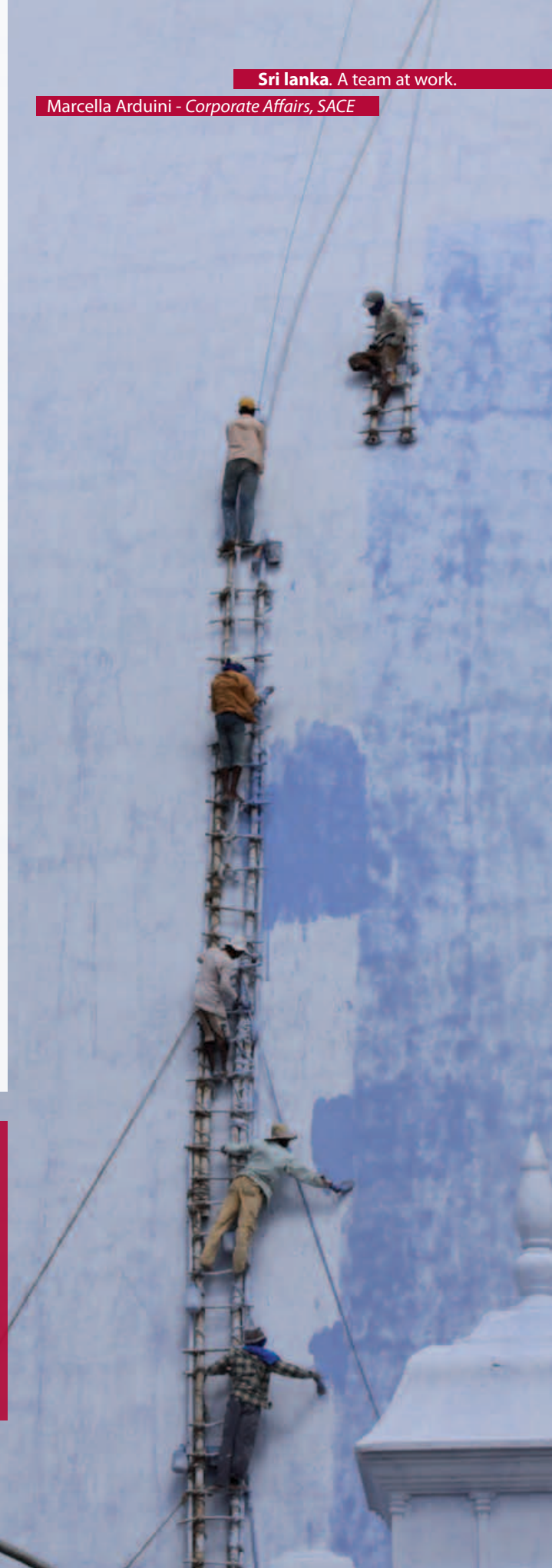
THE QUEST FOR INNOVATION. OUR FUTURE

- We anticipate solutions
- We develop products for tomorrow's markets

THE CREATION OF VALUE. A CONTRIBUTION FOR EVERYONE

- We generate economic, social and cultural value for our stakeholders

WE DON'T COME INTO THE OFFICE JUST TO UNDERWRITE POLICIES. WE WORK TO ACHIEVE CONCRETE RESULTS, COVERING RISKS THAT OTHER COMPANIES ARE NOT PREPARED TO UNDERWRITE. AND THIS IS WHAT MAKES US DIFFERENT.



TOGETHER FOR THE ENVIRONMENT AND FOR OTHERS

Our commitment to our people goes beyond attention to their quality of life in balance with their working activities. Openness towards society and integration with the environment and surrounding communities are a positive way of fostering the growth of ethical and responsible values, and of strengthening the sense of belonging at SACE.

For this reason, we promote the observance of responsible behaviour in everyday life through awareness-raising and information initiatives, paying particular attention to the spread of an environmentally friendly culture. Thus, while for many years now the analysis of environmental impacts has been an integral part of the assessment of our operations, we also actively protect the environment in our day-to-day management through actions aimed at achieving greater energy efficiency, reducing consumption and strengthening the waste recycling system. In 2011 we took part in the European Union "Sustainable Energy Week".

We also promote various initiatives to benefit the community, and we get our people involved in proactive participation in important social and humanitarian projects.

Since 2008 we have supported the activities of the non-profit association Dynamo Camp, a recreational therapy summer camp structured specifically for children with serious cancers or other chronic illnesses who are currently in therapy or in post-hospitalisation convalescence. The camp is free of charge for children

between the ages of 7 and 17. This year, 17 SACE employees took part as volunteers, and their commitment and passion helped to bring smiles to the faces of the youngsters staying at the camp.

In 2011 SACE became a "Friend of Meyer", thus beginning a shared journey with the Meyer Children's Hospital in Florence to support important projects for the benefit of young patients and their families. Thanks to this collaboration, new equipment was purchased to improve the hospital's technological resources, and reception projects for the children and their families were implemented, as well as scientific research projects to allow young researchers to enter into collaborative partnerships with the top international paediatric treatment centres.

With our participation in "Race for the Cure", we made a contribution to cancer research by inviting our employees and their families to share sporting events and values.

During the course of the year, we also ran the campaign "Culture is not a luxury, but a necessity", with donations to a school in Rome of materials collected by employees.

We also organised in-house blood donation days in collaboration with the SACE Blood Donors' Group, the Bambino Gesù Children's Hospital in Rome and Avis in Milan.

These are just little actions that help to maintain a keen awareness among those working in the business towards a culture of responsibility, sharing and participation.





SACE AND ART

SACE believes in the value of art as a universal language for cultural and social exchange between peoples, and for this reason it has promoted public knowledge of emerging artists since 2004 with the “SACE and Art” project. This commitment is reflected in the annual publication of an original book which serves as testimony to the Group’s attention to the various forms of creative expression as a shared asset for humanity.

EXOTICISM AND GEOMETRY

In 2011 SACE produced - in collaboration with Mondadori Electa - the catalogue of Beatriz Milhazes, a Brazilian artist who has earned a place of honour in the international artistic scene with her works, which succeed in combining the flavours of popular Carioca culture with a contemporary visual language, mixing floral motifs, arabesques and geometrical forms in an explosion of energy and colour. The atmosphere of Rio, the *chitão* (colourful Brazilian fabric), the jewels and the folk-art embroideries create, in her abstract works, a strong sense of exoticism with a predominant ornamental and architectural component. Despite the visual immediacy of her compositions, Milhazes’ creative process is slow and complex. Motifs previously painted on sheets of transparent plastic are transferred on to fabric and moved around many times before finding their final placement in the work. The pieces of plastic are re-used even years later, creating a sort of continuity between one work and the next.



BEATRIZ MILHAZES

Born in Rio de Janeiro in 1960, Milhazes took a degree in journalism before obtaining the diploma from the independent Parque Lage School of Visual Arts in Rio. She has exhibited her works at MoMA in New York (2000), the Stephen Friedman Gallery in London (2002), the Centre d'Art Contemporain Domaine de Kerguéhennec in Brittany (2003), the Pinacoteca in São Paulo (2008), the Cartier Foundation in Paris (2009) and the Bayeler Foundation in Basel (2011). She has also worked on projects for large public spaces in London, for the Gloucester Road underground station and the Tate Modern restaurant.

"The technique that I use is based on the collage principle. I paint motifs on a sheet of plastic before gluing the image on to the fabric, then I remove the plastic as though it were a transfer. My paintings are produced by combining these small works."





Namibia. Etosha National Park.

Luca Gatto - Senior Account, SACE

A shared path



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

CORPORATE STRUCTURE

SACE is a joint-stock company wholly owned by the Ministry of Economy and Finance.

SACE itself wholly owns:

- SACE BT, a joint-stock company subject to regulation by ISVAP and operating in the Credit, Surety Bonds and Other Property Damage sectors
- SACE Fct, a joint-stock company included in the general list of Financial Intermediaries and operating in the factoring sector.

SACE BT is the sole shareholder of SACE SRV (formerly SACE Servizi), a company specialising in credit recovery and the acquisition and management of commercial information.

Relations between the Parent Company and directly or indirectly subsidiaries are defined by a body of general principles and rules which ensure unity of business vision, coherence and consistency of behaviour. With the aim of ensuring the healthy and prudent management of the entire group, SACE focuses on management and coordination, leaving the subsidiaries with autonomy in the conduct of their economic and managerial operations.

THE CODE OF ETHICS AND THE ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL

The management of SACE is based on principles of legality and transparency, which are also adhered to through the adoption of a system of prevention and control.

This system consists of the Code of Ethics and the Organisational, Management and Control Model for the prevention of offences pursuant to Legislative Decree no. 231/2001 on “Regulations concerning the administrative responsibility of legal persons, companies and associations with or without legal personality”. The **Code of Ethics** sets out the essential values and principles that must be adhered to by directors, auditors, accountants, executives, employees, collaborators and third parties with whom SACE conducts business.

The Organisational, Management and Control Model establishes the following objectives:

- to exonerate SACE from administrative liability in the event of any offences being committed by persons belonging to the Company or acting in its name or on its behalf
- to improve the system of corporate governance
- to emphasise that SACE does not tolerate illegal behaviour of any kind, since this would be contrary to the ethical principles to which the Company intends to adhere
- to provide a structured and organic prevention and control system with the aim of preventing offences linked to business activity and of reducing, in particular, the risk of illegal behaviour
- to raise awareness among those who operate in the name and on behalf of SACE in “areas of risk activity”, by spreading the knowledge that any breach of the provisions of the Model may constitute a crime punishable by criminal and administrative sanctions, including against SACE itself
- to inform all those who operate in the name, on

behalf or in the interests of SACE in any manner that any breach of the prescriptions contained in the document will result in the imposition of appropriate sanctions, including termination of employment

The task of overseeing the adequacy and application of the Model is entrusted to the Supervisory Body, which is also responsible, subject to the limits of its authority, for investigating any reported breaches of the Code of Ethics.

INTERNAL AUDITING AND COMPLIANCE

The Internal Auditing Division carries out independent and objective assurance and consultancy activities, assisting the Company in the pursuit of its goals through a systematic professional approach aimed at assessing and improving the processes of risk management, governance and control. To this end, Internal Auditing verifies the following elements: management processes and organisational procedures; the regularity and functionality of information flows between business sectors; the adequacy and reliability of the information systems to ensure the quality of the information on which Senior Management bases its decisions; the compliance of administrative and accounting processes with criteria of correctness and proper keeping of accounts; and the efficiency of controls on outsourced activities.

These activities are carried out in conformity with the provisions of the International Standards for the Professional Practice of Internal Auditing and with

Rodolfo Mancini

Head of Legal and General Affairs, SACE





Marco Traditi

Head of Organization and IT, SACE

market best practices.

The Compliance Division, on the other hand, is responsible for evaluating the appropriateness of the organisation and business procedures to avert the risk of incurring judicial or administrative sanctions, capital losses or reputational damage as a consequence of violations of laws, regulations or self-regulation norms. The division assesses and monitors reputational risk, meaning the risk of suffering losses due to a negative perception of the corporate image on the part of the stakeholders, or of increasing conflict with clients as a result of offering inadequate products or services.

The division identifies national and EC regulation of interest to the Company, evaluates its impact on processes and procedures, and indicates suitable actions to be taken for its correct implementation. It issues appropriate implementation procedures and promotes ethical values and principles of moral integrity in coordination with the competent business structures.

CORPORATE BODIES

SACE operates on the basis of a traditional model of administration and control.

The **Board of Directors** (the "Board") has five members and is vested with the widest powers of administration of the Company, within the limits of the law and the Corporate by Laws. The Board is charged with the management of the enterprise and performance of all necessary acts to carry out the object of the Company. The Board assesses the adequacy of the organisational administrative and accounting structure of SACE, whose actual performance it monitors

constantly, and examines the strategic, industrial and financial plans. It plays a fundamental role in the internal control system, for which it has ultimate responsibility, by identifying, evaluating and controlling the most significant business risks.

The **Board of Statutory Auditors** supervises compliance with the law and the corporate by Laws, observance of correct administrative principles, the adequacy of the organisational, administrative and accounting structure and its actual workings.

The **Chairman of the Board of Directors** is the legal representative of the Company.

The **Chief Executive Officer (CEO)** directs the management of the Company and is a legal representative

of the Company, which implies the power to sign for the Company within the limits of discretion delegated to him.

The **Remuneration Committee** conducts an in-depth analysis into the remuneration criteria for senior management.

The **Steering Committee** examines and reports on strategies and objectives at Group level, validates and monitors business operating plans and examines themes and problems regarding management and operational aspects.

The **Investment Committee** defines financial management corporate strategies.

INTERNAL COMMITTEES

Steering Committee

Chief Executive Officer

Chief Operating Officer

Chief Financial Officer

Head of Legal and General Affairs

Head of Organisation and IT

Alessandro Castellano

Raoul Ascari

Roberto Taricco

Rodolfo Mancini

Marco Traditi

Investment Committee

Chief Executive Officer

Chief Operating Officer

Chief Financial Officer

Head of Legal and General Affairs

Risk Manager

External member

Alessandro Castellano

Raoul Ascari

Roberto Taricco

Rodolfo Mancini

Piergiorgio D'Ignazio

Carlo Ambrogio Favero

DIRECTORS AND CONTROL BODIES

Board of Directors ¹

Chairman Giovanni Castellaneta

*CEO*² Alessandro Castellano

Directors Ludovico Maria Gilberti
Carlo Monticelli
Gianmaria Sparma

Remuneration Committee

Chairman Carlo Monticelli

Members Ludovico Maria Gilberti
Gianmaria Sparma

Board of Statutory Auditors ¹

Chairman Marcello Cosconati

Statutory Auditors Guido Marchese
Leonardo Quagliata

Auxiliary Members Carlo Pontesilli
Alessandra D'Onofrio

Deputy Chief Public Prosecutor ³

Antonio Frittella

Independent Auditors ⁴

PricewaterhouseCoopers

¹ - Appointed by the Shareholders' Meeting held on 24 June 2010 and in office for three financial years

² - Appointed CEO by a resolution of the Board of Directors dated 6 July 2010

³ - In office since 1 January 2010

⁴ - Mandate given for the three-year period 2010-2012 by the Shareholders' Meeting held on 15 June 2010

A photograph of a Masai woman standing on a sandy beach, looking out at the ocean. She is wearing a vibrant red shuka (a traditional wrap) and colorful patterned socks. The ocean is a deep blue-green color with white waves crashing onto the shore. The sky is a clear, pale blue.

Looking ahead

GLOSSARY

Active reinsurance: operation whereby one insurance company (the reinsurer) assumes part of the insured risk of another operator (the reinsured).

Ancillary risks: risks ancillary to credit risk, such as production risk, undue calling of guarantees and destruction risk.

Approved guarantee: in referring to the Parent Company, an insurance policy decided by the competent bodies.

Banking risk: risk relating to transactions supported by bank guarantees.

Claims reserve: technical reserve constituted by the total sums necessary, according to a prudent evaluation made on the basis of objective elements, to meet the payment of claims made during the financial year concerned or in previous years and not yet paid, as well as the related settlement expenses.

Country ceiling: amount (cumulative and/or for individual products/risks) of commitments that the insurer is prepared to assume in relation to a country.

Credit insurance: operations relating to credits with a term of less than 24 months, in compliance with OECD rules on export credit and subject to regulation by ISVAP.

ECA: export credit agency.

Export credit: operations relating to credits with a risk period of more than 24 months, which are guaranteed by the Italian government, in compliance with OECD rules.

Factoring: agreement whereby a company (the seller) sells its trade receivables to a financial company (the factor), which becomes the owner of the accounts and may provide the seller with services of credit management, financing and default guarantee (without recourse).

Gross premium: total payment due to the insurer, generated by the executed guarantee and relating to the entire period of cover.

Guarantor: third party who, in the insurance agreement, has assumed, in favour of the insured party, the obligation to pay the debt in the event of a default by the debtor.

Indemnity: amount due from the insurer as compensation for damage suffered by its insured as a result of a claim.

Insured volumes (of the Parent Company): guarantees decided in the period under consideration.

Insured volumes (of SACE BT): insured volumes in the Credit and Surety Bonds lines of businesses in the period under consideration.

Loss ratio: ratio between the cost of claims and the gross premiums received.

Marketable risks: according to OECD rules, political and commercial risks relating to credits with a term of less than 24 months and to debtors based in Member States of the European Union and other first-category countries of the OECD area.

Non-marketable risks: according to OECD rules, political and commercial risks relating to credits with a term of more than 24 months or to debtors not based in Member States of the European Union or other first-category countries of the OECD area.

Outstanding commitment (of the Parent Company): total capital amount of the executed guarantees in existence at the date concerned.

Outstanding commitment (of SACE BT): for the Credit line of business, the total amount of credit granted, net of any policy excess; for the Surety Bonds line of business, the amount of insured capital; for the Other Property Damage line of business, the aggregated total of the insured capital and the insured limits.

Outstanding commitment (of SACE Fct): total amount of credits in existence at the date concerned.

Outstanding guarantee: in referring to the Parent Company, an insurance policy decided by the competent bodies, for which the first instalment of the premium has been collected.

Passive reinsurance: operation whereby one insurance company (the reinsured) assigns to another insurance company (the reinsurer) part of the risk assumed in the insurance policy.

Performing loan: covered amount for which the debtor is punctual in making repayments.

Premium reserve: technical reserve constituted by the share of gross premiums written that does not pertain to the financial year in question (unearned

premium reserve), since it relates to risks extending into the following year, and by the additional provision intended to cover any higher expenses for current risks (provision for unexpired risks).

Private (or corporate) risk: risk relating to transactions with banking/corporate counterparties.

Recovery: sum of money previously paid out as indemnity and subsequently recovered, in whole or in part, as a result of actions taken against the debtor/guarantor.

Sovereign risk: risk relating to transactions supported by sovereign guarantees (i.e. issued by the Ministry of Economy and Finance or by other entities capable of engaging the liability of the State).

Technical reserves: sums which insurance companies must set aside and record on their balance sheets to meet potential claims from insured parties.

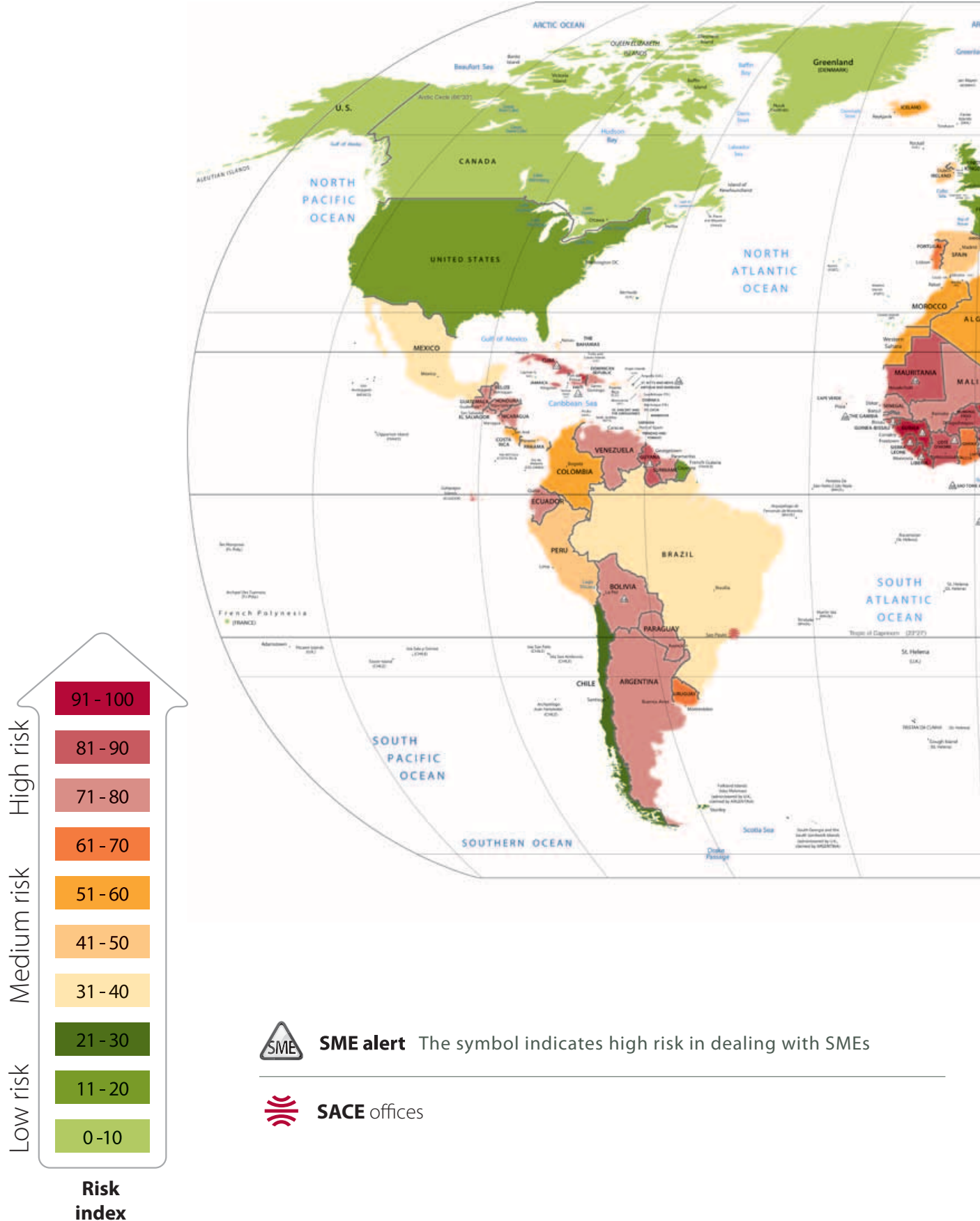
Turnover (of SACE Fct): amount of credits assigned to the factoring company in the period under consideration.

Total exposure: sum of existing commitments in terms of capital and interest (net of reinsurance and hedges) and performing loans.

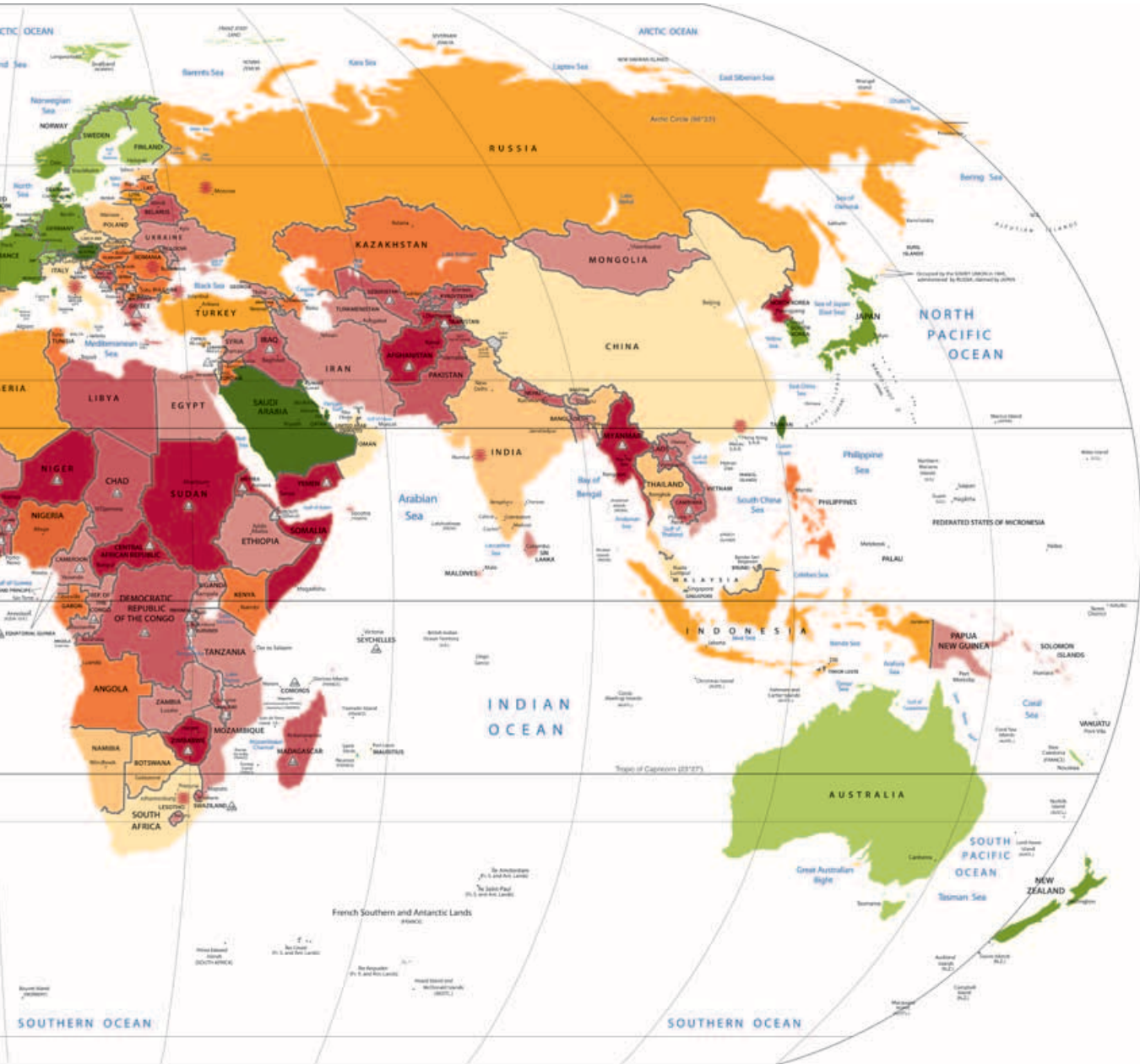
Turnover (of SACE Fct): amount of credits assigned to the factoring company in the period under consideration.

Value at Risk: maximum potential loss that might be suffered by the value of a portfolio over a given time period and for a given confidence level (typically 95-99%).

SACE COUNTRY



RISK MAP 2012



A NEW "COMPANY SIZE" RISK MAP

Created by SACE's Research Office, the Risk Map illustrates the levels of risk associated with business activity in every country of the world. A new version has just been launched based on a revised rating system, five years on from the start of the crisis, providing economic operators with a more realistic, accurate and practical picture of country risk. Thanks to an interactive, personalised consultation system, companies can see the level of risk exposure directly on the SACE website and select individual countries, their particular type of business activities and the type of counterparty they deal with, in order to identify the most suitable insurance-financial solutions for individual requirements. Additional details can be entered into the system, and preliminary feedback on specific transactions can also be requested.

www.sace.it/countryriskmap

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