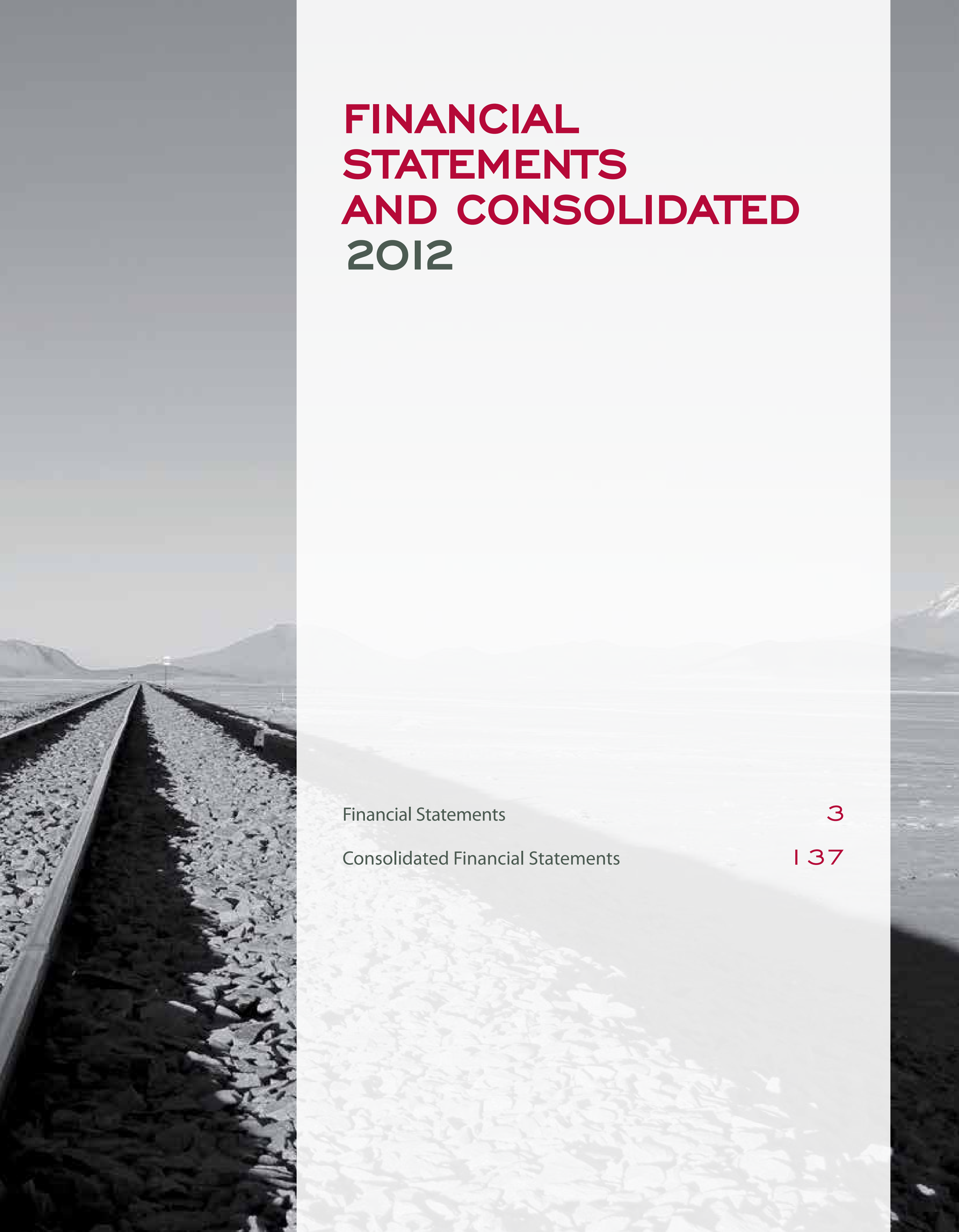
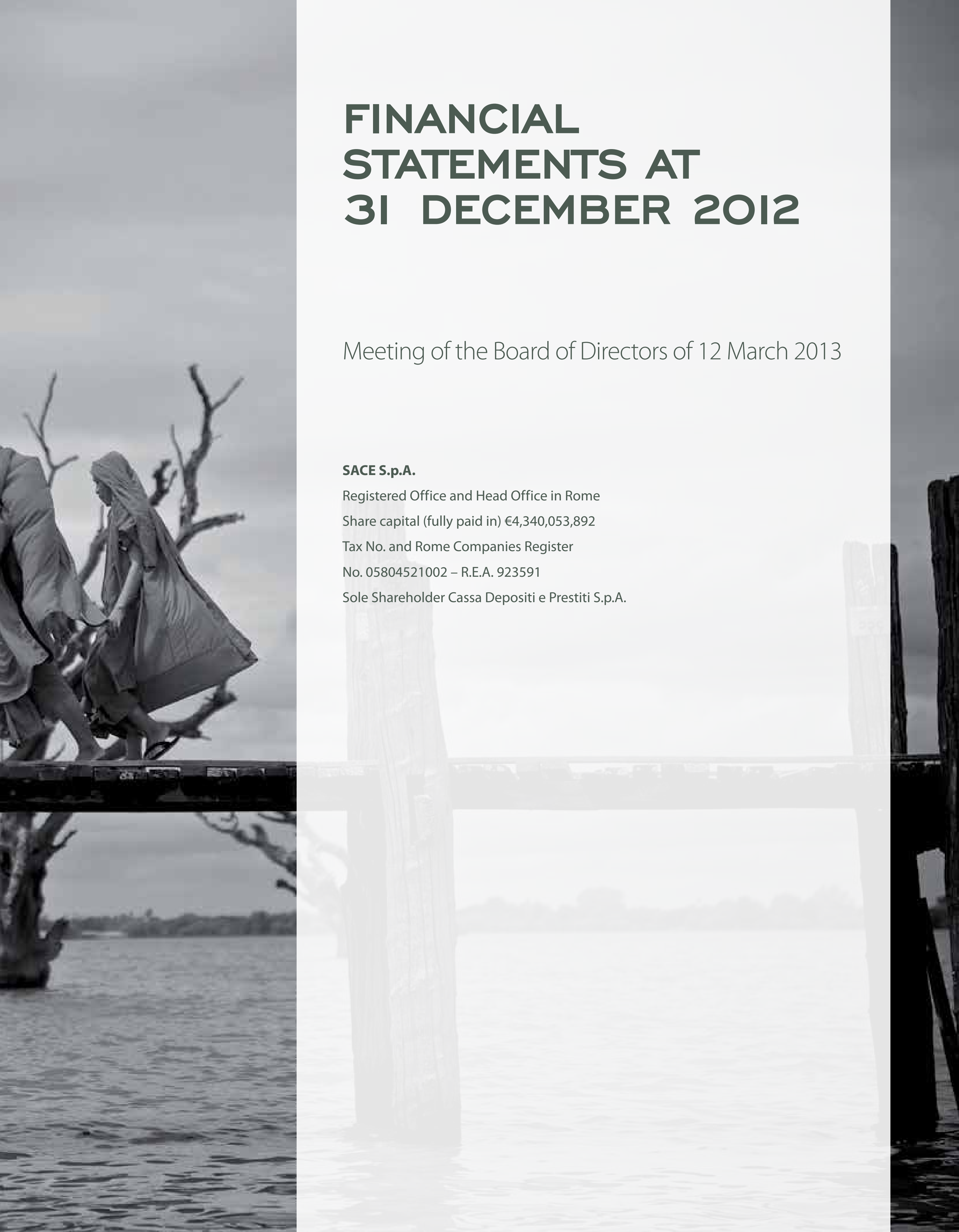

# Driving your ambitions

COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS 2012

SACE



# FINANCIAL STATEMENTS AND CONSOLIDATED 2012



# FINANCIAL STATEMENTS AT 31 DECEMBER 2012

Meeting of the Board of Directors of 12 March 2013

**SACE S.p.A.**
Registered Office and Head Office in Rome
Share capital (fully paid in) €4,340,053,892
Tax No. and Rome Companies Register
No. 05804521002 – R.E.A. 923591
Sole Shareholder Cassa Depositi e Prestiti S.p.A.

# COMPANY OFFICERS AND BOARDS

## BOARD OF DIRECTORS

**Chairman**

Giovanni CASTELLANETA

**CEO (*)**

Alessandro CASTELLANO

**Directors**

Ludovico Maria GILBERTI
Carlo MONTICELLI
Gianmaria SPARMA

## BOARD OF STATUTORY AUDITORS

**Chairman**

Marcello COSCONATI

*Standing Auditors* — Guido MARCHESE
Leonardo QUAGLIATA

*Alternate Auditors* — Carlo PONTESILLI
Alessandra D'ONOFRIO

**Standing delegate of the Court of Auditors**

Antonio FRITTELLA

**External Auditors (**)**

PRICEWATERHOUSECOOPERS S.p.A.

Company boards appointed by the shareholders' meeting of 24 June 2010 and in office for three years
(*) Appointed CEO by resolution of the board of directors on 6 July 2010
(**) Appointed for the three-year period 2010 - 2012 by the shareholder's meeting of 15 June 2010

# CONTENTS

# DIRECTORS'
# REPORT

# 1. the economic scenario

## 1.1. the global economy

2012 was a problematic year for the global economy. After a turbulent first half, the second half of the year showed tentative signs of recovery, which however was unable to prevent growth from remaining below that of the previous year. Global GDP at purchasing power parity increased by 3.2% during the year (+3.8% in 2011). The critical area was the Euro zone. The restoration of market confidence brought about at the start of the year by virtue of the long-term refinancing operations (LTRO) of the ECB suffered a setback due to new tensions in the "peripheral" economies of the area: namely Greece, which also suffered political uncertainty in addition to economic weakness, and in Spain with the crisis in the banking sector. There were additional increases in spreads between government bond yields, in particular for Italy and Spain, which were affected amongst other things by doubts over the ability of governments to implement the necessary reforms.

The downturn occurred not only in advanced countries but also in emerging economies, creating an increasingly variegated playing field geographically.

Eastern Europe and Central Asia were the areas most hit by the contraction under way in the Euro area; this was especially the case for the Balkan countries where declining exports to traditional Western European markets went hand in hand with a significant reduction in incoming capital and the deleveraging of banks, especially those controlled by parent companies in the Euro zone. Russia, which continues to be by far the main foreign country in terms of exposure for SACE, registered a fall in the growth rate of GDP to 3.6%; however, given the fact that petrol prices remain fixed at around 100 dollars a barrel, this does not seem to be of particular concern in the short-term from an economic (or political) point of view. Turkey, which confirms its role as key player in the area both from an economic and a political standpoint, was able to obtain the coveted "investment grade" rating by markedly improving its trade balance, driven by the fall in imports and the increase in export flows – including substantial exports of gold to Iran; the main risks for the country depend on the situation at its borders.

The evolution of the Arab Spring in North Africa continues to raise worrying questions and over the course of the year all the countries of the south coast of the Mediterranean saw an increase in the perception of political risk. While social tensions persist in the countries of the Persian Gulf, they seem to have been kept under control, also thanks to the help of petrol revenue; Iran continues to suffer from the ongoing embargo, with significant impacts on growth and exchange-rate stability. From an economic point of view, the area shows a traditional dichotomy between oil importer and exporter countries, with the latter decidedly favoured in the current international economy. The recession in Europe, the fall in flows of tourists and the diminishing flows of investment from abroad have on the other hand significantly slowed down growth in oil importer countries, especially Egypt and Tunisia, where the combination of the economic crisis and social tensions makes the situation increasingly difficult to manage for the governments in office.

The area which shows the most positive performance continues to be South and East Asia. China has impressive rates of growth, although an increase in GDP to 8% for a country which over the last thirty years has been used to rates of over 10% may cause some concerns. This is not the case for the other economic giant of the area, India, which suffered a significant slowdown in the growth rate of GDP, which fell from 7.9% to 4.5%. Although a bad monsoon is nobody's fault, the mix of corruption scandals, blackouts due to an inadequate infrastructural network, a public deficit of almost 10% and inflationary tensions indicate that the country can no longer put off implementing a series of structural reforms if it wants to continue to maintain growth rates in line with the past.

In the meantime the ASEAN area continues along its path of development, driven by internal demand sustained by the expansive fiscal and monetary policies of the main economies in the area (Indonesia, Malaysia and the Philippines).

Sub-Saharan Africa continues to show positive economic trends, despite the notable slowdown in its main economy, South Africa, which in 2012 recorded a slowdown in the growth rate of GDP: without doubt the country was affected by strong commercial links with Europe and the lower margins of manoeuvre for the Budget. Social tensions related to clashes seen in several mining districts of the country brought to light several weak points in the continent's main economy: the party in power since the end of Apartheid, the ANC, has so far been unable to lead South Africa towards inclusive economic growth, capable of absorbing the high rates of youth unemployment and making the distribution of income less unfair.

In 2012 Latin America reported a rather low level of economic growth, making the area the least dynamic emerging region after Eastern Europe. The most important economy in the area, Brazil, was responsible for slowing down the continent's overall rate of growth; the term stagflation may seem excessive, but the key concern remains of an economy with investment rates which are too low and poor infrastructure, where inflationary tendencies appear as soon as GDP begins to grow at more than 3-4%.

## 1.2. THE ITALIAN SCENARIO: ECONOMY AND INDUSTRY.

There was negative growth in Italian GDP (-2.2%), marking the second recession in our country since the start of the financial crisis. Internal demand fell even further than that of 2011 and was adversely affected in particular by the drop in consumption and private investment. The only positive contribution to growth came from net exports, despite the slowdown in global demand.

In 2012, industrial production fell by 6.7%. This trend is the result of extremely negative performance by intermediate goods and a less marked slowdown for capital goods and consumables. The downturn in production has been a feature of all sectors, especially those which are sources of demand for credit insurance coverage. Rubber and plastic products performed very badly and continue to be affected by the crisis in the sector of transport, especially cars. In 2012 the number of car registrations fell by approximately 20%. These were followed by electrical appliances, which were especially affected by the reduction in demand for products for the home, such as white goods. Metals and metal products felt the effects of the lack of driving force from downstream sectors, mainly the building trade. The wood and paper and textile and clothing sectors reported equally negative results, as a consequence of the slump in private consumption. Mechanical engineering, which is usually less penalised due to its better position in more dynamic geographical areas, also ended the year with a negative result. The drop in production for chemicals, computers and electronics, pharmaceutical products and food and beverages was less marked, with the latter two sectors continuing to benefit – albeit partially – from their non-cyclical nature.

## 1.3. bank loans, insolvency and credit insurance

The weak Italian economy resulted in a persistent lack of confidence among families and businesses. In 2012, the number of new companies established fell to its lowest level in eight years. The biggest decreases in cash flows were seen in the manufacturing, construction and agricultural sectors. Bank loans to non-financial companies decreased by 3.3% due to the fall in supply and very high borrowing costs. According to the ECB's Bank Lending Survey, the lending terms for SMEs applied by Italian banks were among the most unfavourable in the whole of the Euro zone. The recession has also produced an increase in overdue debts due from businesses to banks to €83.5 billion (€70.2 billion in 2011). The number of bankruptcies also grew, reaching 12,463 in total (+2% compared with 2011), 76% of defaults involved joint-stock companies, 13% partnerships and the rest sole traders. The building sector, the fashion industry, home products and the production of intermediate goods were most hit by the recession.

## 1.4. italian exports

In 2012, net exports provided the only positive contribution to Italian GDP. The trade balance, supported by the substantial surplus of non-energy products (+74 billion), reached 11 billion. This surplus was achieved against the background of annual growth of 3.7% in exports and decline of 5.7% in imports. The most dynamic countries were Japan (+19.1%), the United States (+16.8%) and Switzerland (+10.8%), whilst there was a fall in sales to India (-10.3%), China (-9.9%) and Spain (-8.1%). Among manufactured products, those which reported significant growth abroad were refined petroleum products (+21.8%), pharmaceutical and chemical products (+12.5%) and food and beverages (+6.7%). The crisis sped up the process of transformation for international trade, leading to new important players on the emerging markets, while competition from Germany remained strong. Changes also took place at company level. Being international is no easy feat, especially for small businesses which face greater difficulties in managing the complexity of approaching different, faraway markets. Several companies sought new ways of going abroad, for example by entering global chains of production (Global Value Chain; GVC) or by joining business networks.

## 1.5. the outlook for 2013

SACE forecasts show that Italian exports of goods will grow by 7.2% in 2013, confirming the full recovery of pre-crisis levels already seen in 2011. Sales will be less directed to more traditional destinations to the benefit of emerging economies. The "advanced-emerging" dichotomy is nevertheless changing in favour of an increasingly diverse landscape. On the one hand, the opportunities offered by several recovering advanced countries (e.g. the USA) or economies which have suffered less from the crisis (e.g. Switzerland) should not be underestimated; on the other hand, the BRICS, which are facing a slowdown in growth trends and structural problems, must not be overestimated. The duality in performance at sectoral level was confirmed: intermediaries/investments and agriculture/consumption. The former alternate in their role as driving forces thanks to sectors such as chemicals, mechanical engineering and metals, which are part of the development projects of emerging countries and GVCs. Exports of agricultural goods and consumables will increase more slowly due to the fall in consumption in markets of the Euro area, with the exception of traditional top-of-the-range products, which are increasingly requested by emerging markets.

# 2. STRATEGY

In 2012, SACE carried out its business in a progressively worsening macroeconomic environment, due to the deterioration of the economic and financial conditions of the peripheral countries of the Euro area, the fall in the imports of advanced economies and the ongoing difficulties of financial intermediaries in providing liquidity above all for medium-to-long-term transactions in dollars.

In this context, SACE was nonetheless able to reaffirm the targets of the Business Plan thanks to the strengthening of the collaboration with the parent, Cassa Depositi e Prestiti, as part of the Export Banca programme, and with the European Investment Bank to support infrastructural projects and SMEs.

Also in 2012 the customer focus strategy adopted over the last few years continued by increasing the group's presence both in Italy (with the opening of the Brescia office and the SACE Points of Ancona and Pescara) and internationally (with the opening of the Mumbai office), upgrading offices which are already fully operational and creating a specific commercial department to foster operational coordination.

Business support measures also involved targeted initiatives such as the "Reacting to crises" programme and the supply of insurance and financial products for small and medium enterprises ("No-Stop SMEs"), in collaboration with the other group companies.

In 2013 SACE will continue to implement the guidelines of the 2011-2013 Business Plan against a macroeconomic background with improved opportunities especially in the second part of the year, despite the persistence of particularly high levels of uncertainty and volatility. The transfer of ownership of SACE to Cassa Depositi e Prestiti completed at the end of 2012 will also make it possible to implement additional industrial synergies to support the country and, in particular, Italian exports.

# 3. REPORT ON OPERATIONS

## 3.1. SHARE STRUCTURE AND SHARE CAPITAL

On 9 November 2012 Cassa Depositi e Prestiti S.p.A. purchased the entire share capital of SACE from the Italian Ministry of the Economy and Finance, having exercised its option to purchase under art. 23-bis of Decree Law No. 95 of 6 July 2012, converted by Law No. 135 of 7 August 2012. At the end of the year the share capital amounted to €4,340,053,892, consisting of 1,000,000 shares with a par value of €4,340.05.

SACE S.p.A. does not own treasury shares or shares of the parent company.

## 3.2. NET PROFIT FOR THE YEAR

The main operating and financial data that contributed to determining the result for the year (highlights) and the main profit and loss items are set forth below.

### HIGHLIGHTS

| *(in € million)* | 2012 | 2011 | Change |
|---|---|---|---|
| Gross premiums | 299.3 | 336.1 | -11% |
| Claims | 197.4 | 55.1 | >100% |
| Technical provisions | 2,673.6 | 2,477.4 | 8% |
| Investments (including other assets) | 7,763.0 | 7,517.4 | 3% |
| Shareholders' equity | 5,808.3 | 5,713.2 | 2% |
| Gross profit | 393.7 | 275.6 | 43% |
| Net profit | 255.1 | 184.0 | 39% |
| Commitments underwritten | 8,519.5 | 10,445.2 | -18% |

### PROFIT & LOSS ACCOUNT

| *(in € million)* | 2012 | 2011 |
|---|---|---|
| Gross premiums | 299.3 | 336.1 |
| Outward reinsurance premiums | (0.2) | (0.7) |
| Change in the provision for unearned premiums | 56.5 | 30.4 |
| Net premium income | 355.6 | 365.9 |
| Claims incurred | (197.4) | (55.1) |
| Change in recoveries | 149.4 | 190.4 |
| Change in the provision for claims outstanding | (318.1) | (21.6) |
| Claims incurred, net of recoveries | (366.1) | 113.6 |
| Change in the equalisation reserve | 67.4 | (40.3) |
| Investment return transferred from the non-technical account | 126.4 | 0 |
| Premium refunds and profit sharing | (3.7) | (1.8) |
| Operating expenses | (57.7) | (56.4) |
| Other technical income and charges | 4.6 | 6.6 |
| **Balance on the technical account** | **126.4** | **387.6** |
| Financial and other income | 1,092.9 | 1,062.8 |
| Investment management and financial charges | (700.6) | (1,177.8) |
| Investment return transferred to the technical account | (126.4) | 0 |
| **Income from ordinary operations** | **265.9** | **(115.1)** |
| Extraordinary income | 1.9 | 4.6 |
| Extraordinary charges | (0.5) | (1.6) |
| **Balance on the non-technical account** | **267.3** | **(112.0)** |
| **Profit before taxes** | **393.7** | **275.6** |
| Tax | (138.6) | (91.7) |
| **Net profit** | **255.1** | **184.0** |

In 2012, SACE posted a net profit of €255.1 million, an increase of 39% from the €184 million reported in 2011.

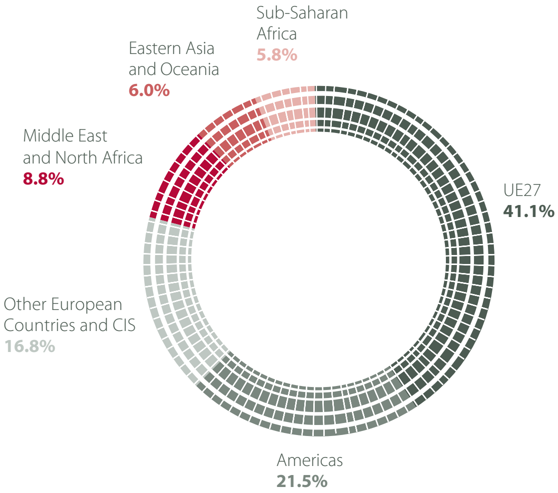
The main components of the result are discussed below:

- gross premiums, for a total of €299.3 million, decreased by 11% over the previous year;
- the change in the provision for unearned premiums was positive and amounted to €56.5 million;
- the increase in the provisions for claims outstanding (€318.1 million) is mainly due to the amounts relating to reporting defaults by Iranian debtors;
- the cost of claims paid increased compared to the same period in 2011 and amounted to €197.4 million;
- the change in recoveries due to the management of subrogation credit amounting to €149.4 million decreased with respect to the previous year (€190.4 million);
- operating expenses (€57.7 million) were substantially in line with those of the previous year and increased mainly as a result of the cost of personnel;
- the result of the non-technical account (net of extraordinary operations) was positive and amounted to €265.9 million.

## 3.3. VOLUMES

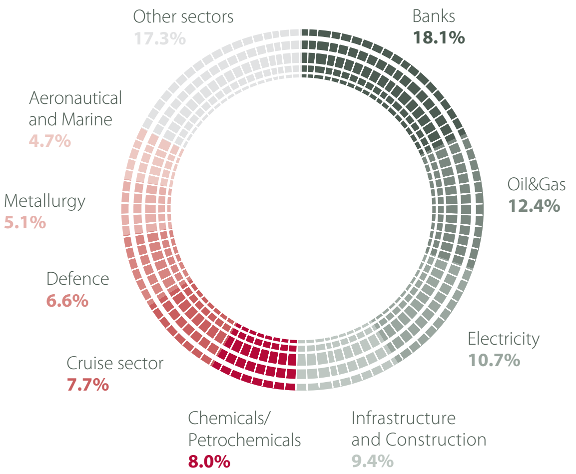
The value of guarantees approved in 2012 (in terms of principal and interest) amounted to €8,519.5 million. The new commitments were mainly directed to the European Union (41.1%), the Americas (21.5%) and other European Countries and the Commonwealth of Independent States (16.8%).

**Commitments approved in 2012 by geo-economic area**



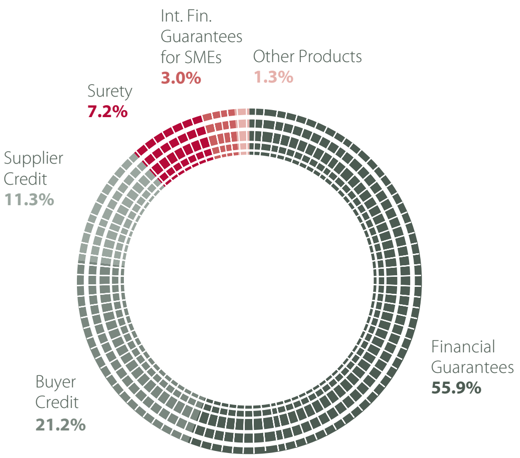
The main industrial sectors involved were banking (18.1%), oil and gas (12.4%) and electrical engineering (10.7%).

## Commitments approved in 2012 by sector




The commitments approved were generated mainly by financial guarantees (55.9%), buyer credit policies (21.2%) and supplier credit policies (11.3%).

## Commitments approved in 2012 by product



## 3.4. CHANGES IN THE INSURANCE PORTFOLIO: INTERNATIONALISATION FINANCIAL GUARANTEES

In 2012 SACE issued 361 new guarantees compared with the 290 issued in the previous year for a total lending volume of €396 million (+37% compared to 2011) and an exposure of €254 million (+40% compared to 2011). In detail, around 74% of the guarantees were issued to SMEs and the remainder to corporations with a turnover of between €50 and €250 million. The average unitary turnover of guaranteed enterprises was €35 million of which around 51% deriving from exports.

**Internationalisation Guarantees: FY 2012**

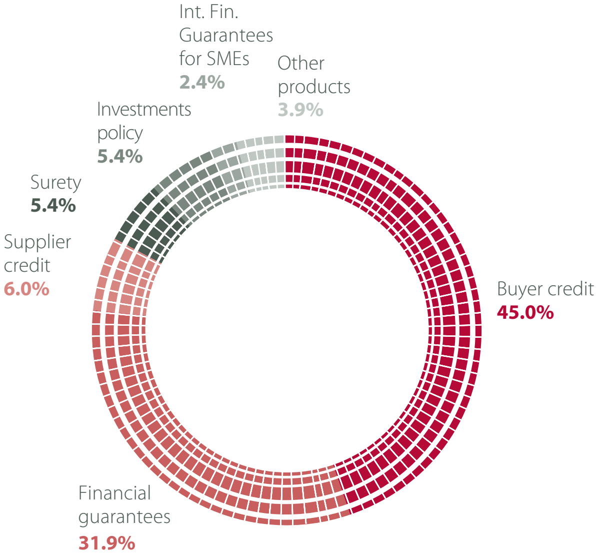
| | Total portfolio | SME portfolio |
|---|---|---|
| Number of guarantees issued | 361 | 266 |
| Average turnover | €35 million | €17 million |
| Average % of export turnover | 0.51 | 0.53 |
| Loans approved | €396 million | €207 million |
| Loans granted | €235 million | €113 million |
| Exposure approved (K + I) | €254 million | €119 million |

The portfolio accumulated in 2012 was mainly concentrated in the regions of central and northern Italy: 26% of guarantees were issued to companies based in Veneto, 24% to companies based in Emilia Romagna, 14% to companies in Lombardy and 9% to those in Piedmont. The main industrial sectors involved were trade and services (18%), mechanical engineering (17%) and metallurgy (15%). The main use was the purchase, upgrade or refurbishment of plant and machinery (21%) investments abroad (20%) and the purchase and repair of intangible assets (9%). During the year claims of €8.4 million were paid, down on the previous year (€11 million) and €2.6 million worth of recoveries were made (€4.3 million in 2011). In 2012, 98 companies benefitted from the suspension of payments on capital pursuant to the ABI joint announcement of 3 August 2009, for a total of €16 million.

## 3.5. PREMIUMS

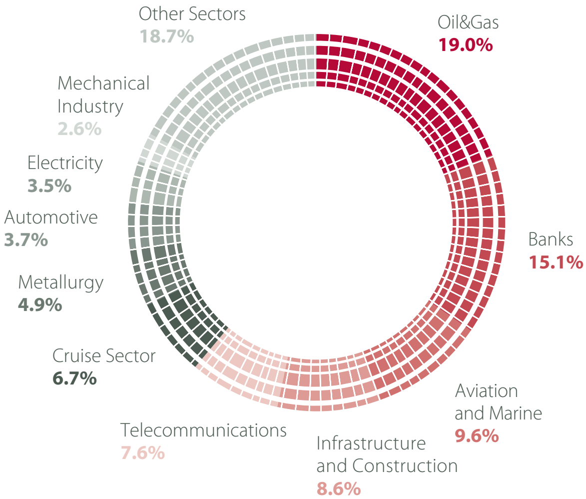
In 2012, gross premiums amounted to €299.3 million and were generated for €278.7 million by direct business and for €20.6 million by indirect business (reinsurance provided). There was an 11% reduction compared to 2011. The products that contributed most to premiums were the buyer credit policy (45.0%), financial guarantees (31.9%) and the supplier credit policy (6%).

### Gross premiums by product




The industrial sectors that accounted for most of the new business premiums were oil and gas (19.0%), banking (15.1%), and aviation and marine (9.6%).

### Gross premiums by industrial sector



### 3.6. CLAIMS

Claims paid during 2012 (€197.4 million) were higher than in the previous year (€55.7 million). The increase is predominantly due to claims relating to Iranian policies caused by the difficulties of Iranian counterparties in honouring payments for penalties imposed on the country by the UN and the EU which resulted in almost all payment channels being closed. The sectors most affected for commercial claims were the steel industry and mechanics.

### 3.7. RECOVERIES

In 2012 SACE collected approximately €125 million in sovereign credit recoveries, the majority of which came from Iraq and Egypt. As regards trade recoveries, the total amount due to SACE in 2012 amounted to some €15.8 million and relate primarily to the agreement with a Mexican corporate party.

### 3.8. RISK PORTFOLIO

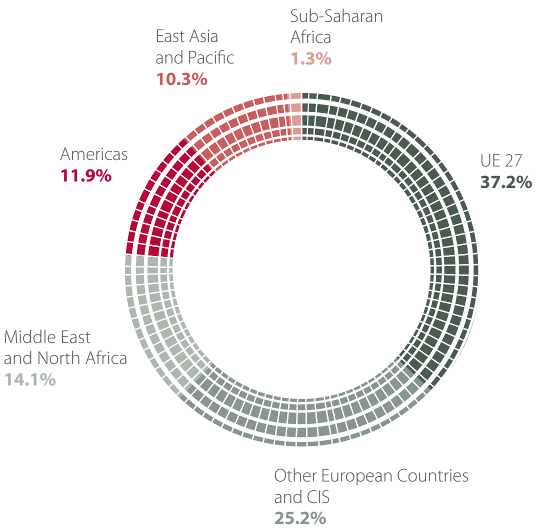
Total exposure, calculated as the sum of receivables and outstanding guarantees (interest and capital), is €32.9 billion, down by 4.9% compared to the end of 2011 and therefore in marked contrast to the end-of-year results of previous years. The phenomenon is a direct consequence of a decrease in the guarantee portfolio (which accounts for 97.7% of total exposure), which fell by 5.1% compared with 2011: despite the completion of significant transactions during the year, payments were unable to offset normal portfolio returns, the numerous partial and full prepayments for major transactions and claims during the year. The credit portfolio increased by 3.7% compared with figures from the end of 2011: the increase is predominantly due to the sovereign component which accounts for 98.1% of all credits and increased by 5.5% compared to the end of 2011.

**SACE's total exposure at 31.12.2012**

| *Principal and interest (€ million)* | 2012 | 2011 | Change |
|---|---|---|---|
| **Portfolio** | | | |
| Outstanding guarantees | 32,193.16 | 33,928.10 | -5.1% |
| *principal* | 27,531.72 | 28,884.91 | -4.7% |
| *interest* | 4,661.44 | 5,043.19 | -7.6% |
| *Debtors* | 744.12 | 717.75 | 3.7% |
| **Total exposure** | **32,937.28** | **34,645.85** | **-4.9%** |

The analysis by geo-economic area shows that the highest exposure was towards EU countries (37.2% in relation to 34.5% in 2011), in particular towards Italy, which remained in top place in terms of concentration, the impact of which was more or less unchanged. The exposure to "non-EU European countries and CIS member states" also increased (from 24.2% to 25.2%), as did "East Asia and Oceania" (from 9.7% to 10.3%). Exposure in countries of Sub-Saharan Africa decreased (from 1.8% to 1.3%), as did that in the Middle East and North Africa (from 17.7% to 14.1%). Exposure to the Americas remains more or less stable.

**Total exposure by geo-economic area (%)**




The analysis of the portfolio of outstanding guarantees in principal (and therefore the actual Exposure at Default on the reporting date) shows that the amount concentrated in Italy fell from 26.2% to 25.3% (despite staying in first place). The value recorded in the top ten countries on the other hand increased from 68.8% at the end of 2011 to 71.4%.

The analysis by type of risk shows a particularly marked contraction of sovereign risk (-21.9% due to the exposure in Iran being moved to the Provision for claims outstanding) and ancillary risks (-47%, due to the natural expiration of certain material risks of the undue calling of bonds). Exposure to private risk – considering both credit risk and surety bonds - remains the highest and accounts for 86.5% of the total portfolio (despite this also decreasing by 2.4% with respect to 2011).

**Type of risk**

| | 2012 | 2011 | Change |
|---|---|---|---|
| **Sovereign risk** | | | |
| Political risk | 1,763.0 | 2,257.6 | -21.9% |
| Private sector risk | 1,739.5 | 1,817.8 | -4.3% |
| Ancillary risks | 23,820.8 | 24,416.2 | -2.4% |
| Total | 208.5 | 393.3 | -47.0% |
| **Totale** | **27,531.7** | **28,884.9** | **-4.7%** |

Within private risk, corporate risk – the credit business – increased by 15.1%, as did bank risk, up 14.3%. On the other hand, there was a sharp fall in exposure to corporate risk – the surety business - of 22.8%: the release of sureties of a high amount was not offset by the completion of new transactions. The structured risk component decreased significantly: -19.2%, for backed corporate, due to normal repayments and prepayments for major transactions; -44.1% for structured finance for transferring the Iran exposure to the provision for claims outstanding.

| | 2012 | 2011 | % |
|---|---|---|---|
| **Type of Risk** | | | |
| *Corporate - credit business* | 10,090.7 | 8,767.5 | 15.09 |
| *Banking* | 1,973.8 | 1,726.2 | 14.34 |
| Aviation (Asset Based) | 538.6 | 531.1 | 1.41 |
| Backed corporate | 1,825.2 | 2,259.0 | -19.20 |
| *Project Finance* | 4,876.7 | 4,937.7 | -1.24 |
| Structured Finance | 695.5 | 1,243.9 | -44.09 |
| *Corporate - surety bond business* | 3,820.3 | 4,950.7 | -22.83 |
| **Total** | **23,820.8** | **24,416.2** | **-2.44** |

The sector-by-sector analysis continues to show a high level of concentration, with the largest five sectors accounting for 67.6% of the total private portfolio. The main sector continues to be Oil&Gas which accounts for 26% and increased by 2.9% compared with 2011.

### 3.9. technical provisions

Technical provisions are calculated in order to cover the best estimate for the Provision for unearned premiums using the CreditMetrics method (calculating the expected loss of the entire portfolio until its run off), while for the Provision for claims outstanding they are prudently valuated by objectively analysing each claim. A risk margin is also determined to cover non-market-consistent components in the calculation model.

The total value is calculated as the sum of:

- The provision for premium instalments, amounting to €1,283.5 million, calculated as the portion of outstanding risk on the basis of the gross premiums written. The provision is calculated on a pro rata temporis basis;
- The provision for unexpired risks, equal to € 350 million;
- The provision for claims outstanding, amounting to €592 million;
- The equalisation provision for credit insurance business amounted to €448.1 million.

### 3.10. investments

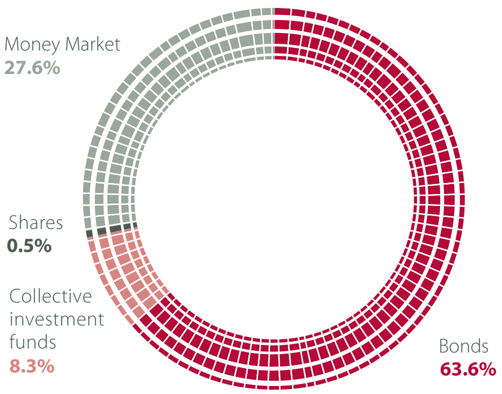
SACE's financial management activities are carried out according to the guidelines given by the board of directors and have the objective of:

- optimising the capital structure;
- managing liquidity in order to achieve financial balance;
- counterbalancing the risks assumed by core business activities inherent in the guarantee portfolio.

This strategy is implemented through an integrated asset-liability management process by investing in highly liquid instruments with a limited risk profile.

The total number of assets at the end of 2012 was €7,504.1 million and is broken down as follows: 63.6% is invested in bonds, 8.3% in collective investment funds, 0.5% in shares and 27.6% in money market instruments.

**Breakdown of investment portfolio by asset class**




The non-current portfolio, equal to €1,625.4 million, represents 21.7% of total assets and consists entirely of bonds, 87.6% of which are government bonds. They have a duration of 3.72 years, while the average portfolio rating of BBB+ was reduced by two notches compared to the end of 2011. It should be remembered that in the first two months of 2012 Italy was downgraded by the three main rating agencies finishing on 13 July 2012 with Moody's which took its valuation down from A3 to Baa2.

53.6% of the investment portfolio of €5,878.7 million consists of bonds, 10.6% of collective investment funds made up of bonds and shares, 0.7% of shares and 35.2% of money market instruments. The bond component of the investment portfolio has a duration of 0.44 years in line with the guidelines on the liquidity of investments and the expected rate developments. For the bond component alone, 59.6% of which consists of Italian government securities, the average portfolio rating is BBB.

## 3.11. Reinsurance, relations with other export credit agencies (ECAs) and international organisations

SACE's reinsurance policy, aimed at maintaining and improving the technical equilibrium, relies on the use of reinsurers on the international market with top ratings. To date SACE has signed 23 reinsurance agreements with other ECAs. In 2012 SACE concluded a cooperation agreement with EXIAR – the new Russian agency for export credit insurance and investments controlled by the Russian development bank Vnesheconombank - aimed at strengthening commercial and investment opportunities abroad, especially in target markets and in markets of the CIS area. During the year SACE was also an advisor for EXIAR and provided the Russian ECA with consultancy services and a technical training programme focused on products, processes, risk management and assessment.

## 3.12. Research and development

Research and development expenses reflect the costs of launching new products, charged directly to income as occurred.

## 3.13. RISK MANAGEMENT

Risk management is based on constant improvements to processes and technology and investments in human resources and is integrated in decision-making processes in order to improve risk-adjusted performance. The risk identification, measurement and control phases are essential factors in joint evaluation of company assets and liabilities. They are performed using the most effective asset liability management techniques.


The company implements its risk management system in accordance with the applicable legal requirements[1].

There are two main types of risks:

- **Technical risk:** meaning **underwriting risk**.

  For the SACE guarantees portfolio, it is the risk of financial losses arising from unfavourable trends in actual compared to expected claims (tariff risk) or differences between the cost of claims and reserved cost (technical provision risk). Both risks are managed by adopting prudent pricing and provisioning strategies, which are defined according to market best practice, and through prudent underwriting policies, permanent monitoring and active portfolio management.
- **Market risk:** the risk of losses due to adverse changes in market prices of financial instruments, currencies and commodities. This type of risk is managed using asset-liability management techniques and kept within previously defined limits by adopting guidelines on asset allocation and market VaR models.

[1] ISVAP Regulation No. 20 of 26 March 2008

The following risks are also identified and, where necessary, measured and mitigated by adopting appropriate management procedures:

- **Liquidity risk:** the risk of the company being unable to meet financial obligations without suffering losses due to the inability to liquidate investments and other assets. For insurance portfolios liquidity risk is not significant since, in addition to the technical forms of underwriting which enable the settlement of the claim to be spread out over time, the investment policy is based heavily on the specific liquidity needs of investments. All the securities in the portfolios used to cover technical reserves are traded in regulated markets and the short average life of the investments guarantees their rapid turnover.
- **Operational risk:** the risk of losses resulting from inadequate or failed internal processes, personnel or systems, or from external events. SACE conducts periodical self-assessments of potential operational risk factors and uses a loss data collection process to measure and record its actual operating losses. These data represent the input of the process for measuring and controlling operational risks in accordance with market best practice.
- **Reputation risk:** the risk of damage to the company's image and conflict with policyholders, due to the provision of services that are not up to standard, inadequacy of policies or lack of customer satisfaction with the sales network. In SACE this risk is notably mitigated by the existing internal control and risk management functions, for example the Compliance Service, and by adopting specific internal procedures directed towards regulating all operations performed by SACE.
- **Risk of belonging to a group:** Risk of "contamination", intended as the risk that, as a result of transactions between the company and other group entities, difficulties experienced by an entity in the same group may have negative effects on the company; risk of conflict of interest.
- **Risk of non-compliance with regulations:** the risk of facing legal or administrative fines, suffering losses or damage to reputation as a result of failure to comply with laws, regulations or measures of the Supervisory Authorities or rules of self-regulation, such as by-laws, codes of conduct or codes of ethics; risk from unfavourable changes in the regulatory framework or national case law.

The risk management division:

- proposes methods, develops risk control models and systems of measurement, suggesting to make the relevant provisions through value at risk systems;
- implements the procedures for measurement and integrated control of the risk/return ratio and the creation of value by individual risk taking units and monitors correct allocation of economic capital;
- assists with defining the operational autonomy of company offices, reporting any breaches of the limits to the board of directors, top management and the offices concerned;
- measures and integrally controls overall risk exposure by defining the procedures for identifying, measuring, monitoring and reporting risks, including scenario analysis and stress tests;
- supports the corporate offices involved in calculating provisions;
- issues periodic reports on changes in the risks assumed and the presence of any anomalous situations and exceeding of limits, and submits these to the board of directors, top management and office supervisors;
- monitors activities aimed at optimising capital structure, managing reserves and liquidity (ALM);
- cooperates with other internal and external control functions and bodies, to which it sends periodical reports.

Risk governance is entrusted to the following bodies in addition to that specified in the company's bylaws:

- The Management Committee: examines and shares the strategies and objectives of SACE and of other group companies; validates and monitors business plans, investigates key issues regarding management and operational guidance of SACE and of group companies;
- The Operations Committee: examines assumption, indemnities, restructuring and other significant operations and assesses their permissibility compatibly with the risk management guidelines drawn up by Risk Management;
- The Investments Committee: periodically defines company portfolio investment strategies to optimise the risk/yield profile of financial activities and the compliance of the guidelines established by the board of directors. Monitors the trends and outlook of investment performance, reporting any critical areas to the competent functions. Suggests that the deliberative body update the guidelines on financial activities.
- The Major Risk Committee: examines the positions with particularly significant exposure, analysing from an environmental, forecast and operating standpoint the level of concentration of technical risks (country risk, sector risk, counterparty risk) and financial risks; sets out and indicates, in line with the guidelines for managing the overall risk position defined by the risk management division, policies for improving the overall quality of the portfolio, preventing the deterioration of exposures and making recovery processes more effective;
- The Commercial Synergies and Product Committee: monitors and promotes the development of commercial synergies between group companies, ensuring that commercial measures are coordinated and monitoring the level of client coverage; evaluates new commercial initiatives and opportunities for business development at group level in accordance with the established strategic guidelines; examines the group's product portfolio and its subsidiaries and the product policy proposals, evaluating potential synergies and governing possible risks of overlapping. Also analyses proposals for the development/restyling of SACE products; submits relevant matters to the Management Committee.

## 3.14. HUMAN RESOURCES

as at 31 December 2012, there were 451 employees on the payroll. During the year, 27 people were hired and 19 left the company.

**Distribution of staff by grade**

| Grade | No. | Distribution |
|---|---|---|
| Senior managers | 26 | 5.8% |
| Managers | 200 | 44.4% |
| Clerical staff | 225 | 49.8% |
| **Total** | **451** | **100%** |

**Distribution of staff by age group**

| Age group | Distribution | Change |
|---|---|---|
| Under 25 | 0.4% | -63% |
| Between 26 and 35 | 29.7% | -0.3% |
| Between 36 and 55 | 58.8% | -2.9% |
| Over 55 | 11.1% | 30.5% |

**Distribution of staff by qualification**

| Qualification | Distribution | Change |
|---|---|---|
| Degree | 59 % | - |
| Secondary school certificate/other | 41% | - |

The figures show that the level of education of staff has improved following continuous growth over the last few years. Training schemes continued to be provided for all employees. These included languages (General and Business English) and managerial courses (e.g. People Management, Lean Sigma, Effective Communication, Problem Solving, Leadership, etc.), in addition to the courses required by law (e.g. Italian Legislative Decrees 231/2001, 196/2003 and 81/2008). The group's training programme aims to build the specific professional skills required by the various business areas, to develop the managerial and leadership qualities necessary to manage complexity and change, and to foster knowledge creation and sharing. The training received by all employees was particularly intensive and in 2012 amounted to approximately 20,000 hours. Average gross pay, net of amounts paid by INPS, was €58 thousand per employee. The 1.69% reduction on the previous year was due to the leaving incentives provided in previous years. The average cost of labour fell by 5% to €90 thousand.

## 3.15. LITIGATION

At 31 December 2012, the company was party to 41 lawsuits, most of which relating to insurance commitments assumed prior to 1998. In particular, the company was defendant in 31 lawsuits, amounting potentially to around €45.5 million, and plaintiff in 10 lawsuits, for around €220 million.

## 3.16. CORPORATE GOVERNANCE AND ORGANISATIONAL MODEL UNDER LEGISLATIVE DECREE 231/01

SACE adopts a traditional model of administration and control. The main corporate bodies are the shareholders' meeting, the board of directors, the chairman, the CEO, the board of statutory auditors and the executive officer, as set forth in the company bylaws. SACE is managed according to principles of legitimacy and transparency, which are applied by adopting a system of prevention comprising two basic elements:

- the organisational, management and control model pursuant to Italian Legislative Decree 231/2001 governing the administrative liability of legal entities, companies and associations including those without legal status;
- the code of conduct, which sets out the values and principles with which directors, auditors, reporting accountants, managers, staff, co-workers and third parties who have relations with group companies are all expected to comply. Although the code of conduct is distinct from the organisational model pursuant to Italian Legislative Decree 231/2001, the two are related in that they are both an integral part of the prevention and control system.

The supervisory body is charged with overseeing the application, appropriateness and implementation of the model and must act within its authority to investigate any violations of the code of conduct. The company has adopted an internal control system which comprises a set of rules, procedures and structures aimed at ensuring correct functioning and good performance, efficacy and efficiency of company procedures, adequate risk monitoring,

reliability and integrity of accounting and financial data, safeguarding of the company's assets and compliance with laws, supervisory regulations and internal procedures.
The internal auditing department assists with the assessment of the company's governance, control and risk management procedures and helps to improve these.
The compliance function monitors the risk of non-compliance with rules and reputation risk.
The executive officer puts in place adequate administrative and accounting procedures for the preparation of the separate financial statements and the consolidated financial statements.
The risk management division detects, measures, assesses and monitors the risks to which the company is exposed.

## 3.17. social and cultural commitments

Once again, in 2012 SACE confirmed its commitment to social and cultural concerns by supporting non-profit organisations with financial contributions and through the voluntary participation of a growing number of employees. It renewed its support to Dynamo Camp, a recreational therapy summer camp designed to host children and young people suffering from serious illness for free, the "Race for the Cure" initiative by Komen Italia, an association active in the fight against breast cancer and Meyer children's hospital in Florence as a "Company Friend". In 2012, SACE also contributed to research grants of the Umberto Veronesi Foundation, participated in Unicef's "Pigotta" project and became a "Corporate Golden Donor" of the FAI, an association with the aim of safeguarding the artistic and natural heritage of Italy. Blood donation days were organised in collaboration with Bambino Gesù children's hospital in Rome and Avis of Milan.

## 3.18. parent company and subsidiaries

The subsidiary SACE BT ended 2012 with a loss of €21,277 thousand, while the subsidiary SACE Fct ended the year with a profit of €8,300 thousand.
As part of its business operations, SACE S.p.A. has never engaged in any transactions with its subsidiaries that are atypical or outside its normal scope of business. All intra-group transactions are settled at arm's length and regarded the following:

- services rendered under specific agreements in that they do not constitute the company's core business;
- costs for rental of offices;
- reinsurance business with the SACE BT S.p.A. subsidiary;
- shareholders' loan agreement in favour of the SACE Fct S.p.A. subsidiary.

With reference to relations with the parent company Cassa Depositi e Prestiti S.p.A. it should be noted that in 2012 insurance guarantees were issued which generated income in 2012 for premiums of approximately €17 million, SACE's financial investment portfolio also includes 4 bonds with a total nominal value of €107 million issued by the parent Cassa Depositi e Prestiti and acquired by SACE before the change of the controlling shareholder.

## 3.19 other information

**a) Domestic consolidated tax scheme**

Due to the participation in the national consolidated tax scheme, in 2012 the company determined one single taxable basis for IRES with its subsidiaries SACE BT S.p.A., SACE SRV S.r.l. and SACE Fct S.p.A.

In June 2012 it was notified that the latter company would also be participating in the consolidated tax scheme for the three-year period 2012-2014.

## 3.20. main events in early 2013 and business outlook

On the basis of the results for the opening months of the year, the earnings prospects assumed in the 2011-2013 industrial plan are confirmed.

# 4. PROPOSED ALLOCATION OF NET PROFIT

The shareholder is asked to approve the financial statements at 31 December 2012 and the allocation of the net profit of €255,105,755 as follows:

| | | |
|---|---|---|
| € | 255,105,755 | Net profit |
| € | 12,755,288 | to the legal reserve as required by article 2430 of the Italian Civil Code |
| € | 8,300,486 | to "Other Reserves", the result of the write-up of the value of the investments through the application of the equity method (pursuant to article 2426, para.1, no. 4 of the Italian Civil Code). |
| € | 234,049,981 | according to resolutions to be passed by the shareholders' meeting |

*Rome, 12 March 2013*

on behalf of the board of directors

CEO

**Alessandro Castellano**

# BALANCE SHEET
## AND PROFIT AND LOSS ACCOUNT

# ANNEX I

| | | |
|---|---|---|
| Company | **SACE S.p.A.** | |
| Subscribed capital | € 4,340,053,892 | Paid € 4,340,053,892 |
| Registered offices | ROME | |
| Financial | FINANCIAL STATEMENTS<br>**Balance Sheet 2012** | |
| | (Value in euro) | |

# BALANCE SHEET
# ASSETS

| | | | | | | | Values of the year | |
|---|---|---|---|---|---|---|---|---|
| A. SUBSCRIBED CAPITAL UNPAID | | | | | | | 1 | |
| of which called-up capital | | | 2 | 0 | | | | |
| B. INTANGIBLE ASSETS | | | | | | | | |
| 1. Deferred acquisition commissions | | | | | | | | |
| a) Life business | 3 | 0 | | | | | | |
| b) Non-life business | 4 | 0 | 5 | 0 | | | | |
| 2. Other acquisition costs | | | 6 | 0 | | | | |
| 3. Start-up and expansion costs | | | 7 | 0 | | | | |
| 4. Goodwill | | | 8 | 0 | | | | |
| 5. Other multi-year costs | | | 9 | 339,054 | | | 10 | 339,054 |
| C. INVESTMENTS | | | | | | | | |
| I - Land and buildings | | | | | | | | |
| 1. Property used in company operations | | | 11 | 65,086,757 | | | | |
| 2. Property rented to third parties | | | 12 | 1,667,605 | | | | |
| 3. Other properties | | | 13 | 0 | | | | |
| 4. Other properties rights | | | 14 | 0 | | | | |
| 5. Construction in progress and advance | | | 15 | 0 | 16 | 66,754,363 | | |
| II - Investments in Group companies and other shareholdings | | | | | | | | |
| 1. Shares and interests in: | | | | | | | | |
| a) controlling companies | 17 | 0 | | | | | | |
| b) subsidiary companies | 18 | 152,643,753 | | | | | | |
| c) affiliated companies | 19 | 0 | | | | | | |
| d) associated companies | 20 | 7,488,067 | | | | | | |
| e) other companies | 21 | 0 | 22 | 160,131,820 | | | | |
| 2. Bond issued by: | | | | | | | | |
| a) controlling companies | 23 | 0 | | | | | | |
| b) subsidiary companies | 24 | 0 | | | | | | |
| c) affiliated companies | 25 | 0 | | | | | | |
| d) associated companies | 26 | 0 | | | | | | |
| e) other companies | 27 | 0 | 28 | 0 | | | | |
| 3. Loans to: | | | | | | | | |
| a)controlling companies | 29 | 0 | | | | | | |
| b) subsidiary companies | 30 | 1,000,000,000 | | | | | | |
| c) affiliated companies | 31 | 0 | | | | | | |
| d) associated companies | 32 | 0 | | | | | | |
| e) other companies | 33 | 0 | 34 | 1,000,000,000 | 35 | 1,160,131,820 | | |
| | | | | to be carried forward | | | | 339,054 |

Values of the previous year

| | | | |
|---|---|---|---|
| | | | 181 0 |
| | 182 0 | | |
| 183 0 | | | |
| 184 0 | 185 0 | | |
| | 186 0 | | |
| | 187 0 | | |
| | 188 0 | | |
| | 189 336,403 | | 190 336,403 |
| | 191 65,589,436 | | |
| | 192 1,860,370 | | |
| | 193 0 | | |
| | 194 0 | | |
| | 195 0 | 196 67,449,807 | |
| 197 0 | | | |
| 198 165,609,218 | | | |
| 199 0 | | | |
| 200 7,443,921 | | | |
| 201 0 | 202 173,053,139 | | |
| 203 0 | | | |
| 204 0 | | | |
| 205 0 | | | |
| 206 0 | | | |
| 207 0 | 208 0 | | |
| 209 0 | | | |
| 210 975,000,000 | | | |
| 211 0 | | | |
| 212 0 | | | |
| 213 0 | 214 975,000,000 | 215 1,148,053,139 | |
| | to be carried forward | | 336,403 |

# BALANCE SHEET
# ASSETS

Values of the year

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| carried forward | | | | | | | | 339,054 |
| C. INVESTMENTS (continued) | | | | | | | | |
| III - Other financial investments | | | | | | | | |
| 1. Shares and interests | | | | | | | | |
| a) Listed shares | 36 | 38,242,101 | | | | | | |
| b) Unlisted shares | 37 | 171,099 | | | | | | |
| c) Interests | 38 | 0 | 39 | 38,413,200 | | | | |
| 2. Shares in common investment funds | | | 40 | 621,947,055 | | | | |
| 3. Bonds and other fixed-income securities | | | | | | | | |
| a) listed | 41 | 3,885,313,290 | | | | | | |
| b) unlisted | 42 | 0 | | | | | | |
| c) convertible debentures | 43 | 0 | 44 | 3,885,313,290 | | | | |
| 4. Loans | | | | | | | | |
| a) loans secured by mortgage | 45 | 6,158,042 | | | | | | |
| b) loans on policies | 46 | 0 | | | | | | |
| c) other loans | 47 | 0 | 48 | 6,158,042 | | | | |
| 5. Participation in investment pools | | | 49 | 0 | | | | |
| 6. Deposits with credit institutions | | | 50 | 630,000,000 | | | | |
| 7. Other financial investments | | | 51 | 892,846,502 | 52 | 6,074,678,089 | | |
| IV - Deposits with ceding companies | | | | | 53 | 264,756 | 54 | 7,301,829,027 |
| D. INVESTMENTS FOR THE BENEFIT OF LIFE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS | | | | | | | | |
| I - Investments relating to contracts linked to investment funds and market indexes | | | | | 55 | 0 | | |
| II - Investments relating to the administration of pension funds | | | | | 56 | 0 | | |
| | | | | | | | 57 | 0 |
| D bis. REINSURERS' SHARE OF TECHNICAL PROVISIONS | | | | | | | | |
| I - NON-LIFE BUSINESS | | | | | | | | |
| 1. Provisions for unearned premiums | | | 58 | 6,462,786 | | | | |
| 2. Provisions for claims outstanding | | | 59 | 0 | | | | |
| 3. Provisions for profit-sharing and premium refunds | | | 60 | 0 | | | | |
| 4. Other technical provisions | | | 61 | 0 | 62 | 6,462,786 | | |
| II - LIFE BUSINESS | | | | | | | | |
| 1. Provisions for policy liabilities | | | 63 | 0 | | | | |
| 2. Unearned premium provision for supplementary coverage | | | 64 | 0 | | | | |
| 3. Provision for sums to be paid | | | 65 | 0 | | | | |
| 4. Provisions for profit-sharing and premium refunds | | | 66 | 0 | | | | |
| 5. Other technical provisions | | | 67 | 0 | | | | |
| 6. Technical provisions where the investments risk is borne by the policyholders and relating to the administration of pension funds | | | 68 | 0 | 69 | 0 | 70 | 6,462,786 |
| to be carried forward | | | | | | | | 7,308,630,867 |

| | | | Values of the previous year |
|---|---|---|---|
| | carried forward | | 336,403 |
| 216 28,695,028 | | | |
| 217 171,099 | | | |
| 218 0 | 219 28,866,126 | | |
| | 220 601,899,520 | | |
| 221 4,818,317,287 | | | |
| 222 73,500,000 | | | |
| 223 0 | 224 4,891,817,287 | | |
| 225 6,598,153 | | | |
| 226 0 | | | |
| 227 0 | 228 6,598,153 | | |
| | 229 0 | | |
| | 230 155,000,000 | | |
| | 231 529,876,954 | 232 6,214,058,040 | |
| | | 233 279,065 | 234 7,429,840,051 |
| | | 235 0 | |
| | | 236 0 | |
| | | | 237 0 |
| | 238 4,553,106 | | |
| | 239 0 | | |
| | 240 0 | | |
| | 241 0 | 242 4,553,106 | |
| | 243 0 | | |
| | 244 0 | | |
| | 245 0 | | |
| | 246 0 | | |
| | 247 0 | | |
| | 248 0 | 249 0 | 250 4,553,106 |
| | to be carried forward | | 7,434,729,560 |

# BALANCE SHEET
# ASSETS

| | | | | | | | | | Values of the year |
|---|---|---|---|---|---|---|---|---|---|
| | | | carried forward | | | | | | 7,308,630,867 |
| E. DEBTORS | | | | | | | | | |
| I - Debtors arising out of direct insurance operations: | | | | | | | | | |
| 1. Policyholders | | | | | | | | | |
| a) for premiums current year | 71 | 65,239,801 | | | | | | | |
| b) for premiums previous years | 72 | 15,633,921 | 73 | 80,873,722 | | | | | |
| 2. Insurance intermediaries | | | 74 | 0 | | | | | |
| 3. Current accounts with Insurance companies | | | 75 | 0 | | | | | |
| 4. Policyholders and third parties for recoveries | | | 76 | 555,264,523 | 77 | 636,138,245 | | | |
| II - Debtors arising out of reinsurance operations: | | | | | | | | | |
| 1. Insurance and Reinsurance companies | | | 78 | 117,561 | | | | | |
| 2. Reinsurance intermediaries | | | 79 | 0 | 80 | 117,561 | | | |
| III - Other debtors | | | | | 81 | 379,195,827 | 82 | 1,015,451,633 | |
| F. OTHER ASSETS | | | | | | | | | |
| I - Tangible assets and stocks: | | | | | | | | | |
| 1. Furniture, office machines and internal transport vehicles | | | 83 | 2,087,644 | | | | | |
| 2. Vehicles listed in public registers | | | 84 | 0 | | | | | |
| 3. Machinery and equipment | | | 85 | 44,463 | | | | | |
| 4. Stocks and other goods | | | 86 | 63,248 | 87 | 2,195,355 | | | |
| II - Cash at bank and in hand: | | | | | | | | | |
| 1. Bank and Postal accounts | | | 88 | 429,379,588 | | | | | |
| 2. Cheques and cash on hand | | | 89 | 5,017 | 90 | 429,384,605 | | | |
| III - Own shares or equity interests | | | | | 91 | 0 | | | |
| IV - Other | | | | | | | | | |
| 1. Deferred reinsurance items | | | 92 | 1,049,352 | | | | | |
| 2. Miscellaneous assets | | | 93 | 28,515,148 | 94 | 29,564,500 | 95 | 461,144,460 | |
| G. PREPAYMENTS AND ACCUIRRED INCOME | | | | | | | | | |
| 1. Accrued interest | | | | | 96 | 60,737,211 | | | |
| 2. Rents | | | | | 97 | 0 | | | |
| 3. Other prepayments and accrued income | | | | | 98 | 426,388 | 99 | 61,163,599 | |
| TOTAL ASSETS | | | | | | | 100 | 8,846,390,560 | |

Values of the previous year

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | carried forward | | | | 7,434,729,560 |
| 251 | 60,686,398 | | | | | | |
| 252 | 122,341 | 253 | 60,808,740 | | | | |
| | | 254 | 0 | | | | |
| | | 255 | 0 | | | | |
| | | 256 | 513,628,120 | 257 | 574,436,860 | | |
| | | 258 | 1,106,390 | | | | |
| | | 259 | 0 | 260 | 1,106,390 | | |
| | | | | 261 | 354,887,109 | | |
| | | | | | | 262 | 930,430,359 |
| | | 263 | 2,253,814 | | | | |
| | | 264 | 0 | | | | |
| | | 265 | 59,538 | | | | |
| | | 266 | 121,786 | 267 | 2,435,138 | | |
| | | 268 | 50,407,874 | | | | |
| | | 269 | 1,513 | 270 | 50,409,388 | | |
| | | | | 271 | 0 | | |
| | | 272 | 74,435 | | | | |
| | | 273 | 34,667,412 | 274 | 34,741,848 | | |
| | | | | | | 275 | 87,586,373 |
| | | | | 276 | 68,996,827 | | |
| | | | | 277 | 0 | | |
| | | | | 278 | 301,623 | 279 | 69,298,450 |
| | | | | | | 280 | 8,522,044,742 |

## BALANCE SHEET
## LIABILITIES AND SHAREHOLDERS' EQUITY

| | | | Values of the year | |
|---|---|---|---|---|
| A. SHAREHOLDERS' EQUITY | | | | |
| I - Subscribed capital or equivalent fund | | | 101 4,340,053,892 | |
| II - Share premium reserve | | | 102 0 | |
| III - Revaluation reserve | | | 103 9,615,916 | |
| IV - Legal reserve | | | 104 169,671,310 | |
| V - Statutory reserves | | | 105 0 | |
| VI - Reserves for own shares and shares of the controlling company | | | 106 0 | |
| VII - Other reserves | | | 107 995,294,456 | |
| VIII - Net profit (loss) brought forward | | | 108 38,570,216 | |
| IX - Net profit (loss) for the year | | | 109 255,105,755 | |
| | | | | 110 5,808,311,545 |
| B. LINKED LIABILITIES | | | | 111 0 |
| C. TECHNICAL PROVISIONS | | | | |
| I - NON-LIFE BUSINESS | | | | |
| 1. Provisions for unearned premiums | | | | |
| 2. Provisions for claims outstanding | | 112 1,633,491,887 | | |
| 3. Provisions for profit-sharing and premium refunds | | 113 591,952,059 | | |
| 4. Other technical provisions | | 114 0 | | |
| 5. Equalisation provision | | 115 0 | | |
| - LIFE BUSINESS | | 116 448,120,607 | 117 2,673,564,553 | |
| II 1. Provisions for policy liabilities | | | | |
| 2. Unearned premium provision for supplementary coverage | | 118 0 | | |
| 3. Provision for sums to be paid | | 119 0 | | |
| 4. Provision for profit-sgaring and premium refunds | | 120 0 | | |
| 5. Other technical provisions | | 121 0 | | |
| | | 122 0 | 123 0 | 124 2,673,564,553 |
| D. PROVISIONS FOR POLICIES WHERE THE INVESTMENT RISK IS BORNE BY THE POLICYHOLDERS AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS | | | | |
| I - Provisions relating to contracts linked to investment funds and market indexes | | | 125 0 | |
| II - Provisions relating to the administration of pension funds | | | 126 0 | 127 0 |
| | to be carried forward | | | 8,481,876,099 |

Values of the previous year

| | | | |
|---|---|---|---|
| | | 281 4,340,053,892 | |
| | | 282 0 | |
| | | 283 17,922,701 | |
| | | 284 160,473,140 | |
| | | 285 0 | |
| | | 286 0 | |
| | | 287 972,409,028 | |
| | | 288 38,383,626 | |
| | | 289 183,963,403 | |
| | | | 290 5,713,205,790 |
| | | | 291 0 |
| | 292 1,688,071,299 | | |
| | 293 273,825,562 | | |
| | 294 0 | | |
| | 295 0 | | |
| | 296 515,483,512 | 297 2,477,380,372 | |
| | 298 0 | | |
| | 299 0 | | |
| | 300 0 | | |
| | 301 0 | | |
| | 302 0 | 303 0 | 304 2,447,380,372 |
| | | 305 0 | |
| | | 306 0 | 307 0 |
| to be carried forward | | | 8,190,586,163 |

# BALANCE SHEET
# LIABILITIES AND SHAREHOLDERS' EQUITY

Values of the year

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| carried forward | | | | | | | 8,481,876,099 |
| E. PROVISIONS FOR OTHER RISKS AND CHARGES | | | | | | | |
| 1. Provisions for pensions and similar obligations | | | 128 | 1,992,393 | | | |
| 2. Provisions for taxation | | | 129 | 40,913,161 | | | |
| 3. Other provisions | | | 130 | 39,240,927 | 131 | | 82,146,481 |
| F. DEPOSITS RECEIVED FROM REINSURERS | | | | | 132 | | 0 |
| G. CREDITORS AND OTHER LIABILITIES | | | | | | | |
| I - Creditors arising out of direct insurance operations: | | | | | | | |
| 1. Insurance intermediaries | 133 | 0 | | | | | |
| 2. Current accounts with Insurance companies | 134 | 0 | | | | | |
| 3. Premium deposits and premiums due to policyholders | 135 | 43,919,043 | | | | | |
| 4. Guarantee funds in favour of policyholders | 136 | 0 | 137 | 43,919,043 | | | |
| II - Creditors arising out of reinsurance operations: | | | | | | | |
| 1. Insurance and Reinsurance companies | 138 | 557,485 | | | | | |
| 2. Reinsurance intermediaries | 139 | 0 | 140 | 557,485 | | | |
| III - Debenture loans | | | 141 | 0 | | | |
| IV - Amounts owed to banks and credit institutions | | | 142 | 0 | | | |
| V - Loans guaranteed by mortgages | | | 143 | 0 | | | |
| VI - Miscellaneous loans and other financial liabilities | | | 144 | 0 | | | |
| VII - Provisions for employee termination indemnities | | | 145 | 6,450,321 | | | |
| VIII - Other creditors | | | | | | | |
| 1. Premium taxes | 146 | 0 | | | | | |
| 2. Other tax liabilities | 147 | 201,695,777 | | | | | |
| 3. Social security | 148 | 1,284,587 | | | | | |
| 4. Miscellaneous creditors | 149 | 20,902,971 | 150 | 223,883,336 | | | |
| IX - Other liabilities | | | | | | | |
| 1. Deferred reinsurance items | 151 | 482,418 | | | | | |
| 2. Commissions for premiums in course of collection | 152 | 11,735 | | | | | |
| 3. Miscellaneous liabilities | 153 | 6,909,905 | 154 | 7,404,058 | 155 | | 282,214,242 |
| to be carried forward | | | | | | | 8,846,236,821 |

Values of the previous year

| | | | | | |
|---|---|---|---|---|---|
| | carried forward | | | | 8,190,586,163 |
| | | 308 | 2,066,127 | | |
| | | 309 | 45,106,006 | | |
| | | 310 | 42,332,694 | 311 | 89,504,828 |
| | | | | 312 | 0 |
| 313 | 0 | | | | |
| 314 | 0 | | | | |
| 315 | 51,002,318 | | | | |
| 316 | 0 | 317 | 51,002,318 | | |
| 318 | 0 | | | | |
| 319 | 0 | 320 | 0 | | |
| | | 321 | 0 | | |
| | | 322 | 140,597 | | |
| | | 323 | 0 | | |
| | | 324 | 0 | | |
| | | 325 | 6,270,353 | | |
| 326 | 0 | | | | |
| 327 | 79,411,987 | | | | |
| 328 | 1,720,547 | | | | |
| 329 | 36,689,172 | 330 | 117,821,706 | | |
| 331 | 126,754 | | | | |
| 332 | 16,953 | | | | |
| 333 | 66,346,712 | 334 | 66,490,419 | 335 | 241,725,393 |
| | to be carried forward | | | | 8,521,816,383 |

## BALANCE SHEET
## LIABILITIES AND SHAREHOLDERS' EQUITY

Values of the year

| | | |
|---|---|---|
| carried forward | | 8,846,236,821 |
| H. ACCRUALS AND DEFERRED INCOME | | |
| 1. Accrued interest | 156 0 | |
| 2. Rents | 157 130,718 | |
| 3. Other prepayments and accrued income | 158 23,021 | 159 153,739 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 160 8,846,390,560 |

## BALANCE SHEET
## GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

Values of the year

| | | |
|---|---|---|
| GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS | | |
| I - Guarantees given | | |
| 1. Sureties | | 161 0 |
| 2. Endorsements | | 162 0 |
| 3. Other personal guarantees | | 163 0 |
| 4. Guarantees secured by mortgages | | 164 0 |
| II - Guarantees received | | |
| 1. Sureties | | 165 4,227,651 |
| 2. Endorsements | | 166 0 |
| 3. Other personal guarantees | | 167 0 |
| 4. Guarantees secured by mortgages | | 168 0 |
| III - Guarantees issued by third parties in the interest of the Company | | 169 0 |
| IV - Commitments | | 170 3,538,222,493 |
| V - Third party assets | | 171 0 |
| VI - Assets relating to pension funds managed in the name and on behalf of third parties | | 172 0 |
| VII - Securities deposited with third parties | | 173 4,308,973,291 |
| VIII - Other memorandum accounts | | 174 0 |

Values of the previous year

| | | | | |
|---|---|---|---|---|
| carried forward | | | | 8,521,816,383 |
| | 336 | 0 | | |
| | 337 | 194,498 | | |
| | 338 | 33,861 | 339 | 228,359 |
| | | | 340 | 8,522,044,742 |

Values of the previous year

| | | | |
|---|---|---|---|
| | | 341 | 12,000 |
| | | 342 | 0 |
| | | 343 | 0 |
| | | 344 | 0 |
| | | 345 | 4,288,370 |
| | | 346 | 0 |
| | | 347 | 0 |
| | | 348 | 0 |
| | | 349 | 0 |
| | | 350 | 4,459,111,556 |
| | | 351 | 0 |
| | | 352 | 0 |
| | | 353 | 5,324,028,878 |
| | | 354 | 0 |

# ANNEX II

| | | |
|---|---|---|
| Company | **SACE S.p.A.** | |
| Subscribed capital | € 4,340,053,892 | Paid € 4,340,053,892 |
| Registered offices | ROME | |
| Financial | FINANCIAL STATEMENTS<br>**Profit & Loss Account 2012** | |

(Value in euro)

# PROFIT & LOSS ACCOUNT

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Values of the year | |
| **I. TECHNICAL ACCOUNT – NON-LIFE INSURANCE BUSINESS** | | | | | | | | |
| 1. PREMIUMS EARNED, NET OF REINSURANCE | | | | | | | | |
| a) Gross premiums written | | | 1 | 299,314,893 | | | | |
| b) (-) Outward reinsurance premiums | | | 2 | 223,306 | | | | |
| c) Change in the gross provision for unearned premiums | | | 3 | -54,579,412 | | | | |
| d) Change in the provision for unearned premiums, reinsurers' share | | | 4 | -1,909,681 | 5 | 355,580,680 | | |
| 2. (+) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-TECHNICAL ACCOUNT (Item III. 6) | | | | | 6 | 126,408,482 | | |
| 3. OTHER TECHNICAL INCOME, NET OF REINSURANCE | | | | | 7 | 6,694,745 | | |
| 4. CLAIMS INCURRED, NET OF RECOVERY AND REINSURANCE | | | | | | | | |
| a) Claims paid | | | | | | | | |
| aa) Gross amount | 8 | 197,392,523 | | | | | | |
| bb) (-) reinsurers' share | 9 | 0 | 10 | 197,392,523 | | | | |
| b) Change in recoveries, net of reinsurance | | | | | | | | |
| aa) Gross amount | 11 | -149,416,719 | | | | | | |
| bb) (-) reinsurers' share | 12 | 0 | 13 | -149,416,719 | | | | |
| c) Change in the provisions for outstanding claims | | | | | | | | |
| aa) Gross amount | 14 | 318,126,497 | | | | | | |
| bb) (-) reinsurers' share | 15 | 0 | 16 | 318,126,497 | 17 | 366,102,301 | | |
| 5. CHANGE IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE | | | | | 18 | 0 | | |
| 6. PREMIUMS REFUNDS AND PROFIT-SHARING, NET OF REINSURANCE | | | | | 19 | 3,733,266 | | |
| 7. OPERATING EXPENSES: | | | | | | | | |
| a) Acquisition commissions | | | 20 | 54,232 | | | | |
| b) Other acquisition costs | | | 21 | 15,860,561 | | | | |
| c) Change in commissions and other acquisition costs to be amortised | | | 22 | 0 | | | | |
| d) Collecting commissions | | | 23 | 1,675,240 | | | | |
| e) Other administrative expenses | | | 24 | 40,126,464 | | | | |
| f) (-) Reinsurance commissions and profit-sharing | | | 25 | 22,331 | 26 | 57,694,166 | | |
| 8. OTHER TECHNICAL CHARGES, NET OF REINSURANCE | | | | | 27 | 2,108,596 | | |
| 9. CHANGE IN THE EQUALISATION PROVISION | | | | | 28 | -67,362,904 | | |
| 10. BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS (Item III. 1) | | | | | 29 | 126,408,482 | | |

Values of the previous year

| | | |
|---|---|---|
| | 111 336,149,116 | |
| | 112 683,687 | |
| | 113 -32,153,386 | |
| | 114 1,732,579 | 115 365,886,236 |
| | | 116 0 |
| | | 117 7,994,201 |
| 118 55,724,508 | | |
| 119 607,128 | 120 55,117,380 | |
| 121 -190,385,780 | | |
| 122 0 | 123 -190,385,780 | |
| 124 21,624,394 | | |
| 125 0 | 126 21,624,394 | 127 -113,644,006 |
| | | 128 0 |
| | | 129 1,840,209 |
| | 130 0 | |
| | 131 16,356,845 | |
| | 132 0 | |
| | 133 866,477 | |
| | 134 39,202,349 | |
| | 135 68,369 | 136 56,357,303 |
| | | 137 1,438,071 |
| | | 138 40,255,851 |
| | | 139 387,633,009 |

# PROFIT & LOSS ACCOUNT

| | | | | | Values of the year | |
|---|---|---|---|---|---|---|
| **II. TECHNICAL ACCOUNT - LIFE INSURANCE BUSINESS** | | | | | | |
| 1. PREMIUMS EARNED, NET OF REINSURANCE: | | | | | | |
| a) Gross premiums written | | | 30 | 0 | | |
| b) (-) Outward reinsurance premiums | | | 31 | 0 | 32 | 0 |
| 2. INVESTMENT INCOME: | | | | | | |
| a) From shares and interests | | | 33 | 0 | | |
| (of which: from Group companies and other shareholdings) | | | 34 | 0 | | |
| b) From other investments: | | | | | | |
| aa) income from land and buildings | 35 | 0 | | | | |
| bb) income from other investments | 36 | 0 | 37 | 0 | | |
| (of which: from Group companies) | | | 38 | 0 | | |
| c) Value re-adjustments on investments | | | 39 | 0 | | |
| d) Gains on the disposal of investments | | | 40 | 0 | | |
| (of which: from Group companies) | | | 41 | 0 | 42 | 0 |
| 3. INCOME AND UNREALISED GAINS ON INVESTMENTS TO THE BENEFIT OF POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS | | | | | 43 | 0 |
| 4. OTHER TECHNICAL INCOME, NET OF REINSURANCE | | | | | 44 | 0 |
| 5. CLAIMS INCURRED, NET OF REINSURANCE: | | | | | | |
| a) Claims paid | | | | | | |
| aa) Gross amount | 45 | 0 | | | | |
| bb) (-) Reinsurers' share | 46 | 0 | 47 | 0 | | |
| b) Change in the provisions for claims to be paid | | | | | | |
| aa) Gross amount | 48 | 0 | | | | |
| bb) (-) Reinsurers' share | 49 | 0 | 50 | 0 | 51 | 0 |
| 6. CHANGE IN THE PROVISION FOR POLICY LIABILITIES AND IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE | | | | | | |
| a) Provisions for policy liabilities: | | | | | | |
| aa) Gross amount | 52 | 0 | | | | |
| bb) (-) Reinsurers' share | 53 | 0 | 54 | 0 | | |
| b) Unearned premium provision for supplementary coverage: | | | | | | |
| aa) Gross amount | 55 | 0 | | | | |
| bb) (-) Reinsurers' share | 56 | 0 | 57 | 0 | | |
| c) Other technical provisions | | | | | | |
| aa) Gross amount | 58 | 0 | | | | |
| bb) (-) Reinsurers' share | 59 | 0 | 60 | 0 | | |
| d) Provisions for policies where the investment risk is borne the policyholders and relating to the administration of pension funds | | | | | | |
| aa) Gross amount | 61 | 0 | | | | |
| bb) (-) Reinsurers' share | 62 | 0 | 63 | 0 | 64 | 0 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | Values of the previous year | |
| | | | 140 | 0 | | |
| | | | 141 | 0 | 142 | 0 |
| | | | 143 | 0 | | |
| (of which: from Group companies) | | | 144 | 0 | | |
| | 145 | 0 | | | | |
| | 146 | 0 | 147 | 0 | | |
| (of which: from Group companies) | | | 148 | 0 | | |
| | | | 149 | 0 | | |
| | | | 150 | 0 | | |
| (of which: from Group companies) | | | 151 | 0 | 152 | 0 |
| | | | | | 153 | 0 |
| | | | | | 154 | 0 |
| | 155 | 0 | | | | |
| | 156 | 0 | 157 | 0 | | |
| | 158 | 0 | | | | |
| | 159 | 0 | 160 | 0 | 161 | 0 |
| | 162 | 0 | | | | |
| | 163 | 0 | 164 | 0 | | |
| | 165 | 0 | | | | |
| | 166 | 0 | 167 | 0 | | |
| | 168 | 0 | | | | |
| | 169 | 0 | 170 | 0 | | |
| | | | 170 | | | |
| | 171 | 0 | | | | |
| | 172 | 0 | 173 | 0 | 174 | 0 |

## PROFIT & LOSS ACCOUNT

| | | | | | | | Values of the year |
|---|---|---|---|---|---|---|---|
| 7. PREMIUMS REFUNDS AND PROFIT-SHARING, NET OF REINSURANCE | | | | | | 65 | 0 |
| 8. OPERATING EXPENSES: | | | | | | | |
| a) Acquisition commissions | | | | 66 | 0 | | |
| b) Other acquisition costs | | | | 67 | 0 | | |
| c) Change in commissions and other acquisition costs to be amortised | | | | 68 | 0 | | |
| d) Collecting commissions | | | | 69 | 0 | | |
| e) Other administrative expenses | | | | 70 | 0 | | |
| f) (-) Reinsurance commissions and profit-sharing | | | | 71 | 0 | 72 | 0 |
| 9. INVESTMENT MANAGEMENT AND FINANCIAL CHARGES: | | | | | | | |
| a) Investment management charges, including interest | | | | 73 | 0 | | |
| b) Value adjustments on investments | | | | 74 | 0 | | |
| c) Losses on the disposal of investments | | | | 75 | 0 | 76 | 0 |
| 10. EXPENSES AND UNREALISED LOSSES ON INVESTMENTS TO THE BENEFIT OF POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS | | | | | | 77 | 0 |
| 11. OTHER TECHNICAL CHARGES, NET OF REINSURANCE | | | | | | 78 | 0 |
| 12. (-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-TECHNICAL ACCOUNT (Item III. 4) | | | | | | 79 | |
| 13. BALANCE ON THE TECHNICAL ACCOUNT FOR LIFE BUSINESS (Item III. 2) | | | | | | 80 | 0 |
| **III. NON TECHNICAL ACCOUNT** | | | | | | | |
| 1. BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS (Item I.10) | | | | | | 81 | 126,408,482 |
| 2. BALANCE ON THE TECHNICAL ACCOUNT FOR LIFE BUSINESS (Item II. 13) | | | | | | 82 | 0 |
| 3. NON-LIFE INVESTMENT INCOME: | | | | | | | |
| a) From shares and interests | | | | 83 | 1,905,375 | | |
| | (of which: from Group companies) | | | 84 | 0 | | |
| b) From other investments: | | | | | | | |
| aa) income from land and buildings | | 85 | 798,178 | | | | |
| bb) income from other investments | | 86 | 207,293,799 | 87 | 208,091,976 | | |
| | (of which: from Group companies) | | | 88 | 15,643,168 | | |
| c) Value re-adjustments on investments | | | | 89 | 194,608,143 | | |
| d) ) Gains on the disposal of investments | | | | 90 | 644,503,711 | | |
| | (of which: from Group companies) | | | 91 | 0 | 92 | 1,049,109,205 |

Values of the previous year

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | 175 | 0 |
| | | | 176 | 0 | | |
| | | | 177 | 0 | | |
| | | | 178 | 0 | | |
| | | | 179 | 0 | | |
| | | | 180 | 0 | | |
| | | | 181 | 0 | 182 | 0 |
| | | | 183 | 0 | | |
| | | | 184 | 0 | | |
| | | | 185 | 0 | 186 | 0 |
| | | | | | 187 | 0 |
| | | | | | 188 | 0 |
| | | | | | 189 | 0 |
| | | | | | 190 | 0 |
| | | | | | 191 | 387,633,009 |
| | | | | | 192 | 0 |
| | | | 193 | 115,778 | | |
| (of which: from Group companies) | | | 194 | 0 | | |
| | 195 | 777,926 | | | | |
| | 196 | 193,009,648 | 197 | 193,787,575 | | |
| (of which: from Group companies) | | | 198 | 12,761,852 | | |
| | | | 199 | 54,146,018 | | |
| | | | 200 | 648,666,935 | | |
| (of which: from Group companies) | | | 201 | 0 | 202 | 896,716,305 |

## PROFIT & LOSS ACCOUNT

| | | | | | Values of the year |
|---|---|---|---|---|---|
| 4. | (+) ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE LIFE TECHNICAL ACCOUNT (voce II. 12) | | | 93 | 0 |
| 5. | INVESTMENT MANAGEMENT AND FINANCIAL CHARGES NON-LIFE BUSINESS: | | | | |
| | a) Investment management charges, including interest | 94 | 3,842,274 | | |
| | b) Value adjustments on investments | 95 | 146,894,959 | | |
| | c) Losses on the disposal of investments | 96 | 488,609,866 | 97 | 639,347,098 |
| 6. | (-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-LIFE INSURANCE BUSINESS TECHNICAL ACCOUNT (Item I.2) | | | 98 | 126,408,482 |
| 7. | OTHER INCOME | | | 99 | 43,820,936 |
| 8. | OTHER CHARGES | | | 100 | 61,254,125 |
| 9. | INCOME FROM ORDINARY OPERATIONS | | | 101 | 392,328,917 |
| 10. | EXTRAORDINARY INCOME | | | 102 | 1,897,169 |
| 11. | EXTRAORDINARY CHARGES | | | 103 | 549,488 |
| 12. | EXTRAORDINARY PROFIT OR LOSS | | | 104 | 1,347,681 |
| 13. | PROFIT BEFORE TAXES | | | 105 | 393,676,598 |
| 14. | INCOME TAXES | | | 106 | 138,570,843 |
| 15. | NET PROFIT (LOSS) FOR THE YEAR | | | 107 | 255,105,755 |

Values of the previous year

| | | | |
|---|---|---|---|
| | | 203 | 0 |
| 204 | 6,451,175 | | |
| 205 | 576,539,435 | | |
| 206 | 542,487,293 | 207 | 1,125,477,903 |
| | | 208 | 0 |
| | | 209 | 166,064,808 |
| | | 210 | 52,357,581 |
| | | 211 | 272,578,637 |
| | | 212 | 4,630,272 |
| | | 213 | 1,564,143 |
| | | 214 | 3,066,129 |
| | | 215 | 275,644,766 |
| | | 216 | 91,681,363 |
| | | 217 | 183,963,403 |

# NOTES TO THE FINANCIAL STATEMENTS

# FOREWORD

The financial statements herewith presented, comprising the schedules of the balance sheet, profit and loss account, explanatory notes and related attachments accompanied by the directors' report, have been prepared in accordance with article 6, para. 22 of Legislative Decree No. 269/2003, the pertinent provisions of Legislative Decree No. 209 of 7 September 2005, Legislative Decree No. 173 of 26 May 1997, with regard to the provisions governing the annual and consolidated accounts of insurance companies, and ISVAP Regulation No. 22 of 4 April 2008, where applicable to SACE. The financial statements have been audited by PricewaterhouseCoopers S.p.A., as prescribed under article 14 of Legislative Decree No. 39 of 27 January 2010, pursuant to the resolution of the shareholders' meeting held on 24 June 2010 whereby this firm was appointed for the period 2010-2012.
The notes to the financial statements include:
Part A - Valuation criteria
Part B - Information on the balance sheet and profit and loss account
Part C - Other information

All amounts in these notes are indicated in thousands of euro .
Pursuant to Legislative Decree No. 38 of 28 February 2005, the consolidated financial statements have been prepared in accordance with international accounting standards (IAS/IFRS) and ISVAP Regulation No. 7/2007 insofar as applicable to SACE.

# PART A - VALUATION CRITERIA AND BASIS OF PRESENTATION

The financial statements have been prepared in accordance with statutory requirements and specific criteria applicable to the insurance sector, interpreted on the basis of Italian accounting standards. These accounting standards and valuation criteria are also based on the general principles of prudence, on the accruals principle and the principle of going concern in order to provide a clear and accurate view of the financial position and operating result of SACE S.p.A.

## SECTION I - VALUATION CRITERIA

The valuation criteria adopted in preparing the financial statements and any changes in relation to previous criteria are set out below.

### Intangible assets

These items are stated at purchase cost increased by any additional charges; permanent impairments of value are tested on an annual basis taking into account conditions of use. Intangible assets are amortised over their estimated useful life. Amortisation, charged from the moment the assets become available for use, is stated as decreasing the original value of the asset.

### Land and buildings

Buildings are recognised at purchase cost increased by accessory charges, upkeep expenses and revaluations made according to specific laws. Land and buildings are considered long-term assets as they are a permanent part of the assets of the company. The land on which the premises held for use in the business stand is not depreciated, since its life is indefinite. The value of the building is depreciated at a rate of 3%, considered representative of the useful life of the asset.

### Equities

Equities are initially recognised at cost, increased by additional charges. As such investments are intended to be held for the longer term, they are considered financial fixed assets. Equities in subsidiaries and associated companies are subsequently valued by the equity method, with the portion of the carrying value of the shareholders' equity calculated as per the companies' last approved financial statements.

### Investments

Pursuant to Ministerial Decree 116895 of 10 November 2004, with a view to promoting efficient management of business, and in accordance with the related resolutions of the board of directors, SACE's investments are divided into two categories: those held to maturity and those held for trading purposes. Securities held to maturity are recognised at purchase cost, adjusted by the year's portion of the positive or negative trading differences and, where applicable, written down in the case of permanent impairment. Interest and coupons matured on securities in the portfolio are recognised on an accruals basis and posted to accrued income. Trading securities are recognised at the lower of weighted average cost and realisable value at market prices. The original carrying value is restored, entirely or in part, when the reasons for the write-downs no longer apply. Any transfers of securities from one category to the other are effected on the basis of the value of the security on that date, defined according to the criteria for the category of origin. Following transfer, the securities are recognised according to the criteria of the new category.

### Receivables

These items are recognised at presumed realisable value taking into account probable future losses for non-collection. Losses on receivables are recognised where supported by objective documentary evidence. Compensatory and arrears interest on receivables is recorded for the amount matured for each year. Accounts receivable resulting from salvage payable by policyholders are recognised at face value; during valuation, all objective factors that could result in the loss of said receivables are taken into account. Amounts receivable resulting from salvage payable by foreign policyholders are stated at presumed realisable value. Any exceptions to the valuation criteria in the case of exceptional events are explained in detail in the explanatory notes in accordance with article 2423 bis, para. 2 of the Italian Civil Code.

### Receivables for premiums for the year

Premiums receivable for the year are stated according to the date of maturity as specified in the policy, i.e. the date of conclusion of the contract and, where applicable, the starting date of the risk. If there is a likelihood of future losses due to non-collection, premiums receivable are written down to the presumed realisable value.

### Tangible fixed assets and stocks

These items are stated at their purchase cost, increased by any directly attributable additional charges. They are written-down in the case of permanent impairments of value and depreciated on a straight-line basis over their estimated useful life. Depreciation starts from the time the assets become available for use.

### Technical provisions

Technical provisions are determined pursuant to art. 31 of Legislative Decree No. 173/97 and in accordance with the general principle that technical provisions must at all times be sufficient to cover any reasonably foreseeable liabilities arising out of insurance contracts. The amount of the provision for risks assumed in reinsurance is calculated on the basis of information provided by the ceding insurer. Technical provisions ceded to reinsurers are calculated by applying the reinsurance rates provided for under the relative reinsurance contracts to the gross technical reserve for direct business.

**a) Provision for unearned premiums**

The provision for premium instalments is determined according to the pro-rata temporis method, applied individually to each policy on the basis of gross premiums minus direct acquisition costs. The provision for unearned premiums has also been aligned with the expected claims rate not covered by the provision for premium instalments with regard to insurance contracts concluded by the closing date of the year. In particular, the provision for unexpired risks has been determined according to the CreditMetrics method. Overall, the provision for unearned premiums is deemed adequate to cover risks that may arise after the end of the year.

**b) Provision for outstanding claims**

The provision for outstanding claims is determined according to a prudent estimate of loss on the basis of an objective analysis of each claim. The amount of the provision is calculated on an ultimate cost basis. The calculation also takes into account all the costs, including settlement costs, that are expected to be incurred in order to avoid or limit the damage caused by the claim. In particular, for credit business, this includes the related salvage costs. For the credit and surety insurance business, amounts that are certain to be collected, on the basis of objective factors supported by documentary evidence, are deducted from the provision. Furthermore, for credit business, the provision is always formed (regardless of any valuation) on the date of notification of claim by the policyholder and, in any case, on occurrence of any facts/actions according to which such events can be reasonably foreseen. As regards positions that are the subject of litigation, the characteristics of each single dispute and the state of inquiries are taken into consideration. In evaluating disputes and estimating amounts to be set aside, the interest and legal costs that SACE may have to pay are also taken into account. The reinsurers' share of the provision for outstanding claims is determined by adopting the same criteria used for direct insurance and the treaties in force at the time. The inward reinsurance provision for outstanding claims, posted on the basis of the exchange of information with the ceding insurers, is currently deemed to be adequate.

### c) Equalisation provision

The equalisation provision includes amounts set aside to offset fluctuations in the rate of claims in future years or to cover specific risks. The provision is utilised in years in which the technical result of credit business is negative.

### Provision for pension funds and similar liabilities

The provision represents the entire liability accrued in respect of each employee's retirement pension.

### Provisions for risks and charges

Provisions for risks and charges are intended to cover losses or liabilities, the existence of which is certain or probable but the amount and/or date of occurrence of which could not be determined at the end of the year. The provisions reflect the best possible estimate on the basis of available information.

### Provision for taxes

The provision consists of sums set aside to cover any deferment of taxes.

### Provision for severance indemnities

The provision, net of advances paid, covers the company's liability towards its employees accrued at the end of the year. It is calculated for each individual employee on the basis of current legislation and employment contracts.
As a consequence of the reform of supplementary pension schemes, Law No. 296 of 27 December 2006:

- portions of severance pay accrued until 31 December 2006 continue to be held by the company;
- portions of severance pay payable as from 1 January 2007 must, at the employee's choice, (expressed on the basis of explicit or tacit approval procedures) be either:
  - paid into supplementary pension schemes;
  - held by the company, which must transfer the portions of severance indemnities to the INPS Treasury Fund.

### Accounts payable

These items are recognised at face value.

### Accruals and deferred income

Accruals and deferred income are recognised to reflect timing differences in the respective expense and revenue items.

### Off-balance-sheet transactions and derivatives

These items are recognised and evaluated according to the provisions of Law No. 342/2000. In particular, transactions on derivatives, pursuant to Ministerial Decree No. 116895 of 10 November 2004 and resolutions voted by the board of directors on protection of the portfolio, are entered into for hedging purposes and are recognised by posting valuation gains and losses to profit and loss. The value of derivatives is determined referring to the respective market prices. Values and commitments in connection with derivatives are set forth in the memorandum accounts.

### Gross premiums written

Gross premiums written are attributed to the year according to date of maturity. They are measured net only of technical cancellations.

### Costs of personnel and general administrative expenses

As applicable legislation requires that these costs be classified according to both "type" and "destination":

1) personnel costs are allocated according to an analytical calculation based on the percentage weight of the costs for each resource within the specific structure;
2) general administrative expenses incurred for a specific reason are attributed directly;
3) other general expenses that are not specifically attributable are allocated on the basis of the percentages calculated using the method used to distribute personnel costs.

### Items in foreign currency

Accounts payable and receivable are posted at the year-end spot exchange rate, while costs and revenues in foreign currency are recognised at the exchange rate prevailing at the time of the transaction. Exchange rate differences arising from such adjustments are posted to other income and other charges. Valuation gains and losses are recognised in profit and loss. With the approval of the financial statements and allocation of the profit for the year, and once the legal reserve has been set aside, the positive net balance (net profit) is posted to a specific equity reserve. This amount cannot be distributed until the asset or liability that generated it has been realised. This reserve can also be utilised to cover prior year losses.

### Criteria for determining the allocated investment return transferred from the non-technical account

The allocated investment return transferred from the non-technical account is determined according to the provisions of art. 55 of Legislative Decree 173/97 and ISVAP regulation No. 22/2008, applying the ratio between the half-sum of technical provisions and the half-sum of technical provisions + opening and closing shareholders' equity to the net income on investments.

### Extraordinary income and charges

This item includes only the results of events that have far-reaching effects on corporate structure, disposals of long-term investments and non-operating income and expenses.

### Income tax

The liability for income taxes is determined as the best estimate of the taxable income, calculated in accordance with the requirements of current legislation. In 2012 the company submitted its notification of renewal of adhesion to the national consolidated tax scheme for the purposes of IRES for the three-year period 2012-2014, as consolidating company and also for the subsidiary SACE Fct S.p.A. Reference accounting principles on deferred and prepaid taxes have also been taken into account. Therefore, prepaid taxes and tax relief on losses carried forward are recognised when there is reasonable certainty of future recovery, and deferred tax liabilities are not recorded if there is little likelihood of the related charge occurring.

### Exchange rates

The main currencies were converted into euro on the basis of the following rates of exchange:

| | 31-12-2012 | 31-12-2011 | 31-12-2010 |
|---|---|---|---|
| US dollar | 1.3194 | 1.2939 | 1.3362 |
| GB pound | 0.8161 | 0.8353 | 0.86075 |
| Swiss franc | 1.2072 | 1.2156 | 1.2504 |

### Functional currency

All amounts in the accounts are expressed in euro. All amounts in the notes are expressed in thousands of euro.

## SECTION 2 – ADJUSTMENTS AND PROVISIONS FOR TAXES

No provisions have been accrued and no adjustments of value have been made in application of tax laws.

# PART B: INFORMATION ON THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

## BALANCE SHEET

| *(in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| Intangible assets | 339 | 336 |
| Investments | 7,301,829 | 7,429,840 |
| Reinsurers' share of technical provisions | 6,463 | 4,553 |
| Receivables | 1,015,452 | 930,430 |
| Other assets | 461,144 | 87,586 |
| Accruals and deferrals | 61,164 | 69,298 |
| **Balance Sheet - Assets** | **8,846,391** | **8,522,045** |
| | | |
| Shareholders' equity: | | |
| - Share capital | 4,340,054 | 4,340,054 |
| - Revaluation reserves | 9,616 | 17,923 |
| - Legal reserve | 169,671 | 160,473 |
| - Other reserves | 995,294 | 972,409 |
| - Profit (loss) brought forward | 38,570 | 38,384 |
| - Profit for the year | 255,106 | 183,963 |
| Technical provisions | 2,673,565 | 2,477,380 |
| Provisions for risks and charges | 82,146 | 89,505 |
| Creditors and other liabilities | 282,214 | 241,725 |
| Accruals and deferrals | 154 | 228 |
| **Balance sheet - Liabilities** | **8,846,391** | **8,522,045** |

## PROFIT & LOSS ACCOUNT

| *(in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Non-life business technical account** | | |
| Gross premiums | 299,315 | 336,149 |
| Change in the provision for unearned premiums and outward reinsurance premiums | 56,266 | 29,737 |
| Net premium income | 355,581 | 365,886 |
| | | |
| Allocated investment return transferred from the non-technical account | 126,408 | - |
| Change in the equalisation provision | 67,363 | (40,256) |
| Other technical income and charges | 4,586 | 6,556 |
| Claims incurred, net of recoveries | (366,102) | 113,644 |
| Premium refunds and profit sharing | (3,733) | (1,840) |
| Operating expenses | (57,694) | (56,357) |
| **Balance on the non-life business technical account** | **126,408** | **387,633** |
| | | |
| **Non-technical account** | | |
| Non-life investment income | 1,049,109 | 896,716 |
| Investment management and financial charges for non-life business | (639,347) | (1,125,478) |
| Allocated investment return transferred to the non-life technical account | (126,408) | - |
| Other income | 43,821 | 166,065 |
| Other expense | (61,254) | (52,358) |
| **Balance on the non-technical account** | **265,920** | **(115,054)** |
| | | |
| **Income from extraordinary operations** | **1,348** | **3,066** |
| Income tax | (138,571) | (91,681) |
| **Profit for the year** | **255,106** | **183,963** |

# BALANCE SHEET - ASSETS

## SECTION 1 – ITEM B – INTANGIBLE ASSETS (ANNEX 4)

Details of changes in intangible assets are shown in annex 4. the balance refers exclusively to other multi-year costs, as follows:

| *Table 1 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| Property rights | 249 | 200 |
| Brands and licences | 38 | 43 |
| Software | 52 | 93 |
| **Total other multi-year costs (item B5)** | **339** | **336** |

Costs of software (€52 thousand) mainly refer to costs for implementing and developing IT systems in connection with the ESACE project.

During the year costs relating to intellectual property rights were capitalised for €173 thousand.

## SECTION 2 - ITEM C – INVESTMENTS (ANNEXES 5, 6, 7, 8, 9, 10)

*2.1 - Land and buildings - item C.I*

This item (€66,754 thousand) reflects:

a. the value of the building owned by the company (€16,854 thousand), located in Piazza Poli 37/42, Rome, used in part for business purposes and in part leased to the subsidiaries;
b. the value of the land on which the building stands (€49,900 thousand).

*2.2 - Investments in group companies and other companies in which significant interest is held - item C.II*

Total investments recorded under this item amounted to €1,160,132 thousand at 31 December 2012 (the entire amount refers to financial fixed assets). The item includes:

- the investment in the SACE BT S.p.A. subsidiary, set up on 27 May 2004, the share capital of which, amounting to €100 million, is fully subscribed by SACE;
- the investment in SACE Fct S.p.A., set up on 24 March 2009, the share capital of which, amounting to €50 million, is fully subscribed by SACE S.p.A.;
- the investment in SACE Do Brasil, set up on 14 May 2012, with 27,000 shares amounting to €10.9 thousand;
- the interest in ATI (African Trade Insurance Agency) in the form of 100 shares for an equivalent value of USD 9.7 million;
- the loans granted to the SACE Fct S.p.A. subsidiary amounting to €1,000 million.

The investments were valued using the equity method in the financial statements of the parent company. The application of this criterion resulted in a write-up of €8,345 thousand, recorded under income from investments, relating to the company SACE Fct for €8,301 thousand and to the company ATI for €44 thousand and a write-down of €21,277 thousand relating to the company SACE BT under investment management and financial charges.

*2.2.1.a) The changes in shares and interests are set forth in annex 5.*

*2.2.1.b) The information regarding subsidiary and affiliated companies is set forth in annex 6 to the notes.*

*2.2.1.c) The analytical schedule of movements is set forth in annex 7 to the notes.*

### *2.3 - Other financial investments - item C.III*

*2.3.1 – Breakdown of financial investments according to use.*

The breakdown of investments according to whether they are long-term or short-term, their carrying value and current value are shown in annex 8. There were no transfers from one category to another during the year. Investments and assignment of these to the related class according to use comply with the financial management guidelines approved by the board of directors.

| *Table 2 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **List of government securities and bonds indicating the issuer** | | |
| Government securities issued by Austria | 35,090 | 37,882 |
| Government securities issued by Belgium | 5,784 | 6,709 |
| Government securities issued by France | - | 2,098 |
| Government securities issued by Germany | - | 2,068 |
| Government securities issued by Greece | 12,511 | 59,136 |
| Government securities issued by Ireland | 99,689 | 99,635 |
| Government securities issued by Italy | 3,157,651 | 3,907,158 |
| Government securities issued by Lithuania | 2,041 | - |
| Government securities issued by Poland | 5,299 | 2,632 |
| Government securities issued by Slovakia | 4,182 | 3,077 |
| Government securities issued by Spain | 11,885 | 13,912 |
| Other listed securities | 551,183 | 684,010 |
| Other unlisted securities | - | 73,500 |
| **Total** | **3,885,313** | **4,891,817** |

Other listed securities mainly refer to bonds issued by Cassa Depositi and Prestiti and other bank issuers.

Securities are deposited with banks. Details on the fair value measurement of securities are given in annex 9.

With reference to the debt securities and other fixed-income securities under item CIII, issue and trading differences posted to profit and loss for the year amounted to:

| *Table 3 (in € thousand)* | Positive | Negative |
|---|---|---|
| **Description** | | |
| Issue differences | 5,081 | 89 |
| Trading differences | 7,056 | - |

*2.3.2 – Changes in the year in long-term assets included under the items indicated in point 2.3.1 (annex 9)*

*2.3.3 – Changes in loans – item C.III.4 and deposits with credit institutions – item C.III.6 (annex 10).*

*2.3.4 – Breakdown of significant loans secured by mortgages – item C.III.4.a.*

Loans include mortgages granted to employees, which amounted to €6,598 thousand at the beginning of the year. Instalments for €440 thousand were collected during the year. The balance of €6,158 thousand refers to the outstanding capital in relation to the loans granted.

*2.3.5 Breakdown of shares in common investment funds – item C.III.2*

| *Table 4 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Shares in common investment funds** | | |
| France | 135,510 | 69,220 |
| Italy | 53,837 | 53,725 |
| Luxembourg | 111,604 | 124,180 |
| Sweden | 29,008 | 36,905 |
| USA | 291,988 | 317,870 |
| **Total** | **621,947** | **601,900** |

*2.3.6 – Breakdown of deposits with credit institutions by duration – item C.III.6*

| *Table 5 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Duration** | | |
| Within 3 months | 630,000 | 155,000 |
| **Total** | **630,000** | **155,000** |

*2.3.7 – Breakdown of other financial investments according to type – item C.III.7*

| *Table 6 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Description** | | |
| Receivables from leaving indemnity policyholders | 4,377 | 4,412 |
| Other investments | 888,469 | 525,465 |
| **Other financial investments** | **892,846** | **529,877** |

*2.4 - Deposits with ceding companies – item C.IV*

This item reflects the amount of guarantee deposits with ceding companies regulated by current treaties. The same treaties also govern the conditions and procedures for changes in such accounts. These deposits amount to a total of €265 thousand. No write-downs were made on such deposits during the year.

## SECTION 4 – ITEM D BIS - REINSURERS' SHARE OF TECHNICAL PROVISIONS

This item consists exclusively of the provision for unearned premiums.

*Table 7 (in € thousand)*

| Description | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Provision for unearned premiums** | **6,463** | **4,553** |

## SECTION 5 – ITEM E – RECEIVABLES

*Table 8 (in € thousand)*

| Description | 31-12-2012 | 31-12-2011 |
|---|---|---|
| Amounts receivable from policyholders in connection with insurance operations (item E.1) | 80,874 | 60,809 |
| Policyholders and third parties for recoveries | 555,265 | 513,628 |
| Insurance and reinsurance companies (item E.II) | 117 | 1,106 |
| Other debtors (item E.III) | 379,196 | 354,887 |
| **Total** | **1,015,452** | **930,430** |

The breakdown of this item is as follows:

### *5.1 – Receivables arising out of direct insurance operations – policyholders (item E.I.).*

This item comprises premiums to be collected on policies issued at the reporting date (€80,874 thousand). No impairment losses were recognised in the year on amounts receivable in connection with insurance operations for premiums. The policyholders and third parties for recoveries item (€555,265 thousand) mainly consists of subrogation credits granted by the Ministry of Economy and Finance pursuant to Legislative Decree 269/2003, measured at presumed realisable value, determined separately for each type of credit and counterparty.

Changes in policyholders and third parties for recoveries are shown below:

*Table 9 (in € thousand)*

| Description | |
|---|---|
| **Values at 01.01.12** | **513,628** |
| + Receivables matured in the year | 191,760 |
| - receivables collected in the year | 56,724 |
| - losses on receivables/write-downs | 87,365 |
| + revaluations | |
| + upward adjustments of value in previous years | |
| + adjustments from item E.III and other adjustments | |
| - exchange rate alignment (+/-) | 6,034 |
| **Values at 31.12.12** | **555,265** |

The change in the value of receivables as of 31 December 2012 compared with the value of the previous year is primarily due to claims paid for €191,760 thousand, €159,210 thousand of which relating to political risk (Iran €134,637 thousand and Algeria €24,573 thousand) and €29,910 thousand relating to commercial risk, to collections for the year, to write-downs of receivables to bring them in line with their estimated realisable value (€78,085 thousand) and to the valuation of year-end exchange rates for receivables in currencies other than the euro (€6,034 thousand).

With reference to the OPTIMUM transaction, it should be noted that:

- in 2005, securitisation of the OPTIMUM debt was terminated in advance by means of a receivables retransfer agreement under which SACE re-acquired from OPTIMUM, against payment, the outstanding receivables, i.e. amounts originally granted to the SPV in excess of the latter's financial requirements;
- given the homogenous nature of such receivables compared with other non-securitised receivables stated in the accounts, in 2005, in order to provide a clear and true view of the company's financial position and in accordance with article 2423, para. 4 of the Italian Civil Code, the company decided to make an exception to the valuation criteria envisaged under article 2426, para. 1, point 9) of the Italian Civil Code. This resulted in the revaluation of the book value of the specific receivables for €104,235 thousand. Said revaluation was offset by a specific equity reserve the distribution of which is subject to effective recovery of the receivables;
- in 2012, such receivables were recovered for €2,316 thousand, generating gains of €1,898 thousand. The effects on the provision pursuant to article 2423, para. 4 of the Italian Civil Code are shown in the shareholders' equity table to which reference should be made.

### *5.2 – Breakdown of other debtors (item E.III)*

| *Table 10 (in € thousand)* | **31-12-2012** | **31-12-2011** |
|---|---|---|
| **Description** | | |
| Other debtors country | 23,370 | 20,498 |
| Compensatory interest on claims to be recovered | 166,401 | 184,520 |
| Receivables from tax authorities | 80,010 | 93,405 |
| Advance tax assets | 104,300 | 52,488 |
| Sundry receivables | 5,115 | 3,976 |
| **Other debtors (item EIII)** | **379,196** | **354,887** |

Other debtors country (€23,370 thousand) comprise the receivables acquired by policyholders in relation to their exposure. The aforesaid receivables are similar, as far as their related terms and conditions of repayment are concerned, to the receivables payable by foreign countries due directly to SACE. Compensatory interest on claims to be recovered (€166,401 thousand) represents the total amount payable as at the date of the financial statements by foreign countries by way of interest under existing restructuring agreements. Receivables from the tax authorities (€80,010 thousand) mainly include: tax credits for which reimbursement has been requested which, increased by the interest due as at 31 December 2012, amounted to €1,332 thousand; advance payments of IRES (Corporate Income Tax) and IRAP (Regional Tax on Production Activities) for 2012 (€74,008 thousand), tax withholdings on own current accounts and on trading of securities under management for €3,971 thousand and tax withholdings transferred by subsidiaries under the consolidated tax scheme for €457 thousand. Advance tax assets (€104,300 thousand), details of which can be found in table no. 32, refer to items in the profit and loss account that contribute to the taxable income for years other than that in which they are recognised. This item is stated net of the transfer in 2012 to profit and loss of prepaid taxes appropriated in previous tax periods due to achievement of a taxable income for IRES and IRAP. The breakdown is shown in section 21.7 of these notes.

Debtors country – breakdown by geographical area

| Table 11 (in € thousand) | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Description** | | |
| Africa | 93,579 | 86,949 |
| America | 135,970 | 153,850 |
| Asia | 449,264 | 395,691 |
| Europe | 65,312 | 81,256 |
| **Total** | **744,125** | **717,746** |

Debtors country – breakdown by foreign currency

| Table 12 (in € thousand) | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Valuta** | | |
| USD | 536,925 | 574,629 |
| EUR | 330,812 | 266,660 |
| CHF | 7,673 | 8,472 |
| Other currencies | 9 | 9 |

## Section 6 – item F - Other assets

### *6.1 – Changes in long-term assets included in category F.I.*

| Table 13 (in € thousand) | 2011 | Increase | Decrease | 2012 |
|---|---|---|---|---|
| **Description** | | | | |
| Furniture and machinery | 2,254 | 459 | 625 | 2,088 |
| Works of art | 48 | 0 | 0 | 48 |
| Plant | 60 | 9 | 25 | 44 |
| Stocks | 47 | 0 | 32 | 15 |
| Construction in course and advances | 26 | 0 | 26 | 0 |
| **Total** | **2,435** | **468** | **708** | **2,195** |

**Cash and cash equivalents**

Deposits with credit institutions amounted to €429,380 thousand, of which €2,117 thousand in foreign currency current accounts. At 31 December 2012 cash on hand amounted to €5 thousand.

### *6.4 – Sundry assets*

| Table 14 (in € thousand) | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Description** | | |
| Capital gains on foreign exchange forward transactions | 17,601 | 28,839 |
| Gains on derivatives | 1,022 | 166 |
| Receivables from SACE Servizi | 599 | 461 |
| Receivables from SACE Fct | 9,293 | 3,317 |
| Receivables from SACE BT | 0 | 1,884 |
| **Total** | **28,515** | **34,667** |

Receivables from subsidiaries relate to the consolidated tax regime.

## SECTION 7 – ACCRUALS AND DEFERRALS - ITEM G

| *Table 15 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Description** | | |
| for interest on government securities and bonds | 53,955 | 67,483 |
| for interest on other financial investments | 6,782 | 1,514 |
| **Accrued income** | **60,737** | **68,997** |
| Other accruals | 426 | 301 |
| **Prepaid expenses** | **426** | **301** |

The interest on other financial investments item (€6,782 thousand) reflects interest on time deposit transactions, interest on notes and interest on the loan to Sace Fct. Other accruals amounted to €426 thousand and refer to portions of general expenses to be attributed to subsequent years.

## BALANCE SHEET LIABILITIES AND SHAREHOLDERS' EQUITY

### SECTION 8 – SHAREHOLDERS' EQUITY - ITEM A

Details of changes in these items are shown in the table below:

| *Table 16 (in € thousand)* | Share capital | Revaluation reserves | Riserva Legale | Other reserves | Profit carried forward | Profit for the year | Total |
|---|---|---|---|---|---|---|---|
| **Description** | | | | | | | |
| **Balances at 1 January 2011** | **4,340,054** | **9,616** | **142,137** | **972,409** | **-** | **366,720** | **5,830,936** |
| Reduction in share capital | | | | | | | |
| **Allocation of 2010 net profit:** | | | | | | | |
| - Distribution of dividends | | | | | | (310,000) | (310,000) |
| - Other allocations | | | 18,336 | | 38,384 | (56,720) | - |
| Revaluation of property under Law 2/2009 | | | | | | | |
| Revaluation of receivables 2011 | | 8,307 | | | | | 8,307 |
| Result for 2011 | | | | | | 183,963 | 183,963 |
| **Balance at 31-12-2011** | **4,340,054** | **17,923** | **160,473** | **972,409** | **38,384** | **183,963** | **5,713,206** |
| **Allocation of 2011 net profit:** | | | | | | | |
| - Distribution of dividends | | | | | | (160,000) | (160,000) |
| - Other allocations | | | 9,198 | 14,579 | 186 | (23,963) | - |
| Other changes | | (8,307) | | 8,307 | | | |
| Result for 2012 | | | | | | 255,106 | 255,106 |
| **Balance at 31-12-2012** | **4,340,054** | **9,616** | **169,671** | **995,295** | **38,570** | **255,106** | **5,808,312** |

The following table shows the individual items on the basis of their availability and possibility of distribution, in accordance with article 2427 No. 7-bis of the Italian Civil Code.

| *Table 17 (amounts in €)* | Amount | Possibility of utilisation | Available portion | Summary of utilisation in the previous 3 years |
|---|---|---|---|---|
| **Capital at 31-12-2012** | **4,340,053,892** | | | |
| **Capital reserves:** | | | | |
| Revaluation reserves | 9,615,916 | A, B,C | 9,615,916 | |
| **Retained earnings:** | | | | |
| Legal reserve | 169,671,310 | B | - | |
| Other reserves | 42,406,268 | A, B | 42,406,268 | |
| Other reserves | 952,888,188 | A, B,C | 952,888,188 | |
| **Total** | | | **1,004,910,372** | |
| not distributable (1) | | | 42,406,268 | |
| distributable | | | 962,504,104 | |

Legend: A: for capital increase; B: to cover losses; C: for distribution to shareholders

(1) the non-distributable portion includes €20,660 thousand for the provision pursuant to article 2423, para. 4 set aside as at 31.12.2005 (€104,235 thousand) net of amounts collected during the year (€2,316 thousand in 2012, €2,618 thousand in 2011, €2,204 thousand in 2010, €2,306 thousand in 2009, €21,232 thousand in 2008, €17,290 thousand in 2007 and €35,608 thousand in 2006), €7,464 thousand for the remaining portion of the reserve for exchange gains, €7,672 thousand for the portion of the reserve for the revaluation of receivables and €6,610 for the revaluation of investments resulting from the application of the equity method.

The share capital consists of 1 million shares for a total face value of €4,340,054 thousand, held by Cassa Depositi e Prestiti S.p.A.

## SECTION 9 – SUBORDINATED LIABILITIES

The company had no subordinated liabilities.

## SECTION 10 – TECHNICAL PROVISIONS – ITEM C.I. (ANNEX 13)

*10.1 – Changes in the non-life unearned premiums provision – item C.I.1 – and claims outstanding provision – item C.I.2. (annex 13).*

| *Table 18 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Provision for unearned premiums** | | |
| - Provision for premium instalments | 1,283,492 | 1,338,071 |
| - Provision for unexpired risks | 350,000 | 350,000 |
| **Total** | **1,633,492** | **1,688,071** |
| | | |
| **Provision for claims outstanding** | | |
| - Provision for claims paid and direct expenses | 581,907 | 258,311 |
| - Provision for settlement costs | 2,441 | 2,546 |
| - Provision for late claims | 7,604 | 12,969 |
| **Total** | **591,952** | **273,826** |

The provision for unearned premiums refers for €629,077 thousand to exposure in foreign currency. The provision for claims outstanding refers for €189,091 thousand to exposure in foreign currencies. The provision for claims outstanding is deemed sufficient to cover the potential cost of unpaid claims, fully or in part, at the end of the year. The values for direct business and inward reinsurance are shown in the table below:

| *Table 19 (in € thousand)* | DB 31-12-2012 | IB 31-12-2012 | DB 31-12-2011 | IB 31-12-2011 |
|---|---|---|---|---|
| **Description** | | | | |
| **Provision for unearned premiums** | | | | |
| - Provision for premium instalments | 1,247,384 | 36,108 | 1,314,831 | 23,240 |
| - Provision for unexpired risks | 350,000 | - | 350,000 | - |
| **Carrying value** | **1,597,384** | **36,108** | **1,664,831** | **23,240** |
| | | | | |
| **Provision for claims outstanding** | | | | |
| - Provision for claims paid and direct expenses | 579,904 | 2,004 | 254,425 | 3,886 |
| - Provision for settlement costs | 2,440 | - | 2,546 | - |
| - Provision for late claims | 7,604 | - | 12,969 | - |
| **Carrying value** | **589,948** | **2,004** | **269,940** | **3,886** |

The provision for unexpired risks, calculated according to the CreditMetrics method, takes into account the global scenario. The assets guarantee coverage of the technical provisions at the end of the year.

*10.2 - Equalisation provision*

€67,363 thousand of the equalisation reserve, amounting to €448,121 thousand, was used to cover the negative balance of the technical account.

## SECTION 12 – PROVISIONS FOR RISKS AND CHARGES – ITEM E

Changes in this item are reported in annex 15.

Provisions for risks and charges amounted to €82,146 thousand. These comprise €1,992 thousand for severance pay, €40,913 thousand for deferred tax liabilities and €39,241 thousand for other provisions, the main components of which are listed below:

- €1,718 thousand which refer to ongoing disputes at the end of the year;
- €20,401 thousand for agreements currently being defined with policyholders;
- €105 thousand allocated for amounts to be assigned to policyholders by way of shares due;
- €7,757 thousand for potential estimated liabilities with policyholders, due to the non-maturity of said amounts.
- €8,917 thousand as provisions for productivity bonuses.

## SECTION 13 – ACCOUNTS PAYABLE AND OTHER LIABILITIES – ITEM G

Accounts payable arising out of direct insurance business (item G.I.).

| *Table 20 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Description** | | |
| Premium reimbursements | 1,717 | 1,107 |
| Advances for premiums | 325 | 3,858 |
| Front-end expenses | 49 | 160 |
| Amounts due on recoveries | 41,828 | 45,877 |
| **Accounts payable to policyholders - item G.I.3.** | **43,919** | **51,002** |

Amounts due on recoveries include amounts due to policyholders in respect of deductibles on recovered amounts. The change compared to the previous year is due to the payment of the amounts due made in 2012.

### *13.5 - Provision for severance pay (item G.VII)*

Changes in this item, shown in annex 15, include the allocation for the year, net of payments to the pension funds pursuant to the reform of supplementary pension schemes.

### Other accounts payable – item G.VIII

| Table 21 (in € thousand) | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Description** | | |
| Other tax liabilities | 201,695 | 79,412 |
| Social security | 1,285 | 1,720 |
| Sundry creditors | 20,903 | 36,689 |
| **Total** | **223,883** | **117,821** |

*13.6 – Breakdown of sundry creditors – item G.VIII.4*

Sundry creditors (for a total of €20,903 thousand) mainly comprise amounts due to suppliers for €5,238 thousand against general administrative costs for the year and intragroup debit items arising from the consolidated tax regime for € 9,180 thousand.

*13.7 – Deferred reinsurance items – item G.IX.1*

The information received from the ceding companies on provisional technical income for 2012 was carried forward to the technical account for the following year as deferred reinsurance items. Pursuant to article 42 of Legislative Decree No. 173/97, the claims outstanding provision reported in the balance sheet includes €482 thousand referring to agreements with reinsured companies.

*13.8 – Sundry liabilities – item G.IX.3*

This item, amounting to a total of €6,910 thousand, comprises amongst others valuation losses on portfolio derivatives (€6,668 thousand) used to hedge foreign currency assets.

## SECTION 14 – ACCRUED LIABILITIES - ITEM H

*14.1 – Separate indication of accrued liabilities for each item.*

| Table 22 (in € thousand) | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Description** | | |
| **Deferred payments on rent income** | **131** | **194** |
| **Other accrued liabilities** | **23** | **34** |

*14.2 – Breakdown of other accrued liabilities by type (item H.3).*

Other accrued liabilities amounted to €23 thousand and refer to deferred payments on services rendered.

*14.3 – Indication of multi-year accrued liabilities and separate indication of those with a duration of more than five years.*

No deferred payments with a duration of more than one year were reported.

## SECTION 15 – ASSETS AND LIABILITIES RELATING TO COMPANIES IN WHICH A SIGNIFICANT INTEREST IS HELD

Details of assets and liabilities relating to group companies are given in annex 16.

## SECTION 16 – RECEIVABLES AND ACCOUNTS PAYABLE

*16.1 – Receivables and accounts payable are due as follows:*

Of the receivables under asset items C and E, €1,134,338 thousand fall due after the end of the following year and €2,043,921 thousand after five years. The accounts payable under liability items F and G (€49,059 thousand) are due within five years.

## SECTION 17 – GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS – ITEMS I, II, III AND IV

Details of the memorandum accounts are given in annex 17.

### *17.1 – Breakdown of commitments*

The commitments item, totalling €3,538,222 thousand, refers to forward transactions for €3,309,804 and foreign currency options for €228,418 The counterparties for the instruments traded were leading credit institutions with high ratings.

Derivatives on hand at the end of the year, classified according to purpose, type and expiry date, were as follows:

| *Table 22 (in € thousand)* | Expiry date | EUR | USD |
|---|---|---|---|
| **Contract type** | | | |
| Forward contracts | *7-jan-13* | | 165,406 |
| | *9-jan-13* | | 198,427 |
| | *10-jan-13* | | 165,664 |
| | *11-jan-13* | | 81,658 |
| | *14-jan-13* | | 208,954 |
| | *15-jan-13* | | 225,350 |
| | *16-jan-13* | 84,307 | |
| | *18-jan-13* | | 328,010 |
| | *22-jan-13* | 252,214 | 307,522 |
| | *23-jan-13* | | 52,570 |
| | *25-jan-13* | | 31,160 |
| | *28-jan-13* | 332,223 | |
| | *29-jan-13* | | 103,443 |
| | *31-jan-13* | 174,337 | 449,469 |
| | *5-feb-13* | 165,837 | |
| | *15-feb-13* | 173,978 | |
| | *21-feb-13* | 56,882 | |
| Options | *21-feb-13* | 150,000 | |
| | *26-feb-13* | 70,799 | |

The effect of exchange rate hedging transactions on items in foreign currency that expired in the year produced a positive balance of €55,093 thousand, while the effect of valuations of existing derivatives at year-end exchange rates and items in foreign currency produced a negative balance of €15,573 thousand. These components are analysed in detail in section 22 of these notes.

# PROFIT & LOSS ACCOUNT

## SECTION 18 - INFORMATION ON THE NON-LIFE TECHNICAL ACCOUNT

*18.1 - Gross premiums written*

Gross premiums written amounted to €299,315 thousand.

In accordance with the applicable legislation, 17 resources were engaged in the provision of internationalisation guarantees which generated gross premiums for €4,118 thousand.

*18.2 – The breakdown of premiums for direct business, inward reinsurance, Italian portfolio and foreign portfolio is provided in annex 19.*

*18.4 – Other technical income net of reinsurance – item I.3*

The item amounts to €6,695 thousand and mainly refers to front-end expenses for the year for €185 thousand and the other technical income arising from the management of insurance contracts for €5,256 thousand.

*18.5 – Claims incurred net of recoveries and reinsurance*

| *Table 24 (in € thousand)* | DB 31-12-2012 | IB 31-12-2012 | Total 31-12-2012 | DB 31-12-2011 | IB 31-12-2011 | Total 31-12-2011 |
|---|---|---|---|---|---|---|
| **Description** | | | | | | |
| Claims paid for the current year | -110,495 | -2,683 | -113,178 | -35,227 | -549 | -35,776 |
| Claims paid relating to previous years | -79,640 | -1,915 | -81,555 | -17,034 | -596 | -17,630 |
| Costs of claims management | -2,659 | 0 | -2,659 | -2,319 | 0 | -2,319 |
| Reinsurers' share | 0 | 0 | 0 | 607 | 0 | 607 |
| Change in recoveries | 235,683 | 1,120 | 236,803 | 101,204 | 145 | 101,349 |
| Write-downs of receivables for amounts payable | -78,107 | 0 | -78,107 | -33,152 | 0 | -33,152 |
| Write-backs of receivables for amounts payable | 0 | 0 | 0 | 141,291 | 0 | 141,291 |
| Losses on amounts due | -9,280 | 0 | -9,280 | -19,102 | 0 | -19,102 |
| Change in the provision for claims outstanding | -320,009 | 1,882 | -318,127 | -22,034 | 410 | -21,624 |
| **Total net claims incurred** | **-364,507** | **-1,596** | **-366,103** | **114,234** | **-590** | **113,644** |

In line with the procedures defined at the time of negotiating subrogation credits, valuation of the credits at presumed realisable value resulted in the changes listed in the table.

*18.6 – Premium refunds and profit sharing, net of reinsurance – item I.6*

Premium refunds, reflecting premium refunds net of reinsurance, amounted to €3,733 thousand (€1,840 thousand at the end of the previous year).

### *18.7 - Reinsurance commissions and profit-sharing – item I.7.f.*

This item posted a balance at 31 December 2012 of €22 thousand referring exclusively to reinsurance commissions.

Operating expenses – details of this item are given in the table below:

| *Table 25 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Description** | | |
| Collection and acquisition commissions | 1,675 | 866 |
| Other acquisition costs | 15,861 | 16,357 |
| Other administrative expenses | 40,126 | 39,202 |
| Commissions and profit sharing | -22 | -68 |
| **Operating expenses** | **57,694** | **56,357** |

Other acquisition costs comprise reinsurance commissions and general expenses made up of personnel costs (€9,430 thousand) and other general administrative expenses (€6,430 thousand). Other administrative expenses comprise general expenses made up of costs of personnel (€35,554 thousand), other general administrative expenses (€3,926 thousand), depreciation of instrumental assets (€647 thousand). Personnel costs, a description of the relative items, the average number of employees during the year, the number of directors and statutory auditors and related remuneration are given in annex 32.

### *18.8 – Other technical charges net of reinsurance – item I.8*

This item, for €2,109 thousand, refers to technical cancellations of premiums due to termination of insurance contracts.

### *18.9 – Change in the equalisation provision – item I.9*

The change in the equalisation reserve of €67,363 was due to the coverage of the negative balance of the technical account.

## SECTION 20 – ANALYSIS OF TECHNICAL ITEMS BY BUSINESS AND RESULT OF THE NON-TECHNICAL ACCOUNT

A summary of the technical account for the Italian portfolio is provided in annex 25.

## SECTION 21 – INFORMATION ON THE NON-TECHNICAL ACCOUNT (III)

### *21.1 – Breakdown of investment income for the non-life business – item III.3 (annex 21)*

A summary of investment income is given in the following table:

| *Table 26 (in € thousand)* | **31-12-2012** | **31-12-2011** |
|---|---|---|
| **Description** | | |
| Income from shares and interests | 1,905 | 116 |
| Income from investments in land and buildings | 798 | 778 |
| Income from other investments | 207,294 | 193,009 |
| Value re-adjustments on investments | 194,608 | 54,146 |
| Gains on the disposal of investments | 644,504 | 648,667 |
| **Total** | **1,049,109** | **896,716** |

Income from other investments (€207,294 thousand) includes €153,474 thousand for interest on government securities and bonds, €127 thousand for interest income on mortgages, €21,537 thousand for interest on time deposits, €382 thousand for proceeds on shares of collective investment undertakings and €16,018 thousand for interest on Carnival and Interpipe notes and €15,643 thousand for interest on the loan to SACE Fct. The value re-adjustment on investments item (€194,608 thousand) refers to forward currency sales for €18,559 thousand (see also section 22 of these notes), upward adjustments on government securities, bonds and shares for €167,704 thousand and the upward adjustment on the interests in SACE Fct and ATI for €8,345 thousand. Gains on the disposal of investments (€644,504 thousand) include €419,716 thousand referring to forward transactions, €120,190 thousand on transactions in derivatives and €87,900 thousand for gains on the sale of securities. The breakdown of each item is detailed in annex 21.

### *21.2 – Breakdown of investment management and financial charges for the non-life business – item III.5 (annex 23)*

Investment management and financial charges are summarised in the following table:

| *Table 27 (in € thousand)* | **31-12-2012** | **31-12-2011** |
|---|---|---|
| **Description** | | |
| Investment management charges and other charges | 3,842 | 6,452 |
| Value re-adjustments on investments | 146,895 | 576,539 |
| Losses on the disposal of investments | 488,610 | 542,487 |
| **Total** | **639,347** | **1,125,478** |

Investment management charges and other charges mainly comprise investment management charges (€1,317 thousand) and property management charges (€1,008 thousand). Value re-adjustments on investments (€146,895 thousand) refer to forward contracts on transactions in derivatives for €6,668 thousand, losses on government securities, bonds and shares (€118,255 thousand), write-downs of investments in SACE BT (€21,277 thousand) and depreciation of real estate for €695 thousand. Losses on the disposal of investments (€488.610 thousand) include €444,151 thousand referring to forward transactions, €27,742 thousand on transactions in derivatives, €16,716 thousand on the sale of securities. The breakdown of each item is detailed in annex 23.

### *21.3 – Breakdown of other income – item III.7*

| *Table 28 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Description** | | |
| Compensatory interest on premiums | 33 | 1 |
| Compensatory interest on receivables | 15,931 | 25,682 |
| Interest earned and other income | 3,764 | 1,917 |
| Interest earned on tax credits | 15 | 15 |
| Capital gains on other receivables | 5,068 | 5,206 |
| Profits on exchange rates | 4,442 | 22,768 |
| Utilisation of provisions and non-existent liabilities | 8,265 | 36,069 |
| Valuation gains on exchange rates | 2,668 | 71,327 |
| Revenues from services to affiliates | 3,635 | 3,080 |
| **Total** | **43,821** | **166,065** |

Compensatory interest on receivables (€15,931 thousand) represents the interest matured in the year on subrogation credit. Profits on exchange rates refer to capital gains on exchange rates on transactions in foreign currency. Gains on other receivables (€5,068 thousand) refer for €1,860 thousand to collection of compensatory interest, €1,898 thousand for recovery of receivables ex Optimum and €1,310 thousand for gains relating to receivables for acquired shares due to policyholders. Profits from valuation gains on exchange rates include the result of the valuation of the entries in foreign currencies at year-end exchange rates (for further details, see section 22 of these notes).

| *Table 29 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Description** | | |
| Other non-technical administrative expenses | 7,153 | 5,936 |
| Amortisation of intangible assets | 171 | 237 |
| Additions to risk provisions | 7,176 | 6,374 |
| Exchange losses | 2,110 | 28,450 |
| Valuation exchange losses | 42,963 | 4,679 |
| Other financial charges | 0 | 3,840 |
| Write-downs of receivables - compensatory interest | 1,370 | 2,338 |
| Write-down of other receivables | 79 | 342 |
| Other interest expense | 232 | 161 |
| **Total** | **61,254** | **52,357** |

Exchange losses on valuation (€42,963 thousand) refer for €42,901 thousand to valuation of receivables and payables expressed in foreign currency, and €62 thousand for valuation losses on exchange rates, recorded with reference to the current accounts denominated in foreign currency (for more details see section 22 of these notes).

Personnel costs are listed in annex 32.

### *21.5 – Breakdown of extraordinary income – item III.10*

| *Table 30 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Description** | | |
| Sundry non-operating income | 1,896 | 4,612 |
| Other financial income | 1 | 18 |
| **Total** | **1,897** | **4,630** |

Sundry non-operating income reflects reversal of costs accrued in previous years.

### *21.6 – Breakdown of extraordinary charges – item III.11*

| *Table 31 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Description** | | |
| Other financial charges from previous years | 4 | 5 |
| Sundry non-operating liabilities | 545 | 1,559 |
| **Total** | **549** | **1,564** |

Sundry non-operating liabilities include general costs accrued from previous years.

### *21.7 – Breakdown of income taxes and deferred taxes – item III.14*

This item, totalling €138,571 thousand, comprises the following:

a) €184,251 thousand for IRES for the year;

b) €16,366 thousand for IRAP for the year;

c) €9,891 thousand for proceeds calculated on taxable amounts transferred by the subsidiaries participating in the consolidated tax scheme;

d) €3,851 thousand for the liability calculated on the tax loss transferred by the subsidiaries participating in the consolidated tax scheme;

e) €271 thousand for disclosure of deferred taxes on temporary changes during the year determined as illustrated in the table below. For the current year, prepaid IRES and IRAP for €63,668 thousand were calculated on the basis of the reasonable certainty of generating tax liable income in the future such as to enable their recovery. As in the previous year, no prepaid taxes were recognised in relation to subrogation credit write-offs since there is no reasonable certainty as regards the recoverability of such amounts or the period in which such temporary differences will reverse.

f) €11,855 thousand corresponding to transfer to profit and loss of prepaid IRES and IRAP accrued in previous years.

g) €4,464 thousand corresponding to transfer to profit and loss of deferred IRES and IRAP accrued in previous years.

The item includes the charge for using the equalisation provision during 2012. With reference to this item it should be noted that on 5 November 2012 an application for an opinion was submitted regarding the tax treatment for IRES and IRAP purposes of the use of a portion of the equalisation reserve recorded at the time of the amendment to the bylaws in accordance with article 6 of Decree Law 269 of 30 September 2003, converted by Law 326 of 24 November 2003. Pending a reply from the tax authorities, the tax charge for the 2012 tax period was prudently determined for IRES and IRAP by considering the income from using the equalisation reserve for the taxable year for IRES and IRAP purposes. If the request for an opinion is successful, extraordinary income will be generated in 2013 for some €43,383 thousand. Current taxes were calculated at the current rate of 27.5% for IRES and 6.82% for IRAP. Prepaid and deferred taxes deriving from temporary changes during the year have been determined according to current rates.

Details of advance and deferred taxes are given in the following tables.

| | Opening balance | | Utilisation 2012 | | Change in the year | | Closing balance | |
|---|---|---|---|---|---|---|---|---|
| *Table 32 (in € thousand)* | Temporary differences | Taxes | Temporary differences | Taxes | Temporary differences | Taxes | Temporary differences | Tax |
| **IRAP** | | | | | | | | |
| **Type of temporary differences** | | | | | | | | |
| **Recognised in profit or loss** | | | | | | | | |
| ***Differences giving rise to advance tax assets*** | | | | | | | | |
| Maintenance | 759 | 33 | (759) | (52) | | | (0) | (18) |
| Reserve fund | 8,024 | 375 | (4,012) | (274) | | | 4,012 | 101 |
| Provision for claims outstanding | 724 | 35 | (362) | (25) | | | 362 | 10 |
| Depreciation on revaluation of property | 895 | 43 | | | 298 | 20 | 1,193 | 63 |
| Change in tax rates | | 223 | | | | | | 223 |
| **Total** | **10,402** | **709** | **(5,132)** | **(350)** | **298** | **20** | **5,568** | **379** |

| | Opening balance | | Utilisation 2012 | | Change in the year | | Closing balance | |
|---|---|---|---|---|---|---|---|---|
| | Temporary differences | Taxes | Temporary differences | Taxes | Temporary differences | Taxes | Temporary differences | Tax |
| **IRES** | | | | | | | | |
| **Type of temporary differences** | | | | | | | | |
| **Recognised in profit or loss** | | | | | | | | |
| ***Differences giving rise to advance tax assets*** | | | | | | | | |
| Representation expenses | 0 | 0 | 0 | 0 | | | 0 | 0 |
| Maintenance | 6,583 | 1,812 | (2,763) | (760) | | | 3,820 | 1,052 |
| Reserve fund | 17,043 | 4,687 | (1,758) | (483) | | | 15,285 | 4,204 |
| Provision for claims outstanding | 49,431 | 13,593 | (3,037) | (835) | 167,016 | 45,930 | 213,410 | 58,687 |
| Auditors' certificate | 49 | 13 | (49) | (14) | 49 | 13 | 49 | 13 |
| Potential liabilities fund | 20,949 | 5,762 | (6,421) | (1,766) | 7,176 | 1,973 | 21,704 | 5,970 |
| Fees paid to directors | 0 | 0 | 0 | 0 | 0 | | 0 | 0 |
| Exchange rate valuation losses | 54,061 | 14,867 | (6,352) | (1,747) | 49,295 | 13,556 | 97,004 | 26,676 |
| Depreciation on revaluation of property | 996 | 273 | 0 | 0 | 332 | 91 | 1,328 | 364 |
| Valuation losses on listed shares | 19,017 | 5,230 | (1,301) | (358) | 7,576 | 2,083 | 25,291 | 6,955 |
| Allocation to employee premium | 5,577 | 1,532 | (5,577) | (1,534) | 0 | | 0 | (2) |
| Valuation losses on listed shares | 14,578 | 4,010 | (14,578) | (4,009) | 0 | | 0 | 1 |
| **Total** | **188,284** | **51,779** | **(41,836)** | **(11,505)** | **231,444** | **63,647** | **377,892** | **103,921** |
| ***Differences giving rise to deferred tax liabilities*** | | | | | | | | |
| Exchange rate valuation gains | 164,022 | 45,106 | (16,232) | (4,464) | 963 | 265 | 148,753 | 40,907 |
| Valuation gains on listed shares | 0 | 0 | 0 | 0 | 22 | 6 | 22 | 6 |
| **Total** | **164,022** | **45,106** | **(16,232)** | **(4,464)** | **985** | **271** | **148,776** | **40,913** |
| ***Differences excluded from the determination of advance taxes*** | | | | | | | | |
| Subrogation credit write-offs – pol. Business | 21,304 | | | | | | 53,306 | |
| Subrogation credit write-offs – com. business | 16,031 | | | | | | 16,854 | |
| Write downs of other credits - technical business | 342 | | | | | | 79 | |
| **Total prepaid taxes arising from temporary differences** | | **52,487** | | **(11,855)** | | **63,668** | | **104,300** |
| **Total deferred taxes arising from temporary differences** | | **45,106** | | **(4,464)** | | **271** | | **40,913** |

## SECTION 22 – OTHER INFORMATION RELATING TO THE PROFIT AND LOSS ACCOUNT

Details concerning relations with group companies are provided in annex 30. Information concerning the distribution by geographical area (Italy, EU, non-EU countries) of direct business premiums written is provided in annex 31.

The breakdown of personnel costs for the Italian and foreign portfolios is given in annex 32. The effect of exchange rate hedging transactions on entries in foreign currency that expired during the year generated a positive balance of €55,093 thousand, while the effect of valuations of existing derivatives at year-end exchange rates and entries in foreign currency generated a negative balance of €15,573 thousand, as shown in the table below.

| *Table 33 (in € thousand)* | **31-12-2012** |
|---|---|
| **REALISED** | |
| Losses on forward contracts and trading | (444,152) |
| Gains on forward contacts and trading | 419,716 |
| Proceeds from derivatives | 104,598 |
| Charges on derivatives | (27,868) |
| **Net realised gains (A)** | **52,294** |
| Exchange gains | 5,546 |
| Exchange losses | (2,748) |
| **Net profit on exchange rates (B)** | **2,798** |
| | |
| **Result realised (A+B)** | **55,093** |

| | |
|---|---|
| **FROM VALUATION** | |
| Valuation losses on forward contracts and derivatives | (6,668) |
| Valuation gains on forward contracts and derivatives | 18,559 |
| **Net valuation gains (C)** | **11,891** |
| Exchange gains – valuation of technical provisions | 826 |
| Exchange losses – valuation of technical provisions | (336) |
| Exchange gains – valuation of unearned premiums | 12,340 |
| Exchange gains – valuation of receivables and payables | 1,209 |
| Exchange losses – valuation of receivables and payables | (42,901) |
| Exchange gains – valuation of cash and cash equivalents | 1,459 |
| Exchange losses - valuation of cash and cash equivalents | (62) |
| **Net valuation loss on exchange rates (D)** | **(27,464)** |
| | |
| **Net exchange gains from valuation (C +D)** | **(15,573)** |

# PART C — OTHER INFORMATION

## 1. Cash Flow Statement

| *(in € thousand)* | Year 2012 | Year 2011 |
|---|---|---|
| **Profit (loss) for the year before tax** | **393,677** | **275,645** |
| **Changes in non-cash items** | **138,568** | **546,639** |
| Change in the provision for unearned premiums - non-life business | (56,489) | (30,421) |
| Change in the provision for claims outstanding and other technical provisions - non-life business | 250,764 | 61,880 |
| Change in the general provision | (7,176) | (6,374) |
| Non-cash income and expense from financial instruments, investment property and equity investments | (47,713) | 522,393 |
| Other changes | (818) | (839) |
| **Change in receivables and payables generated by operations** | **(31,323)** | **(202,887)** |
| Change in receivables and payables arising from direct insurance and reinsurance business | (60,713) | (84,192) |
| Change in other receivables and payables | 29,390 | (118,695) |
| **Tax paid** | **(138,571)** | **(91,681)** |
| **TOTAL NET CASH FLOW ARISING FROM OPERATIONS** | **362,351** | **527,716** |
| | | |
| Net cash flow generated/absorbed by investment property | 695 | 695 |
| Net cash flow generated/absorbed by financial investments | 175,014 | (233,863) |
| Net cash flow generated/absorbed by plant, property and equipment and intangible assets | 1,057 | 835 |
| **TOTAL NET CASH FLOW ARISING FROM INVESTMENT OPERATIONS** | **176,766** | **(232,333)** |
| | | |
| Repayment of share capital | | - |
| Revaluation of receivables | | 8,307 |
| Revaluation of property | - | - |
| Distribution of dividends | (160,000) | (310,000) |
| Net cash flow generated/absorbed by other financial liabilities | (141) | (431) |
| **TOTAL NET CASH FLOW ARISING FROM LOAN OPERATIONS** | **(160,141)** | **(302,124)** |
| | | |
| **Effect of exchange rate differences on cash and cash equivalents** | | |
| | | |
| **CASH AND CASH EQUIVALENTS - OPENING BALANCE** | **50,409** | **57,150** |
| INCREASE (REDUCTION) IN CASH AND CASH EQUIVALENTS | 378,976 | (6,741) |
| **CASH AND CASH EQUIVALENTS - CLOSING BALANCE** | **429,385** | **50,409** |

## 2. Fees due to external auditors

Pursuant to Legislative Decree 39 of 27 January 2010, the fees due to PricewaterhouseCoopers S.p.A. for their auditing services in 2012 amounted to €64 thousand.

## 3. Company name and registered office of the parent company.

Sace S.p.A. is wholly owned by Cassa Depositi e Prestiti S.p.A., which is based in Rome in Via Goito 4 and informed us on 4 December 2012 that it intends to perform management and coordination activities pursuant to article 2497 of the Italian Civil Code.

In accordance with art. 2497-bis of the Italian Civil Code, the main data from the previous accounts approved by the parent are provided below.

**BALANCE SHEET**

| *(€ million)* | **31-12-2011** |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents and interbank deposits | 129,888 |
| Receivables from customers and from banks | 98,091 |
| Debt securities | 17,194 |
| Investments and shares | 18,960 |
| Trading activities and hedging instruments | 1,512 |
| Tangible and intangible assets | 11,542 |
| Accrued income, prepaid expenses and other non-interest-bearing assets | 7,365 |
| Other assets | 2,591 |
| **Total assets** | **287,143** |
| | |
| **Liabilities and shareholders' equity** | |
| Funding | 259,391 |
| *- of which postal funding* | *218,408* |
| *- of which funding from banks* | *20,674* |
| *- of which funding from customers* | *8,456* |
| *- of which funding from bonds* | *11,852* |
| Trading liabilities and hedging instruments | 3,271 |
| Accrued expenses, deferred income and other non-interest-bearing liabilities | 1,357 |
| Other liabilities | 2,825 |
| Provisions for risks, taxes and termination benefits | 1,950 |
| Shareholders' equity | 18,349 |
| *- of which attributable to the parent* | *15,525* |
| **Total liabilities and shareholders' equity** | **287,143** |

**INCOME STATEMENT**

| *(€ million)* | **31-12-2011** |
|---|---|
| Interest margin | 2,214 |
| Dividends | 3 |
| Net commissions | -1,483 |
| Other net costs and revenues | -69 |
| **Intermediation margin** | **665** |
| Net adjustments/re-adjustments of value | -10 |
| Structure costs | -937 |
| *- of which administrative expenses* | *-488* |
| **Operating result** | **1,799** |
| **Profit for the year** | **2,345** |
| Minority interest in the profit for the year | 177 |
| **Profit for the year pertaining to the parent company** | **2,167** |

**SACE S.p.A.**

I, the undersigned, declare that these financial statements comply with the truth and the accounting records.

The legal representatives of the company

Alessandro Castellano

The Statutory Auditors

Marcello Cosconati

Guido Marchese

Leonardo Quagliata

Space reserved for the stamp of the registry office.

# ANNEXES
# TO THE NOTES

# ANNEXES TO THE NOTES

**pursuant to Italian Leg. Dec. 173/97**

## CONTENTS



The annexes to these accounts are those required under Legislative Decree 173/97. Annexes with no entries or concerning the life business are not included.

| | | |
|---|---|---|
| Company | **SACE S.p.A.** | |
| Subscribed capital | € 4,340,053,892 | Paid € 4,340,053,892 |
| Registered offices | Rome - Piazza Poli, 37/42 | |
| Companies Register | Rome Reg. No. 142046/99 | |

| | |
|---|---|
| | **Annexes to the notes** |
| Financial | **2012** |
| | (Value in thousands of Euro) |

Company **SACE S.p.A.** Financial 2012

## BALANCE SHEET - NON-LIFE BUSINESS
## ASSETS

| | | | | Values of the year |
|---|---|---|---|---|
| A. SUBSCRIBED CAPITAL UNPAID | | | | 1 0 |
| of which called-up capital | | 2 0 | | |
| B. INTANGIBLE ASSETS | | | | |
| 1. Deferred acquisition commissions | | 4 0 | | |
| 2. Other acquisition costs | | 6 0 | | |
| 3. Start-up and expansion costs | | 7 0 | | |
| 4. Goodwill | | 8 0 | | |
| 5. Other multi-year costs | | 9 339 | | 10 339 |
| C. INVESTMENTS | | | | |
| I - Land and buildings | | | | |
| 1. Property used in company operations | | 11 65,087 | | |
| 2. Property rented to third parties | | 12 1,668 | | |
| 3. Other properties | | 13 0 | | |
| 4. Other property rights | | 14 0 | | |
| 5. Construction in progress and advance | | 15 0 | 16 66,754 | |
| II - Investments in Group companies and other shareholdings | | | | |
| 1. Shares and interests in: | | | | |
| a) controlling companies | 17 0 | | | |
| b) subsidiary companies | 18 152,644 | | | |
| c) affiliated companies | 19 0 | | | |
| d) associated companies | 20 7,488 | | | |
| e) other companies | 21 0 | 22 160,132 | | |
| 2. Bond issued by: | | | | |
| a) controlling companies | 23 0 | | | |
| b) subsidiary companies | 24 0 | | | |
| c) affiliated companies | 25 0 | | | |
| d) associated companies | 26 0 | | | |
| e) other companies | 27 0 | 28 0 | | |
| 3. Loans to: | | | | |
| a) controlling companies | 29 0 | | | |
| b) subsidiary companies | 30 1,000,000 | | | |
| c) affiliated companies | 31 0 | | | |
| d) associated companies | 32 0 | | | |
| e) other companies | 33 0 | 34 1,000,000 | 35 1,160,132 | |
| | | to be carried forward | | 339 |

Values of the previous year

| | | | |
|---|---|---|---|
| | | | 181 0 |
| | 182 0 | | |
| | 184 0 | | |
| | 186 0 | | |
| | 187 0 | | |
| | 188 0 | | |
| | 189 336 | | 190 336 |
| | 191 65,589 | | |
| | 192 1,860 | | |
| | 193 0 | | |
| | 194 0 | | |
| | 195 0 | 196 67,450 | |
| 197 0 | | | |
| 198 165,609 | | | |
| 199 0 | | | |
| 200 7,444 | | | |
| 201 0 | 202 173,053 | | |
| 203 0 | | | |
| 204 0 | | | |
| 205 0 | | | |
| 206 0 | | | |
| 207 0 | 208 0 | | |
| 209 0 | | | |
| 210 975,000 | | | |
| 211 0 | | | |
| 212 0 | | | |
| 213 0 | 214 975,000 | 215 1,148,053 | |
| | to be carried forward | | 336 |

## BALANCE SHEET - NON-LIFE BUSINESS
## ASSETS

Values of the year

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | carried forward | | | | | 339 |
| C. INVESTMENTS (continued) | | | | | | | | |
| III - Other financial investments | | | | | | | | |
| 1. Shares and interests | | | | | | | | |
| a) Listed shares | 36 | 38,242 | | | | | | |
| b) Unlisted shares | 37 | 171 | | | | | | |
| c) Interests | 38 | 0 | 39 | 38,413 | | | | |
| 2. Shares in common investment funds | | | 40 | 621,947 | | | | |
| 3. Bonds and other fixed-income securities | | | | | | | | |
| a) listed | 41 | 3,885,313 | | | | | | |
| b) unlisted | 42 | 0 | | | | | | |
| c) convertible debentures | 43 | 0 | 44 | 3,885,313 | | | | |
| 4. Loans | | | | | | | | |
| a) loans secured by mortgage | 45 | 6,158 | | | | | | |
| b) loans on policies | 46 | 0 | | | | | | |
| c) other loans | 47 | 0 | 48 | 6,158 | | | | |
| 5. Participation in investment pools | | | 49 | 0 | | | | |
| 6. Deposits with credit institutions | | | 50 | 630,000 | | | | |
| 7. Other financial investments | | | 51 | 892,847 | 52 | 6,074,678 | | |
| IV - Deposits with ceding undertakings | | | | | 53 | 265 | 54 | 7,301,829 |
| D bis. REINSURERS' SHARE OF TECHNICAL PROVISIONS | | | | | | | | |
| I - NON-LIFE BUSINESS | | | | | | | | |
| 1. Provisions for unearned premiums | | | 58 | 6,463 | | | | |
| 2. Provisions for claims outstanding | | | 59 | 0 | | | | |
| 3. Provisions for profit-sharing and premium refunds | | | 60 | 0 | | | | |
| 4. Other technical provisions | | | 61 | 0 | | | 62 | 6,463 |
| | | | to be carried forward | | | | | 7,308,631 |

Values of the previous year

| | | | |
|---|---|---|---|
| | carried forward | | 336 |
| 216 28,695 | | | |
| 217 171 | | | |
| 218 0 | 219 28,866 | | |
| | 220 601,900 | | |
| 221 4,818,317 | | | |
| 222 73,500 | | | |
| 223 0 | 224 4,891,817 | | |
| 225 6,598 | | | |
| 226 0 | | | |
| 227 0 | 228 6,598 | | |
| | 229 0 | | |
| | 230 155,000 | | |
| | 231 529,877 | 232 6,214,058 | |
| | | 233 279 | 234 7,429,840 |
| | 238 4,553 | | |
| | 239 0 | | |
| | 240 0 | | |
| | 241 0 | | 242 4,553 |
| | to be carried forward | | 7,434,730 |

## BALANCE SHEET - NON-LIFE BUSINESS
## ASSETS

Values of the year

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| carried forward | | | | | | | | 7,308,631 |
| E. DEBTORS | | | | | | | | |
| I - Debtors arising out of direct insurance operations: | | | | | | | | |
| 1. Policyholders | | | | | | | | |
| a) for premiums current year | 71 | 65,240 | | | | | | |
| b) for premiums previous years | 72 | 15,634 | 73 | 80,874 | | | | |
| 2. Insurance intermediaries | | | 74 | 0 | | | | |
| 3. Current accounts with Insurance companies | | | 75 | 0 | | | | |
| 4. Policyholders and third parties for recoveries | | | 76 | 555,265 | 77 | 636,138 | | |
| II - Debtors arising out of reinsurance operations: | | | | | | | | |
| 1. Insurance and Reinsurance companies | | | 78 | 118 | | | | |
| 2. Reinsurance intermediaries | | | 79 | 0 | 80 | 118 | | |
| III - Other debtors | | | | | 81 | 379,196 | 82 | 1,015,452 |
| F. OTHER ASSETS | | | | | | | | |
| I - Tangible assets and stocks: | | | | | | | | |
| 1. Furniture, office machines and internal transport vehicles | | | 83 | 2,088 | | | | |
| 2. Vehicles listed in public registers | | | 84 | 0 | | | | |
| 3. Machinery and equipment | | | 85 | 44 | | | | |
| 4. Stocks and other goods | | | 86 | 63 | 87 | 2,195 | | |
| II - Cash at bank and in hand | | | | | | | | |
| 1. Bank and Postal accounts | | | 88 | 429,380 | | | | |
| 2. Cheques and cash on hand | | | 89 | 5 | 90 | 429,385 | | |
| III - Own shares or equity interests | | | | | 91 | 0 | | |
| IV - Other | | | | | | | | |
| 1. Deferred reinsurance items | | | 92 | 1,049 | | | | |
| 2. Miscellaneous assets | | | 93 | 28,515 | 94 | 29,565 | 95 | 461,144 |
| of which connection account with Life business | | | 901 | 0 | | | | |
| G. ACCRUALS AND DEFERRED INCOME | | | | | | | | |
| 1. Accrued interest | | | | | 96 | 60,737 | | |
| 2. Rents | | | | | 97 | 0 | | |
| 3. Other prepayments and accrued income | | | | | 98 | 426 | 99 | 61,164 |
| TOTAL ASSETS | | | | | | | 100 | 8,846,391 |

Values of the previous year

| | | | |
|---|---|---|---|
| | carried forward | | 7,434,730 |
| 251 60,686 | | | |
| 252 122 | 253 60,809 | | |
| | 254 0 | | |
| | 255 0 | | |
| | 256 513,628 | 257 574,436 | |
| | 258 1,106 | | |
| | 259 0 | 260 1,106 | |
| | | 261 354,887 | 262 930,430 |
| | 263 2,254 | | |
| | 264 0 | | |
| | 265 60 | | |
| | 266 122 | 267 2,435 | |
| | 268 50,408 | | |
| | 269 2 | 270 50,409 | |
| | | 271 0 | |
| | 272 74 | | |
| | 273 34,667 | 274 34,742 | 275 87,586 |
| | 903 0 | | |
| | | 276 68,997 | |
| | | 277 0 | |
| | | 278 302 | 279 69,298 |
| | | | 280 8,522,045 |

## BALANCE SHEET - NON-LIFE BUSINESS
## LIABILITIES AND SHAREHOLDERS' EQUITY

| | | | | | | | Values of the year | |
|---|---|---|---|---|---|---|---|---|
| A. SHAREHOLDERS' EQUITY | | | | | | | | |
| I - Subscribed capital or equivalent fund | | | 101 | 4,340,054 | | | | |
| II - Share premium reserve | | | 102 | 0 | | | | |
| III - Revaluation reserves | | | 103 | 9,616 | | | | |
| IV - Legal reserve | | | 104 | 169,671 | | | | |
| V - Statutory reserves | | | 105 | 0 | | | | |
| VI - Reserves for own shares and shares of the controlling company | | | 106 | 0 | | | | |
| VII - Other reserves | | | 107 | 995,294 | | | | |
| VIII - Net profit (loss) brought forward | | | 108 | 38,570 | | | | |
| IX - Net profit (loss) for the year | | | 109 | 255,106 | | | | |
| | | | | 0 | 110 | 5,808,312 | | |
| B. SUBORDINATED LIABILITIES | | | | | 111 | 0 | | |
| C. TECHNICAL PROVISIONS | | | | | | | | |
| I - NON-LIFE BUSINESS | | | | | | | | |
| 1. Provisions for unearned premiums | 112 | 1,633,492 | | | | | | |
| 2. Provisions for claims outstanding | 113 | 591,952 | | | | | | |
| 3. Provisions for profit-sharing and premium refunds | 114 | 0 | | | | | | |
| 4. Other technical provisions | 115 | 0 | | | | | | |
| 5. Equalisation provision | 116 | 448,121 | | | 117 | 2,673,565 | | |
| | to be carried forward | | | | | 8,481,876 | | |

Values of the previous year

| | | |
|---|---|---|
| | 281 4,340,054 | |
| | 282 0 | |
| | 283 17,923 | |
| | 284 160,473 | |
| | 285 0 | |
| | 286 0 | |
| | 287 972,409 | |
| | 288 38,384 | |
| | 289 183,963 | |
| | 0 | 290 5,713,206 |
| | | 291 0 |
| 292 1,688,071 | | |
| 293 273,826 | | |
| 294 0 | | |
| 295 0 | | |
| 296 515,484 | | 297 2,477,380 |
| to be carried forward | | 8,190,586 |

## BALANCE SHEET - NON-LIFE BUSINESS
## LIABILITIES AND SHAREHOLDERS' EQUITY

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | | | Values of the year |
| | carried forward | | | | | | 8,481,876 |
| E. PROVISIONS FOR OTHER RISKS AND CHARGES | | | | | | | |
| 1. Provisions for pensions and similar obligations | | | 128 | 1,992 | | | |
| 2. Provision for tax | | | 129 | 40,913 | | | |
| 3. Other provisions | | | 130 | 39,241 | 131 | 82,146 | |
| F. DEPOSITS RECEIVED FROM REINSURERS | | | | | 132 | 0 | |
| G. CREDITORS AND OTHER LIABILITIES | | | | | | | |
| I - Creditors arising out of direct insurance operations: | | | | | | | |
| 1. Insurance intermediaries | 133 | 0 | | | | | |
| 2. Current accounts with Insurance companies | 134 | 0 | | | | | |
| 3. Premium deposits and premiums due to policyholders | 135 | 43,919 | | | | | |
| 4. Guarantee funds in favour of policyholders | 136 | 0 | 137 | 43,919 | | | |
| II - Creditors arising out of reinsurance operations: | | | | | | | |
| 1. Insurance and Reinsurance companies | 138 | 557 | | | | | |
| 2. Reinsurance intermediaries | 139 | 0 | 140 | 557 | | | |
| III - Debenture loans | | | 141 | 0 | | | |
| IV - Amounts owed to banks and credit institutions | | | 142 | 0 | | | |
| V - Loans guaranteed by mortgages | | | 143 | 0 | | | |
| VI - Miscellaneous loans and other financial liabilities | | | 144 | 0 | | | |
| VII - Provisions for employee termination indemnities | | | 145 | 6,450 | | | |
| VIII - Other creditors | | | | | | | |
| 1. Premium taxes | 146 | 0 | | | | | |
| 2. Other tax liabilities | 147 | 201,696 | | | | | |
| 3. Social security | 148 | 1,285 | | | | | |
| 4. Miscellaneous creditors | 149 | 20,903 | 150 | 223,883 | | | |
| IX - Other liabilities | | | | | | | |
| 1. Deferred reinsurance items | 151 | 482 | | | | | |
| 2. Commissions for premiums in course of collection | 152 | 12 | | | | | |
| 3. Miscellaneous liabilities | 153 | 6,910 | 154 | 7,404 | 155 | 282,214 | |
| of which connection account with Life business | 902 | 0 | | | | | |
| | to be carried forward | | | | | | 8,846,237 |

Values of the previous year

| | | |
|---|---|---|
| carried forward | | 8,190,586 |
| | 308 2,066 | |
| | 309 45,106 | |
| | 310 42,333 | 311 89,505 |
| | | 312 0 |
| 313 0 | | |
| 314 0 | | |
| 315 51,002 | | |
| 316 0 | 317 51,002 | |
| 318 0 | | |
| 319 0 | 320 0 | |
| | 321 0 | |
| | 322 141 | |
| | 323 0 | |
| | 324 0 | |
| | 325 6,270 | |
| 326 0 | | |
| 327 79,412 | | |
| 328 1,721 | | |
| 329 36,689 | 330 117,822 | |
| 331 127 | | |
| 332 17 | | |
| 333 66,347 | 334 66,490 | 335 241,725 |
| 904 0 | | |
| | to be carried forward | 8,521,816 |

## BALANCE SHEET - NON-LIFE BUSINESS
## LIABILITIES AND SHAREHOLDERS' EQUITY

Values of the year

| | | | | |
|---|---|---|---|---|
| carried forward | | | | 8,846,237 |
| H. ACCRUALS AND DEFERRED INCOME | | | | |
| 1. Accrued interest | 156 | 0 | | |
| 2. Rents | 157 | 131 | | |
| 3. Other prepayments and accrued income | 158 | 23 | 159 | 154 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | 160 | 8,846,391 |

## BALANCE SHEET - NON-LIFE BUSINESS
## GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

Values of the year

| | | | |
|---|---|---|---|
| GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS | | | |
| I - Guarantees given | | | |
| 1. Sureties | | 161 | 0 |
| 2. Endorsements | | 162 | 0 |
| 3. Other personal guarantees | | 163 | 0 |
| 4. Guarantees secured by mortgages | | 164 | 0 |
| II - Guarantees received | | | |
| 1. Sureties | | 165 | 4,228 |
| 2. Endorsements | | 166 | 0 |
| 3. Other personal guarantees | | 167 | 0 |
| 4. Guarantees secured by mortgages | | 168 | 0 |
| III - Guarantees issued by third parties in the interest of the Company | | 169 | 0 |
| IV - Commitments | | 170 | 3,538,222 |
| V - Third party assets | | 171 | 0 |
| VII - Securities deposited with third parties | | 173 | 4,308,973 |
| VIII - Other memorandum accounts | | 174 | 0 |

Values of the previous year

| | |
|---|---|
| carried forward | 8,521,816 |
| 336 0 | |
| 337 194 | |
| 338 34 | 339 228 |
| | 340 8,522,045 |

Values of the previous year

| | |
|---|---|
| | 341 12 |
| | 342 0 |
| | 343 0 |
| | 344 0 |
| | 345 4,288 |
| | 346 0 |
| | 347 0 |
| | 348 0 |
| | 349 0 |
| | 350 4,459,112 |
| | 351 0 |
| | 353 5,324,029 |
| | 354 0 |

Company **SACE S.p.A.** Financial 2012

## BREAKDOWN OF THE OPERATING RESULT BETWEEN NON-LIFE AND LIFE BUSINESS

| | | | Non-life business | | Life busness | | Total |
|---|---|---|---|---|---|---|---|
| **Result of the technical account** | | 1 | 126,408 | 21 | | 41 | 126,408 |
| Investment income | + | 2 | 1,049,109 | | | 42 | 1,049,109 |
| Investment management and financial charges | - | 3 | 639,347 | | | 43 | 639,347 |
| Allocated investment return transferred from the technical account of Life business | + | | | 24 | | 44 | 0 |
| Allocated investment return transferred from the technical account of Non-life business | - | 5 | 126,408 | | | 45 | 126,408 |
| **Intermediate operating result** | | 6 | 409,762 | 26 | | 46 | 409,762 |
| Other income | + | 7 | 43,821 | 27 | | 47 | 43,821 |
| Other charges | - | 8 | 61,254 | 28 | | 48 | 61,254 |
| Extraordinary income | + | 9 | 1,897 | 29 | | 49 | 1,897 |
| Extraordinary charges | - | 10 | 549 | 30 | | 50 | 549 |
| **Profit before taxes** | | 11 | 393,677 | 31 | | 51 | 393,677 |
| Income taxes | - | 12 | 138,571 | 32 | | 52 | 138,571 |
| **Net profit for the year** | | 13 | 255,106 | 33 | | 53 | 255,106 |

Company **SACE S.p.A.** Financial 2012

## CHANGES DURING THE YEAR IN INTANGIBLE ASSETS (ITEM B) AND LAND AND BUILDINGS (ITEM C.I)

| | | Intangible assets B | | Land and buildings C.I |
|---|---|---|---|---|
| Gross initial balance | 1 | 11,290 | 31 | 73,081 |
| Increases during the year | 2 | 174 | 32 | 0 |
| for: purchases or additions | 3 | 174 | 33 | 0 |
| write-backs | 4 | 0 | 34 | 0 |
| revaluations | 5 | 0 | 35 | 0 |
| other changes | 6 | 0 | 36 | 0 |
| Reductions during the year | 7 | 0 | 37 | 0 |
| for: sales or decreases | 8 | 0 | 38 | 0 |
| long-term write-downs | 9 | 0 | 39 | 0 |
| other changes | 10 | 0 | 40 | 0 |
| **Gross initial balance** | 11 | 11,464 | 41 | 73,081 |
| Amortisation and depreciation: | | | | |
| Gross initial balance | 12 | 10,954 | 42 | 5,632 |
| Increases during the year | 13 | 171 | 43 | 695 |
| for: Third party interest in net income for the year | 14 | 171 | 44 | 0 |
| other changes | 15 | 0 | 45 | 0 |
| Reductions during the year | 16 | 0 | 46 | 0 |
| for: reductions following disposals | 17 | 0 | 47 | 0 |
| other changes | 18 | 0 | 48 | 0 |
| **Final values of amortisation (b) (*)** | 19 | 11,125 | 49 | 6,327 |
| **Carrying value (a – b)** | 20 | 339 | 50 | 66,754 |
| Current value | 21 | 0 | 51 | 69,900 |
| Total revaluations | 22 | 0 | 52 | 0 |
| Total write-downs | 23 | 0 | 53 | 0 |
| (*) of which amortisation and depreciation in application of tax laws only | 24 | 0 | 54 | 0 |

## ASSETS – CHANGES DURING THE YEAR IN INVESTMENTS IN GROUP COMPANIES AND OTHER SHAREHOLDINGS: SHARES AND INTERESTS (ITEM C.II.1), BONDS (ITEM C.II.2) AND LOANS (ITEM C.II.3)

| | | | Shares and interests C.II.1 | | Bonds C.II.2 | | Loans C.II.3 |
|---|---|---|---|---|---|---|---|
| Gross initial balance | + | 1 | 173,053 | 21 | 0 | 41 | 975,000 |
| Increases during the year | + | 2 | 8,356 | 22 | 0 | 42 | 25,000 |
| for: purchases, subscriptions or issues | | 3 | 11 | 23 | 0 | 43 | 25,000 |
| write-backs | | 4 | 8,345 | 24 | 0 | 44 | 0 |
| revaluations | | 5 | 0 | | | | |
| other changes | | 6 | 0 | 26 | 0 | 46 | 0 |
| Decreases during the year | - | 7 | 21,277 | 27 | 0 | 47 | 0 |
| for: sales or repayments | | 8 | 0 | 28 | 0 | 48 | 0 |
| write-downs | | 9 | 21,277 | 29 | 0 | 49 | 0 |
| other changes | | 10 | 0 | 30 | 0 | 50 | 0 |
| **Carrying value** | | 11 | 160,132 | 31 | 0 | 51 | 1,000,000 |
| Current value | | 12 | 160,132 | 32 | 0 | 52 | 1,000,000 |
| Total revaluations | | 13 | 0 | | | | |
| Total write-downs | | 14 | 21,277 | 34 | 0 | 54 | 0 |

Item C.II.2 includes:

| | | |
|---|---|---|
| Listed bonds | 61 | 0 |
| Unlisted bonds | 62 | 0 |
| **Carrying value** | 63 | 0 |
| of which convertible debentures | 64 | 0 |

Company **SACE S.p.A.**

Financial 2012

## ASSETS – INFORMATION REGARDING INVESTEE COMPANIES (*)

| Ord. No. | Type | Listed or carried out | Assets Amount | Name and registered offices | Currency | Share capital | | Shareholders' equity (**) | Net income or loss of the previous year (**) | Percentage interest (5) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Amount | Number | | | Direct | Indirect | Total |
| | (1) | (2) | (3) | | | (4) | shares | (4) | (4) | % | % | % |
| 1 | b | NQ | 1 | Sace BT S.p.A | € | 100,000 | 100,000 | 87,708 | -21,277 | 100 | | 100 |
| 2 | b | NQ | 2 | Sace Fct S.p.A | € | 50,000 | 50,000 | 64,925 | 8,300 | 100 | | 100 |
| 3 | e | NQ | 1 | ATI (African Trade Insurance Agency) | usd | 156,000 | 1,560 | 151,163 | -6,208 | 6,41 | | 6,41 |
| 4 | b | NQ | 1 | SACE Do Brasil | R$ | 30 | 30 | 30 | - | 90,00 | | 90,00 |

(*) Group companies and other companies in which a direct interest is held also through trust companies or through a third person must be listed
(**) To be compiled only for subsidiary and associated companies

(1) Type
- a = Controlling
- b = Subsidiary companies
- c = Affiliated
- d = Associated
- e = Others

(2) Indicate L for securities traded on regulated market and UL for the others

(3) Business
- 1 = Insurance company
- 2 = Finance company
- 3 = Credit institution
- 4 = Real property company
- 5 = Trust company
- 6 = Unit trust management or distribution company
- 7 = Consortium
- 8 = Industrial company

(4) Amounts in original currency

(5) Indicate the total percentage ownership

Company **SACE S.p.A.**

Financial 2012

## ASSETS – DETAILED SCHEDULE OF CHANGES IN INVESTMENTS IN GROUP COMPANIES AND OTHER SHAREHOLDINGS: SHARES AND INTERESTS

| Ord. No. | Type | | Name | Increases during the year | | | Decreases during the year | | | Carrying value (4) | | Purchase | Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | For purchases | | Other | For sales | | Other | Quantity | Value | cost | value |
| (1) | (2) | (3) | | Quantity | Value | increases | Quantity | Value | decreases | | | | |
| 1 | b | D | Sace BT S.p.A | | | | | | 21,277 | 100,000 | 87,708 | 105,800 | 87,708 |
| 2 | b | D | Sace Fct S.p.A | | | 8,300 | | | | 50,000 | 64,925 | 600 | 64,925 |
| 3 | d | D | ATI (African Trade Insurance Agency) | | | 44 | | | | 100 | 7,488 | 6,886 | 7,488 |
| 4 | b | D | SACE Do Brasil | 27 | 11 | - | | | | 27 | 11 | 11 | 11 |
| | | | **Totals C.II.1** | 0 | 0 | | | | | | 160,132 | 113,297 | 160,132 |
| | a | | Controlling companies | | | | | | | | | | |
| | b | | Subsidiary companies | 0 | 0 | | | | | | 152,644 | 106,411 | 152,644 |
| | c | | Affiliated companies | | | | | | | | | | |
| | d | | Associated companies | | | | | | | | 7,488 | 6,886 | 7,488 |
| | e | | Others | | | | | | | | | | |
| | | | **Total D.I** | | | | | | | | | | |
| | | | **Total D.II** | | | | | | | | | | |

(1) Must match that indicated in Annex 6

(2) Type
a = Controlling
b = Subsidiary companies
c = Affiliated
d = Associated
e = Others

(3) Indicate:
D for investments assigned to Non-life business (item C.II.1)
V for investments assigned to Life business (item C.II.1)
V1 for investments assigned to Life business (item D.I)
V2 for investments assigned to Life business (voce D.2)
The same number must be assigned to the shareholding even if split

(4) Indicate whether valued by the equity method with an (*) (only for Type b and d)

Company **SACE S.p.A.**

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## ASSETS - BREAKDOWN OF OTHER FINANCIAL INVESTMENTS ACCORDING TO USE: SHARES AND INTERESTS IN COMPANIES, SHARES IN COMMON INVESTMENT FUNDS, BONDS AND OTHER FIXED-INCOME SECURITIES, PARTICIPATION IN INVESTMENT POOLS AND OTHER FINANCIAL INVESTMENTS (ITEMS C.III.1, 2, 3, 5, 7)

### I – Non-life business

| | Long-term investment portfolio | | | | Short-term financial assets portfolio | | | | Total | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Carrying value | | Market value | | Carrying value | | Market value | | Carrying value | | Market value | |
| 1. Shares and interests in: | 1 | 0 | 21 | 0 | 41 | 38,413 | 61 | 40,531 | 81 | 38,413 | 101 | 40,531 |
| a) Listed shares | 2 | 0 | 22 | 0 | 42 | 38,242 | 62 | 40,333 | 82 | 38,242 | 102 | 40,333 |
| b) Unlisted shares | 3 | 0 | 23 | 0 | 43 | 171 | 63 | 197 | 83 | 171 | 103 | 197 |
| c) Interests | 4 | 0 | 24 | 0 | 44 | 0 | 64 | 0 | 84 | 0 | 104 | 0 |
| 2. Shares in common investment funds | 5 | 0 | 25 | 0 | 45 | 621,947 | 65 | 621,947 | 85 | 621,947 | 105 | 621,947 |
| 3. Bonds and other fixed-income securities | 6 | 1,625,409 | 26 | 1,609,801 | 46 | 2,259,904 | 66 | 2,269,288 | 86 | 3,885,313 | 106 | 3,879,088 |
| a1) listed Government securities | 7 | 1,423,289 | 27 | 1,408,759 | 47 | 1,910,841 | 67 | 1,914,552 | 87 | 3,334,130 | 107 | 3,323,311 |
| a2) other listed securities | 8 | 202,120 | 28 | 201,042 | 48 | 349,063 | 68 | 354,736 | 88 | 551,183 | 108 | 555,777 |
| b1) unlisted Government securities | 9 | 0 | 29 | 0 | 49 | 0 | 69 | 0 | 89 | 0 | 109 | 0 |
| b2) other unlisted securities | 10 | 0 | 30 | 0 | 50 | 0 | 70 | 0 | 90 | 0 | | 0 |
| c) convertible debentures | 11 | 0 | 31 | 0 | 51 | 0 | 71 | 0 | 91 | 0 | 111 | 0 |
| 5. Participation in investment pools | 12 | 0 | 32 | 0 | 52 | 0 | 72 | 0 | 92 | 0 | 112 | 0 |
| 7. Other financial investments | 13 | 0 | 33 | 0 | 53 | 892,847 | 73 | 892,860 | 93 | 892,847 | 113 | 892,860 |

### II - Life business

| | Long-term investment portfolio | | | | Short-term financial assets portfolio | | | | Total | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Carrying value | | Market value | | Carrying value | | Market value | | Carrying value | | Market value | |
| 1. Shares and interests in: | 121 | 0 | 141 | 0 | 161 | 0 | 181 | 0 | 201 | 0 | 221 | 0 |
| a) Listed shares | 122 | 0 | 142 | 0 | 162 | 0 | 182 | 0 | 202 | 0 | 222 | 0 |
| b) Unlisted shares | 123 | 0 | 143 | 0 | 163 | 0 | 183 | 0 | 203 | 0 | 223 | 0 |
| c) Interests | 124 | 0 | 144 | 0 | 164 | 0 | 184 | 0 | 204 | 0 | 224 | 0 |
| 2. Shares in common investment funds | 125 | 0 | 145 | 0 | 165 | 0 | 185 | 0 | 205 | 0 | 225 | 0 |
| 3. Bonds and other fixed-income securities | 126 | 0 | 146 | 0 | 166 | 0 | 186 | 0 | 206 | 0 | 226 | 0 |
| a1) listed Government securities | 127 | 0 | 147 | 0 | 167 | 0 | 187 | 0 | 207 | 0 | 227 | 0 |
| a2) other listed securities | 128 | 0 | 148 | 0 | 168 | 0 | 188 | 0 | 208 | 0 | 228 | 0 |
| b1) unlisted Government securities | 129 | 0 | 149 | 0 | 169 | 0 | 189 | 0 | 209 | 0 | 229 | 0 |
| b2) other unlisted securities | 130 | 0 | 150 | 0 | 170 | 0 | 190 | 0 | 210 | 0 | 230 | 0 |
| c) convertible debentures | 131 | 0 | 151 | 0 | 171 | 0 | 191 | 0 | 211 | 0 | 231 | 0 |
| 5. Participation in investment pools | 132 | 0 | 152 | 0 | 172 | 0 | 192 | 0 | 212 | 0 | 232 | 0 |
| 7. Other financial investments | 133 | 0 | 153 | 0 | 173 | 0 | 193 | 0 | 213 | 0 | 233 | 0 |

Company **SACE S.p.A.** Financial 2012

## ASSETS – CHANGES DURING THE YEAR IN OTHER FINANCIAL INVESTMENTS HELD AS LONG-TERM INVESTMENTS: SHARES AND INTERESTS IN COMPANIES, SHARES IN COMMON INVESTMENT FUNDS, BONDS AND OTHER FIXED-INCOME SECURITIES, PARTICIPATION IN INVESTMENT POOLS AND OTHER FINANCIAL INVESTMENTS (ITEMS C.III.1, 2, 3, 5, 7)

| | | | Shares and interests C.III.1 | | Shares in common investment C.III.2 | | Bonds and other fixed-income securities C.III.3 | | Participation in investment pools C.III.5 | | Other financial Miscellaneous C.III.7 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Initial balance | + | 1 | 0 | 21 | 0 | 41 | 1,728,952 | 81 | 0 | 101 | 529,877 |
| Increases during the year | + | 2 | 0 | 22 | 0 | 42 | 15,353 | 82 | 0 | 102 | 483,314 |
| for: purchases | | 3 | 0 | 23 | 0 | 43 | 8,300 | 83 | 0 | 103 | 483,314 |
| write-backs | | 4 | 0 | 24 | 0 | 44 | 0 | 84 | 0 | 104 | 0 |
| transfer from short-term portfolio | | 5 | 0 | 25 | 0 | 45 | 0 | 85 | 0 | 105 | 0 |
| other changes | | 6 | 0 | 26 | 0 | 46 | 7,053 | 86 | 0 | 106 | 0 |
| Decreases during the year | - | 7 | 0 | 27 | 0 | 47 | 118,896 | 87 | 0 | 107 | 120,344 |
| for: sales | | 8 | 0 | 28 | 0 | 48 | 0 | 88 | 0 | 108 | 0 |
| write-downs | | 9 | 0 | 29 | 0 | 49 | 7,459 | 89 | 0 | 109 | 0 |
| transfer to short-term portfolio | | 10 | 0 | 30 | 0 | 50 | 0 | 90 | 0 | 110 | 0 |
| other changes | | 11 | 0 | 31 | 0 | 51 | 111,437 | 91 | 0 | 111 | 120,344 |
| **Carrying value** | | 12 | 0 | 32 | 0 | 52 | 1,625,409 | 92 | 0 | 112 | 892,847 |
| Current value | | 13 | 0 | 33 | 0 | 53 | 1,609,801 | 93 | 0 | 113 | 892,847 |

Company **SACE S.p.A.** Financial 2012

## ASSETS – CHANGES DURING THE YEAR IN LOANS AND DEPOSITS WITH CREDIT INSTITUTIONS (ITEMS C.III.4, 6)

| | | | Loans<br>C.III.4 | | Deposits with credit institutions<br>C.III.6 |
|---|---|---|---|---|---|
| Initial balance | + | 1 | 6,598 | 21 | 155,000 |
| Increases during the year | + | 2 | 0 | 22 | 3,790,000 |
| for: issues | | 3 | 0 | 23 | 0 |
| write-backs | | 4 | 0 | 24 | 0 |
| other changes | | 5 | 0 | 25 | 3,790,000 |
| Decreases during the year | - | 6 | 440 | 26 | 3,315,000 |
| for: repayments | | 7 | 440 | 27 | 0 |
| write-downs | | 8 | 0 | 28 | 0 |
| other changes | | 9 | 0 | 29 | 3,315,000 |
| **Carrying value** | | 10 | 6,158 | 30 | 630,000 |

Company **SACE S.p.A.** Financial 2012

## LIABILITIES - CHANGES DURING THE YEAR IN COMPONENTS OF THE RESERVE FOR UNEARNED PREMIUMS (ITEM C.I.1) AND THE PROVISION FOR OUTSTANDING CLAIMS (ITEM C.I.2) OF THE NON-LIFE BRANCHES

| **Type** | | Current year | | Previous year | | Change |
|---|---|---|---|---|---|---|
| **Provisions for unearned premiums:** | | | | | | |
| Reserve for premium instalments | 1 | 1,283,492 | 11 | 1,338,071 | 21 | -54,579 |
| Reserve for unexpired risks | 2 | 350,000 | 12 | 350,000 | 22 | 0 |
| **Carrying value** | 3 | 1,633,492 | 13 | 1,688,071 | 23 | -54,579 |
| **Provisions for claims outstanding:** | | | | | | |
| Provision for damages and direct expenses | 4 | 581,907 | 14 | 258,311 | 24 | 323,596 |
| Provision for claim settlement costs | 5 | 2,441 | 15 | 2,546 | 25 | -105 |
| Provision for claims incurred and not notified | 6 | 7,604 | 16 | 12,969 | 26 | -5,365 |
| **Carrying value** | 7 | 591,952 | 17 | 273,826 | 27 | 318,126 |

Company **SACE S.p.A.** Financial 2012

## LIABILITIES – CHANGES DURING THE YEAR IN THE PROVISIONS FOR OTHER RISKS AND CHARGES (ITEM E) AND IN THE PROVISIONS FOR EMPLOYEE TERMINATION INDEMNITIES (ITEM G.VII)

| | | | Provisions for pensions and similar obligations | | Provisions for taxation | | Other provisions | | Termination benefits employment subordinated |
|---|---|---|---|---|---|---|---|---|---|
| Gross initial balance | + | 1 | 2,066 | 11 | 45,106 | 21 | 42,333 | 31 | 6,270 |
| Provisions for the year | + | 2 | | 12 | | 22 | 7,177 | 32 | 337 |
| Other increases | + | 3 | | 13 | | 23 | 54 | 33 | 123 |
| Utilisation for the year | - | 4 | 74 | 14 | 4,193 | 24 | 8,102 | 34 | 258 |
| Other increases | - | 5 | | 15 | | 25 | 2,220 | 35 | 22 |
| **Carrying value** | | 6 | 1,992 | 16 | 40,913 | 26 | 39,241 | 36 | 6,450 |

Company **SACE S.p.A.** Financial 2012

# DETAILED STATEMENT OF ASSETS AND LIABILITIES RELATING TO GROUP COMPANIES AND OTHER SHAREHOLDINGS

I: Assets

| | Controlling companies | Subsidiaries | Affiliated companies | Associated companies | Other | Total |
|---|---|---|---|---|---|---|
| Shares and interests | 1 | 2 152,644 | 3 | 4 7,488 | 5 | 6 160,132 |
| Bonds | 7 | 8 | 9 | 10 | 11 | 12 0 |
| Loans | 13 | 14 1,000,000 | 15 | 16 | 17 | 18 1,000,000 |
| Participation in investment pools | 19 | 20 | 21 | 22 | 23 | 24 0 |
| Deposits with credit institutions | 25 | 26 | 27 | 28 | 29 | 30 0 |
| Other financial investments | 31 | 32 | 33 | 34 | 35 | 36 0 |
| Deposits with ceding undertakings | 37 | 38 183 | 39 | 40 | 41 | 42 183 |
| Investments relating to contracts linked to investments funds and market indexes | 43 | 44 | 45 | 46 | 47 | 48 0 |
| Investments relating to the administration of pension funds | 49 | 50 | 51 | 52 | 53 | 54 0 |
| Debtors arising out of direct insurance | 55 | 56 | 57 | 58 | 59 | 60 0 |
| Debtors arising out of reinsurance operations | 61 | 62 -555 | 63 | 64 | 65 | 66 -555 |
| Other debtors | 67 | 68 2,721 | 69 | 70 | 71 | 72 2,721 |
| Bank and Postal accounts | 73 | 74 | 75 | 76 | 77 | 78 0 |
| Miscellaneous assets | 79 | 80 | 81 | 82 | 83 | 84 0 |
| **Total** | 85 | 86 **1,154,992** | 87 **0** | 88 **7,488** | 89 **0** | 90 **1,162,480** |
| of which subordinated assets | 91 | 92 25,000 | 93 | 94 | 95 | 96 25,000 |

Detailed statement of assets and liabilities relating to Group companies and other shareholdings

II: Liabilities

| | Controlling companies | Subsidiaries | Affiliated companies | Associated companies | Other | Total |
|---|---|---|---|---|---|---|
| Subordinated liabilities | 97 0 | 98 | 99 0 | 100 0 | 101 0 | 102 0 |
| Deposits received from reinsurers | 103 0 | 104 | 105 0 | 106 0 | 107 0 | 108 0 |
| Creditors arising out of direct insurance | 109 0 | 110 | 111 0 | 112 0 | 113 0 | 114 0 |
| Creditors arising out of reinsurance operations | 115 0 | 116 | 117 0 | 118 0 | 119 0 | 120 0 |
| Amounts owed to banks and credit institutions | 121 0 | 122 | 123 0 | 124 0 | 125 0 | 126 0 |
| Loans guaranteed by mortgages | 127 0 | 128 | 129 0 | 130 0 | 131 0 | 132 0 |
| Miscellaneous loans and other financial liabilities | 133 0 | 134 | 135 0 | 136 0 | 137 0 | 138 0 |
| Miscellaneous creditors | 139 0 | 140 5,043 | 141 0 | 142 0 | 143 0 | 144 5,043 |
| Miscellaneous liabilities | 145 0 | 146 | 147 0 | 148 0 | 149 0 | 150 0 |
| **Total** | 151 0 | 152 **5,043** | 153 0 | 154 0 | 155 0 | 156 **5,043** |

Company **SACE S.p.A.** Financial 2012

## DETAILS OF CLASSES I,II,III AND IV OF GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

| | | | Current year | | Previous year |
|---|---|---|---|---|---|
| I. | Guarantees given: | | | | |
| a) | sureties and endorsements given in the interest of controlling subsidiary and affiliated companies | 1 | | 31 | |
| b) | sureties and endorsements given in the interest of associated companies and other shareholdings | 2 | 0 | 32 | 12 |
| c) | sureties and endorsements given in the interest of third parties | 3 | 0 | 33 | 0 |
| d) | other personal guarantees given in the interest of subsidiary and affiliated companies | 4 | 0 | 34 | 0 |
| e) | other personal guarantees given in the interest of other shareholdings | 5 | 0 | 35 | 0 |
| f) | other personal guarantees given in the interest of third parties | 6 | 0 | 36 | 0 |
| g) | guarantees secured by mortgages given for obligations of third parties subsidiary and affiliated companies | 7 | 0 | 37 | 0 |
| h) | guarantees secured by mortgages given for obligations of associated companies and other shareholdings | 8 | 0 | 38 | 0 |
| i) | guarantees secured by mortgages given for obligations of third parties | 9 | 0 | 39 | 0 |
| l) | guarantees given for obligations of the Company | 10 | 0 | 40 | 0 |
| m) | assets deposited for inward inward reinsurance | 11 | 0 | 41 | 0 |
| **Total** | | 12 | **0** | 42 | **12** |
| II. | Guarantees received: | | | | |
| a) | from Group companies, associates and other shareholdings | 13 | 0 | 43 | 0 |
| b) | from third parties | 14 | 4,228 | 44 | 4,288 |
| **Total** | | 15 | **4,228** | 45 | **4,288** |
| III. | Guarantees issued by third parties in the interest of the Company: | | | | |
| a) | from Group companies, associates and other shareholdings | 16 | 0 | 46 | 0 |
| b) | from third parties | 17 | 0 | 47 | 0 |
| **Total** | | 18 | **0** | 48 | **0** |
| IV. | Commitments: | | | | |
| a) | commitments for purchases with obligation of resale | 19 | 0 | 49 | 0 |
| b) | commitments for purchases with obligation of resale | 20 | 0 | 50 | 0 |
| c) | other commitments | 21 | 3,538,222 | 51 | 4,459,112 |
| **Total** | | 22 | **3,538,222** | 52 | **4,459,112** |

Company **SACE S.p.A.**

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## SCHEDULE OF COMMITMENTS FOR TRANSACTIONS ON DERIVATIVES

| Derivatives | | Financial | | | | 2011 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Purchase | | Sale | | Purchase | | Sale | |
| | | (1) | (2) | (1) | (2) | (1) | (2) | (1) | (2) |
| Futures: | on shares | 1 | 101 | 21 | 121 | 41 | 141 | 61 | 161 |
| | on bonds | 2 | 102 | 22 | 122 | 42 | 142 | 62 | 162 |
| | on currencies | 3 | 103 | 23 | 123 | 43 | 143 | 63 | 163 |
| | on rates | 4 | 104 | 24 | 124 | 44 | 144 | 64 | 164 |
| | other | 5 | 105 | 25 | 125 | 45 | 145 | 65 | 165 |
| Options: | on shares | 6 | 106 | 26 - | 126 | 46 | 146 | 66 2,460 | 166 -126 |
| | on bonds | 7 | 107 | 27 | 127 | 47 | 147 | 67 | 167 |
| | on currencies | 8 | 108 | 28 228,418 | 128 -958 | 48 | 148 | 68 1,008,764 | 168 -18,823 |
| | on rates | 9 | 109 | 29 | 129 | 49 | 149 | 69 | 169 |
| | other | 10 | 110 | 30 | 130 | 50 | 150 | 70 | 170 |
| Swaps: | on currencies | 11 | 111 | 31 | 131 | 51 | 151 | 71 | 171 |
| | on rates | 12 | 112 | 32 | 132 | 52 | 152 | 72 | 172 |
| | other | 13 | 113 | 33 | 133 | 53 | 153 | 73 | 173 |
| Other transactions | | 14 - | 114 | 34 | 134 | 54 162,300 | 154 99 | 74 | 174 |
| Total | | 15 - | 115 - | 35 228,418 | 135 -958 | 55 162,300 | 155 99 | 75 1,011,224 | 175 -18,949 |

Notes:

- Only transactions on derivatives existing at the date of the accounts that involve commitments for the Company must be stated. If the contract does not correspond precisely to the figures described or in the case in which it is characterised by elements of several types, it must be stated in the closest contractual category.

Offsetting of items is not permitted except in relation to purchase/sale transactions relating to the same type of contract (same content, expiry, underlying assets, etc.).

- The value to be assigned to derivative contracts that involve or may involve the exchange of capital at term is the settlement price of these; in all other cases, the nominal value of the reference capital must be indicated.
- Contracts that envisage the swapping of two currencies must be indicated once only, referring, by convention, to the currency to be purchased. Contracts that envisage interest rate and currency swaps must be indicated only under contracts on currency. Interest rate swap derivatives are classified conventionally as "purchases" or "sales" according to whether they involve the purchase or sale of the fixed rate for the insurance company.

(1) For derivative contracts that involve or may involve the exchange of capital at term is the settlement price of these; in all other cases, the nominal value of the reference capital must be indicated.
(2) Indicate the fair value of derivative contracts;

Company **SACE S.p.A.** Financial 2012

## SUMMARY INFORMATION RELATING TO THE TECHNICAL ACCOUNT OF NON-LIFE INSURANCE BUSINESS

| | Gross premiums: written | Gross premiums: for the year | Gross charge for claims | Management costs | Reinsurance balance |
|---|---|---|---|---|---|
| **Direct business:** | | | | | |
| Personal accident and Health (classes 1 and 2) | 1 | 2 | 3 | 4 | 5 |
| TPL land vehicles (class 10) | 6 | 7 | 8 | 9 | 10 |
| TPL land vehicles (class 3) | 11 | 12 | 13 | 14 | 15 |
| Marine, Aviation and Transport (classes 4, 5, 6, 7, 11 and 12) | 16 | 17 | 18 | 19 | 20 |
| Fire and other property damage(classes 8 and 9) | 21 | 22 | 23 | 24 | 25 |
| Non-motor TPL (class 13) | 26 | 27 | 28 | 29 | 30 |
| Personal accident and Health (classes 14 and 15) | 31 278,720 | 32 346,167 | 33 364,506 | 34 56,041 | 35 -1,709 |
| Sundry Pecuniary Losses (class 16) | 36 0 | 37 | 38 | 39 | 40 |
| Legal Fees (class 17) | 41 | 42 | 43 | 44 | 45 |
| Assistance (class 18) | 46 | 47 | 48 | 49 | 50 |
| **Total direct business** | 51 278,720 | 52 346,167 | 53 364,506 | 54 56,041 | 55 -1,709 |
| **Reinsurance business** | 56 19,325 | 57 7,251 | 58 1,498 | 59 1,572 | 60 |
| **Total Italian portfolio** | 61 298,045 | 62 353,418 | 63 366,004 | 64 57,613 | 65 -1,709 |
| **Foreign portfolio** | 66 1,270 | 67 477 | 68 98 | 69 103 | 70 |
| **Grand total** | 71 299,315 | 72 353,895 | 73 366,102 | 74 57,716 | 75 -1,709 |

Company **SACE S.p.A.** Financial 2012

## INVESTMENT INCOME (ITEM II.2 AND III.3)

| | | Non-life business | | Life business | | Total |
|---|---|---|---|---|---|---|
| **Income from shares and interests:** | | | | | | |
| Dividends and other income from shares and interests of Group companies and shareholdings | 1 | | 41 | | 81 | |
| Dividends and other income from shares and interests in other companies | 2 | 1,905 | 42 | | 82 | 1,905 |
| **Total** | 3 | 1,905 | 43 | | 83 | 1,905 |
| **Income from investments in land and buildings** | 4 | 798 | 44 | | 84 | 798 |
| **Income from other investments:** | | | | | | |
| Income from bonds of Group companies and shareholdings | 5 | | 45 | | 85 | |
| Interest on loans to group companies and shareholdings | 6 | 15,643 | 46 | | 86 | 15,643 |
| Income from shares in common investment funds | 7 | | 47 | | 87 | |
| Income from bonds and other fixed-income securities | 8 | 153,474 | 48 | | 88 | 153,474 |
| Interest on loans | 9 | 128 | 49 | | 89 | 128 |
| Income from shares in investment pools | 10 | 382 | 50 | | 90 | 382 |
| Interests on deposits with credit institutions | 11 | 21,537 | 51 | | 91 | 21,537 |
| Income from other financial investments | 12 | 16,130 | 52 | | 92 | 16,130 |
| Interest on deposits with ceding undertakings | 13 | | 53 | | 93 | |
| **Total** | 14 | 207,294 | 54 | | 94 | 207,294 |
| **Value re-adjustments on investments in:** | | | | | | |
| Land and buildings | 15 | | 55 | | 95 | |
| Shares and interests, Group companies and shareholdings | 16 | | 56 | | 96 | |
| Bonds issued by Group companies and shareholdings | 17 | | 57 | | 97 | |
| Other shares and interests | 18 | 22 | 58 | | 98 | 22 |
| Other bonds | 19 | 167,682 | 59 | | 99 | 167,682 |
| Other financial investments | 20 | 26,904 | 60 | | 100 | 26,904 |
| **Total** | 21 | 194,608 | 61 | | 101 | 194,608 |
| **Income from the disposal of investments:** | | | | | | |
| Gains on disposal of land and buildings | 22 | | 62 | | 102 | |
| Gains on shares and interests in Group companies and shareholdings | 23 | | 63 | | 103 | |
| Income from bonds issued by Group companies and shareholdings | 24 | | 64 | | 104 | |
| Gains on other shares and interests | 25 | 4,561 | 65 | | 105 | 4,561 |
| Gains on other bonds | 26 | 115,628 | 66 | | 106 | 115,628 |
| Gains on other financial investments | 27 | 524,314 | 67 | | 107 | 524,314 |
| **Total** | 28 | 644,504 | 68 | | 108 | 644,504 |
| **GRAND TOTAL** | 29 | 1,049,109 | 69 | | 109 | 1,049,109 |

Company **SACE S.p.A.** Financial 2012

## INVESTMENT MANAGEMENT AND FINANCIAL CHARGES (ITEMS II.9 AND III.5)

| | | Non-life business | | Life business | | Total |
|---|---|---|---|---|---|---|
| **Investment management charges and other charges** | | | | | | |
| Charges relating to shares and interests | 1 | 0 | 31 | 0 | 61 | 0 |
| Charges relating to investments in land and buildings | 2 | 1,008 | 32 | 0 | 62 | 1,008 |
| Charges relating to bonds | 3 | 89 | 33 | 0 | 63 | 89 |
| Charges relating to common investment funds | 4 | 0 | 34 | 0 | 64 | 0 |
| Charges relating to participation in investment pools | 5 | 0 | 35 | 0 | 65 | 0 |
| Charges relating to miscellaneous financial investments | 6 | 2,745 | 36 | 0 | 66 | 2,745 |
| Interest on deposits received from reinsurers | 7 | 0 | 37 | 0 | 67 | 0 |
| **Total** | 8 | 3,842 | 38 | 0 | 68 | 3,842 |
| **Value adjustments on investments referring to:** | | | | | | |
| Land and buildings | 9 | 0 | 39 | 0 | 69 | 0 |
| Shares and interests of Group companies and shareholdings | 10 | 21,277 | 40 | 0 | 70 | 21,277 |
| Bonds issued by Group companies and shareholdings | 11 | 0 | 41 | 0 | 71 | 0 |
| Other shares and interests | 12 | 108,628 | 42 | 0 | 72 | 108,628 |
| Other bonds | 13 | 9,626 | 43 | 0 | 73 | 9,626 |
| Other financial investments | 14 | 7,364 | 44 | 0 | 74 | 7,364 |
| **Total** | 15 | 146,895 | 45 | 0 | 75 | 146,895 |
| **Capital losses on disposal of investments** | | | | | | |
| Losses on the sale of land and buildings | 16 | 0 | 46 | 0 | 76 | 0 |
| Losses on other shares and interests | 17 | 0 | 47 | 0 | 77 | 0 |
| Losses on bonds | 18 | 16,716 | 48 | 0 | 78 | 16,716 |
| Losses from other financial investments | 19 | 471,893 | 49 | 0 | 79 | 471,893 |
| **Total** | 20 | 488,610 | 50 | 0 | 80 | 488,610 |
| **GRAND TOTAL** | 21 | 639,347 | 51 | 0 | 81 | 639,347 |

Company **SACE S.p.A.**

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## NON-LIFE BUSINESS - SUMMARY STATEMENT OF THE TECHNICAL ACCOUNTS BY INDIVIDUAL BRANCH – ITALIAN PORTFOLIO

| | | | Accounting class 01 Accident (name) | | Accounting class 02 Health (name) | | Accounting class 03 Hulls land vehicles (name) | | Accounting class 04 Hulls railway rolling stock (name) | | Accounting class 05 Hulls aircraft (name) | | Accounting class 06 Hulls marine, lake, river craft (name) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Direct business gross of reinsurance** | | | | | | | | | | | | | | |
| Premiums written | | + | 1 | 0 | 1 | 0 | 1 | 0 | 1 | 0 | 1 | 0 | 1 | 0 |
| Change in the provisions for unearned premiums (+ or -) | | - | 2 | 0 | 2 | 0 | 2 | 0 | 2 | 0 | 2 | 0 | 2 | 0 |
| Charges relating to claims | | - | 3 | 0 | 3 | 0 | 3 | 0 | 3 | 0 | 3 | 0 | 3 | 0 |
| Change in miscellaneous technical provisions (+ or -) (1) | | - | 4 | 0 | 4 | 0 | 4 | 0 | 4 | 0 | 4 | 0 | 4 | 0 |
| Balance of other technical items (+ or -) | | + | 5 | 0 | 5 | 0 | 5 | 0 | 5 | 0 | 5 | 0 | 5 | 0 |
| Operating expenses | | - | 6 | 0 | 6 | 0 | 6 | 0 | 6 | 0 | 6 | 0 | 6 | 0 |
| **Technical balance direct business (+ or -)** | **A** | | 7 | 0 | 7 | 0 | 7 | 0 | 7 | 0 | 7 | 0 | 7 | 0 |
| **Result of outward reinsurance (+ or -)** | | | 8 | 0 | 8 | 0 | 8 | 0 | 8 | 0 | 8 | 0 | 8 | 0 |
| **Net result of inward reinsurance (+ or -)** | **C** | | 9 | 0 | 9 | 0 | 9 | 0 | 9 | 0 | 9 | 0 | 9 | 0 |
| Change in the equalisation provision (+ or -) | | | 10 | 0 | 10 | 0 | 10 | 0 | 10 | 0 | 10 | 0 | 10 | 0 |
| Allocated investment return transferred from the non-technical account | | | 11 | 0 | 11 | 0 | 11 | 0 | 11 | 0 | 11 | 0 | 11 | 0 |
| **Result of the technical account (+ or -)** | **(A + B + C - D + E)** | | 12 | 0 | 12 | 0 | 12 | 0 | 12 | 0 | 12 | 0 | 12 | 0 |

| | | | Accounting class 07 Goods Transported (name) | | Accounting class 08 Fire and Natural Forces (name) | | Accounting class 09 Other Property Damage (name) | | Accounting class 10 Motor TPL (name) | | Accounting class 11 TPL aircraft (name) | | Accounting class 12 TPL Marine (name) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Direct business gross of reinsurance** | | | | | | | | | | | | | | |
| Premiums written | | + | 1 | 0 | 1 | 0 | 1 | 0 | 1 | 0 | 1 | 0 | 1 | 0 |
| Change in the provisions for unearned premiums (+ or -) | | - | 2 | 0 | 2 | 0 | 2 | 0 | 2 | 0 | 2 | 0 | 2 | 0 |
| Charges relating to claims | | - | 3 | 0 | 3 | 0 | 3 | 0 | 3 | 0 | 3 | 0 | 3 | 0 |
| Change in miscellaneous technical provisions (+ or -) (1) | | - | 4 | 0 | 4 | 0 | 4 | 0 | 4 | 0 | 4 | 0 | 4 | 0 |
| Balance of other technical items (+ or -) | | + | 5 | 0 | 5 | 0 | 5 | 0 | 5 | 0 | 5 | 0 | 5 | 0 |
| Operating expenses | | - | 6 | 0 | 6 | 0 | 6 | 0 | 6 | 0 | 6 | 0 | 6 | 0 |
| **Technical balance direct business (+ or -)** | **A** | | 7 | 0 | 7 | 0 | 7 | 0 | 7 | 0 | 7 | 0 | 7 | 0 |
| **Result of outward reinsurance (+ or -)** | **B** | | 8 | 0 | 8 | 0 | 8 | 0 | 8 | 0 | 8 | 0 | 8 | 0 |
| **Net result of inward reinsurance (+ or -)** | **C** | | 9 | 0 | 9 | 0 | 9 | 0 | 9 | 0 | 9 | 0 | 9 | 0 |
| Change in the equalisation provision (+ or -) | **D** | | 10 | 0 | 10 | 0 | 10 | 0 | 10 | 0 | 10 | 0 | 10 | 0 |
| Allocated investment return transferred from the non-technical account | **E** | | 11 | 0 | 11 | 0 | 11 | 0 | 11 | 0 | 11 | 0 | 11 | 0 |
| **Result of the technical account (+ or -)** | **(A + B + C - D + E)** | | 12 | 0 | 12 | 0 | 12 | 0 | 12 | 0 | 12 | 0 | 12 | 0 |

| | | | Accounting class 13 Non-motor TPL (name) | | Accounting class 14 Credit (name) | | Accounting class 15 Suretyship (name) | | Accounting class 16 Sundry Pecuniary Losses (name) | | Accounting class 17 Legal Fees (name) | | Accounting class 18 Assistance (name) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Direct business gross of reinsurance** | | | | | | | | | | | | | | |
| Premiums written | | + | 1 | 0 | 1 | -265,084 | 1 | -13,636 | 1 | 0 | 1 | 0 | 1 | 0 |
| Change in the provisions for unearned premiums (+ or -) | | - | 2 | 0 | 2 | -64,147 | 2 | -3,300 | 2 | 0 | 2 | 0 | 2 | 0 |
| Charges relating to claims | | - | 3 | 0 | 3 | 346,673 | 3 | 17,833 | 3 | 0 | 3 | 0 | 3 | 0 |
| Change in miscellaneous technical provisions (+ or -) (1) | | - | 4 | 0 | 4 | | 4 | | 4 | 0 | 4 | 0 | 4 | 0 |
| Balance of other technical items (+ or -) | | + | 5 | 0 | 5 | -812 | 5 | -42 | 5 | 0 | 5 | 0 | 5 | 0 |
| Operating expenses | | - | 6 | 0 | 6 | 53,300 | 6 | 2,742 | 6 | 0 | 6 | 0 | 6 | 0 |
| **Technical balance direct business (+ or -)** | **A** | | 7 | 0 | 7 | 69,929 | 7 | 3,597 | 7 | 0 | 7 | 0 | 7 | 0 |
| **Result of outward reinsurance (+ or -)** | **B** | | 8 | 0 | 8 | -1,709 | 8 | 0 | 8 | 0 | 8 | 0 | 8 | 0 |
| **Net result of inward reinsurance (+ or -)** | **C** | | 9 | 0 | 9 | -3,975 | 9 | -204 | 9 | 0 | 9 | 0 | 9 | 0 |
| Change in the equalisation provision (+ or -) | **D** | | 10 | 0 | 10 | -60,116 | 10 | -3,092 | 10 | 0 | 10 | 0 | 10 | 0 |
| Allocated investment return transferred from the non-technical account | **E** | | 11 | 0 | 11 | -112,810 | 11 | -5,803 | 11 | 0 | 11 | 0 | 11 | 0 |
| **Result of the technical account (+ or -)** | **(A + B + C - D + E)** | | 12 | 0 | 12 | -108,681 | 12 | -5,503 | 12 | 0 | 12 | 0 | 12 | 0 |

Company **SACE S.p.A.**

Financial 2012

## SUMMARY STATEMENT OF THE TECHNICAL ACCOUNT OF ALL THE NON-LIFE BRANCHES ITALIAN PORTFOLIO

| | | Risks of direct insurance | | | | Risks of indirect insurance | | | | Risks preserved | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Direct risks 1 | | Risks ceded 2 | | Risks assumed 3 | | Risks retroceded 4 | | Total 5 = 1 - 2 + 3 - 4 | |
| Premiums written | + | 1 | -278,720 | 11 | 223 | 21 | -19,325 | 31 | 0 | 41 | -297,821 |
| Change in the provisions for unearned premiums (+ or -) | - | 2 | -67,447 | 12 | -1,910 | 22 | 12,074 | 32 | 0 | 42 | -57,283 |
| Charges relating to claims | - | 3 | 364,506 | 13 | 0 | 23 | 1,498 | 33 | 0 | 43 | 366,004 |
| Change in miscellaneous technical provisions (+ or -) (1) | - | 4 | 0 | 14 | 0 | 24 | 0 | 34 | 0 | 44 | 0 |
| Balance of other technical items (+ or -) | + | 5 | -854 | 15 | 0 | 25 | 1 | 35 | 0 | 45 | -853 |
| Operating expenses | - | 6 | 56,041 | 16 | -22 | 26 | 1,572 | 36 | 0 | 46 | 57,591 |
| **Technical balance (+ or -)** | | 7 | 73,526 | 17 | -1,709 | 27 | -4,180 | 37 | 0 | 47 | 67,638 |
| Change in the equalisation provision (+ or -) | - | 8 | -63,208 | | | | | | | 48 | -63,208 |
| Allocated investment return transferred from the non-technical account | + | 9 | -118,612 | | | 29 | | | | 49 | -118,612 |
| **Result of the technical account (+ or -)** | | 10 | -108,295 | 20 | -1,709 | 30 | -4,180 | 40 | 0 | 50 | -114,183 |

(1) As well as including the change in other technical provisions this item also includes the change in the provision for premium refunds and profit sharing.

Company **SACE S.p.A.** Financial 2012

## SUMMARY SCHEDULE RELATING TO THE NON-LIFE AND LIFE TECHNICAL ACCOUNTS – FOREIGN PORTFOLIO

Section I: Non-life business

| | | | | Total lines of business |
|---|---|---|---|---|
| **Direct business gross of reinsurance** | | | | |
| Premiums written | | | 1 | |
| Change in the provisions for unearned premiums (+ or -) | | - | 2 | |
| Charges relating to claims | | - | 3 | |
| Change in miscellaneous technical provisions (+ or -) | | - | 4 | |
| Balance of other technical items (+ or -) | | | 5 | |
| Operating expenses | | - | 6 | |
| **Technical balance direct business (+ or -)** | **A** | | 7 | |
| **Result of outward reinsurance (+ or -)** | **B** | | 8 | |
| **Net result of inward reinsurance (+ or -)** | **C** | | 9 | -275 |
| Change in the equalisation provision (+ or -) | **D** | | 10 | -4,155 |
| Allocated investment return transferred from the non-technical account | **E** | | 11 | -7,796 |
| **Result of the technical account (+ or -)** | **(A + B + C - D + E)** | | 12 | **-12,225** |

Section I: Life business

| | | | | Total lines of business |
|---|---|---|---|---|
| **Direct business gross of reinsurance** | | | | |
| Premiums written | | + | 1 | 0 |
| Charges relating to claims | | - | 2 | 0 |
| Change in provisions for policy liabilities and in other technical provisions (+ or -) | | - | 3 | 0 |
| Balance of other technical items (+ or -) | | + | 4 | 0 |
| Operating expenses | | - | 5 | 0 |
| Income from investments net of the allocated investment return transferred to the non technical account (1) | | + | 6 | 0 |
| **Result of direct business gross of reinsurance (+ or -)** | **A** | | 7 | 0 |
| **Result of inward reinsurance (+ or -)** | **B** | | 8 | 0 |
| **Net result of inward reinsurance (+ or -)** | **C** | | 9 | 0 |
| **Result of the technical account (+ or -)** | **(A + B + C)** | | 10 | 0 |

(1) In addition to the change in "Other technical provisions", this item also includes the change in the "Provisions for profit-sharing and premium refunds"
(2) Sundry technical provisions include other technical provisions and technical provisions if the investment risk is borne by the policyholders and provisions relating to the administration of pension funds.
(3) Sum of the items relating to the foreign portfolio included under items II.2, II.3, II.9, II.10 and II.12 of profit and loss

Company **SACE S.p.A.** Financial 2012

## RELATIONSHIP WITH GROUP COMPANIES AND OTHER SHAREHOLDINGS

### I: Income

| | Controlling companies | Subsidiaries | Affiliated companies | Associated companies | Other | Total |
|---|---|---|---|---|---|---|
| **Investment income** | | | | | | |
| Income from land and buildings | 1 | 2 798 | 3 | 4 | 5 | 6 798 |
| Dividends and other income from shares and interests | 7 | 8 | 9 | 10 | 11 | 12 |
| Income from bonds | 13 | 14 | 15 | 16 | 17 | 18 |
| Interest on loans | 19 | 20 | 21 | 22 | 23 | 24 |
| Income from other financial investments | 25 | 26 15,643 | 27 | 28 | 29 | 30 15,643 |
| Interest on deposits with ceding undertakings | 31 | 32 3 | 33 | 34 | 35 | 36 3 |
| **Total** | 37 | 38 16,444 | 39 | 40 | 41 | 42 16,444 |
| **Income and unrealised gains on investments for the benefit of policyholders who bear the investment risk and relating to the administration of pension funds** | 43 | 44 | 45 | 46 | 47 | 48 |
| **Other income** | | | | | | |
| Interest on receivables | 49 | 50 | 51 | 52 | 53 | 54 |
| Refunds of administrative expenses and charges | 55 | 56 | 57 | 58 | 59 | 60 |
| Other income and refunds | 61 | 62 3,635 | 63 | 64 | 65 | 66 3,635 |
| **Total** | 67 | 68 3,635 | 69 | 70 | 71 | 72 3,635 |
| **Income from the disposal of investments (*)** | 73 | 74 | 75 | 76 | 77 | 78 |
| **Extraordinary income** | 79 | 80 179 | 81 | 82 | 83 | 84 179 |
| **GRAND TOTAL** | 85 | 86 20,258 | 87 | 88 | 89 | 90 20,258 |

### II: Charges

| | Controlling companies | Subsidiaries | Affiliated companies | Associated companies | Other | Total |
|---|---|---|---|---|---|---|
| **Investment management charges and interest expense:** | | | | | | |
| Charges relating to investments | 91 | 92 | 93 | 94 | 95 | 96 |
| Interest on subordinated liabilities | 97 | 98 | 99 | 100 | 101 | 102 |
| Interest on deposits received from reinsurers | 103 | 104 | 105 | 106 | 107 | 108 |
| Interest on liabilities from direct insurance business | 109 | 110 | 111 | 112 | 113 | 114 |
| Interest on liabilities from reinsurance operations | 115 | 116 | 117 | 118 | 119 | 120 |
| Interest on debts towards banks and financial institutions | 121 | 122 | 123 | 124 | 125 | 126 |
| Interest on mortgages | 127 | 128 | 129 | 130 | 131 | 132 |
| Interest on other debts | 133 | 134 | 135 | 136 | 137 | 138 |
| Losses on receivables | 139 | 140 | 141 | 142 | 143 | 144 |
| Administrative charges and charges for third parties | 145 | 146 | 147 | 148 | 149 | 150 |
| Other financial charges | 151 | 152 | 153 | 154 | 155 | 156 |
| **Total** | 157 | 158 | 159 | 160 | 161 | 162 |
| **Expenses and unrealised losses on investments for the benefit of policyholders who bear the risk and those deriving from the administration of pension funds** | 163 | 164 | 165 | 166 | 167 | 168 |
| **Losses on the disposal of investments (*)** | 169 | 170 | 171 | 172 | 173 | 174 |
| **Extraordinary charges** | 175 | 176 | 177 | 178 | 179 | 180 |
| **GRAND TOTAL** | 181 | 182 | 183 | 184 | 185 | 186 |

(*) With reference to the counterparty to the transaction.

Company **SACE S.p.A.** Financial 2012

## SUMMARY STATEMENT OF PREMIUMS WRITTEN FOR DIRECT BUSINESS

| | Non-life business | | Life business | | Total | |
|---|---|---|---|---|---|---|
| | Establishment | F.P.S. | Establishment | F.P.S. | Establishment | F.P.S. |
| **Premiums written:** | | | | | | |
| in Italy | 1 278,720 | 5 0 | 11 0 | 15 0 | 21 278,720 | 25 0 |
| in other countries of the European Union | 2 0 | 6 0 | 12 0 | 16 0 | 22 0 | 26 0 |
| in non-EU Countries | 3 0 | 7 0 | 13 0 | 17 0 | 23 0 | 27 0 |
| **Total** | 4 278,720 | 0 | 14 0 | 18 0 | 24 278,720 | 28 0 |

Company **SACE S.p.A.** Financial 2012

## STATEMENT OF EXPENSES REFERRING TO PERSONNEL, DIRECTORS AND STATUTORY AUDITORS

### I: Expenses for personnel

| | | Non-life business | | Life business | | Total |
|---|---|---|---|---|---|---|
| **Expenses arising out of self employment:** | | | | | | |
| Italian portfolio: | | | | | | |
| - Wages and salaries | 1 | 27,459 | 31 | 0 | 61 | 27,459 |
| - Social security contributions | 2 | 7,023 | 32 | 0 | 62 | 7,023 |
| - Allocation to the provisions for employee termination indemnities and similar obligations | 3 | 2,033 | 33 | 0 | 63 | 2,033 |
| - Sundry personnel expenses | 4 | 8,610 | 34 | 0 | 64 | 8,610 |
| **Total** | 5 | 45,125 | 35 | 0 | 65 | 45,125 |
| Foreign portfolio: | | | | | | |
| - Wages and salaries | 6 | 1,815 | 36 | 0 | 66 | 1,815 |
| - Social security contributions | 7 | 464 | 37 | 0 | 67 | 464 |
| - Sundry personnel expenses | 8 | 569 | 38 | 0 | 68 | 569 |
| **Total** | 9 | 2,848 | 39 | 0 | 69 | 2,848 |
| **Grand Total** | 10 | 47,974 | 40 | 0 | 70 | 47,974 |
| **Expenses arising out of self employment:** | | | | | | |
| Total Italian portfolio | 11 | 1,880 | 41 | 0 | 71 | 1,880 |
| Foreign portfolio | 12 | 124 | 42 | 0 | 72 | 124 |
| **Total** | 13 | 2,004 | 43 | 0 | 73 | 2,004 |
| **Total expenses for personnel** | 14 | 49,978 | 44 | 0 | 74 | 49,978 |

### II: Description of the item

| | | Non-life business | | Life business | | Total |
|---|---|---|---|---|---|---|
| Investment management charges | 15 | 930 | 45 | 0 | 75 | 930 |
| Charges relating to claims | 16 | 2,132 | 46 | 0 | 76 | 2,132 |
| Other acquisition costs | 17 | 9,961 | 47 | 0 | 77 | 9,961 |
| Other acquisition costs | 18 | 36,955 | 48 | 0 | 78 | 36,955 |
| Administrative costs and expenses on behalf of third parties | 19 | 0 | 49 | 0 | 79 | 0 |
| | 20 | 0 | 50 | 0 | 80 | 0 |
| **Total** | 21 | 49,978 | 51 | 0 | 81 | 49,978 |

### III: Average number of personnel during the year

| | | Number |
|---|---|---|
| Managers | 91 | 25 |
| White collar | 92 | 418 |
| Workers Blue collar | 93 | 0 |
| Others | 94 | 0 |
| **Total** | 95 | 443 |

### IV Directors and statutory auditors

| | | Number | | Fees |
|---|---|---|---|---|
| Directors | 96 | 5 | 98 | 640 |
| Statutory Auditors | 97 | 3 | 99 | 55 |

**SACE S.p.A.**

I, the undersigned, declare that these financial statements comply with the truth and the accounting records.

The legal representatives of the company

Alessandro Castellano

The Statutory Auditors

Marcello Cosconati

Guido Marchese

Leonardo Quagliata

Space reserved for the stamp of the registry office.

# CERTIFICATION OF THE FINANCIAL STATEMENTS PURSUANT TO ARTICLE 13, PARA. 10.8 OF THE CORPORATE BYLAWS OF SACE S.p.A.

We the undersigned, Alessandro Castellano, in my capacity as CEO and Roberto Taricco, in my capacity as executive officer responsible for preparing the corporate accounts of Sace S.p.A., hereby certify:

- the adequacy in relation to the characteristics of the company and
- the effective application

of the administrative and accounting procedures used to prepare the financial statements for the year ended at 31.12.12.

The adequacy of the administrative and accounting procedures used to prepare the financial statements for the year ended at 31 December 2012 was assessed on the basis of a process defined by SACE in accordance with generally recognised international standards.

We hereby also certify that:

- the financial statements at 31 December 2012:
  - correspond to the results of company records and accounting entries;
  - were drawn up in accordance with article 6, para. 22 of Legislative Decree 269/2003, the applicable provisions of Legislative Decree 209 of 7 September 2005, Legislative Decree 173 of 26 May 1997 (with regard to the provisions governing the annual and consolidated accounts of insurance companies) and that to the best of our knowledge they give a true and fair view of the state of affairs, the financial standing and the operating result of the company.
- the report on operations includes a fair review of the operating performance and result and the situation of the company and a description of the main risks and uncertainties to which it is exposed.

*Rome, 12 March 2013*

Alessandro Castellano
**CEO**

Roberto Taricco
**Executive Officer**

# REPORT
# OF THE BOARD OF STATUTORY AUDITORS

# REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2012

Dear Shareholders,

This report is prepared by the Board of Statutory Auditors pursuant to Article 2429, section two, of the Italian Civil Code.

In the year ended 31 December 2012 we carried out our duties in accordance with Art. 2403 of the Italian Civil Code and in compliance with the Principles of Conduct of the Board of Statutory Auditors, recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (Italian board of certified public accountants).

We would first like to make note that: (i) on 9 November 2012 Cassa Depositi e Prestiti S.p.A. purchased the entire share capital of SACE S.p.A. from the Italian Ministry of the Economy and Finance, having exercised its option to purchase under art. 23-bis of Decree Law No. 95 of 6 July 2012, converted by Law No. 135 of 7 August 2012; (ii) at the end of the year the share capital amounted to €4,340,053,892, consisting of 1,000,000 shares with a par value of €4,340.05; (iii) SACE S.p.A. does not own any treasury shares or shares of the parent company.

The draft financial statements for the year ended at 31 December 2012 were provided to us by the Board of Directors of SACE S.p.A on 12 March 2013, together with the relative detailed statements and annexes and their report on operations, in accordance with the requirements of company law and legislation governing SACE S.p.A.'s specific area of business.

We were not called upon to perform statutory auditing and therefore, during the period of reference, we acted in an entirely supervisory capacity. Thus, in line with current legislation and best practice, this report consists of a single section, in view of the fact that the statutory audit is the exclusive responsibility of the independent auditors appointed for that purpose, namely PricewaterhouseCoopers S.p.A.

In 2012 we held 7 meetings, producing records of these in specific minutes that were provided to senior management, we attended all the meetings of the corporate bodies and received information about operations and the most significant transactions without delay from the Board of Directors, company managers and the other supervisory bodies, and are satisfied that all operations approved and implemented comply with the law and the corporate bylaws, do not contradict previous decisions and are in line with the principles of correct administration, and we can reasonably state that they are consistent with the size of the company and its assets.

The resolutions of the Board of Directors were always preceded by adequate analyses and clearly grounded, enabling us to exclude any plainly rash or risky decisions or potentially involving conflicts of interest.

We fostered and gathered an adequate flow of information concerning aspects of corporate life as provided by the explanations, clarifications and details supplied, also pursuant to article 2381 of the Italian Civil Code, by the Managing Director and the heads of the specific departments.

The operating result was consistent with the business plan defined by the Board of Directors and the latter periodically provided information about any differences, preparing adequate reports.

We did not note any extraordinary or unusual transactions with respect to the "characteristics" of the corporate purpose.

We monitored the adequacy of the company's organisational structure, also by gathering information from the

respective department managers, examining the work of the Independent Auditors and with meetings with the Boards of Statutory Auditors of the SACE BT S.p.A. and SACE Fct S.p.A. subsidiaries; this showed the organisational and accounting structure to be in line with the company's needs and to be backed by efficient corporate procedures.
We worked in collaboration with the internal auditing department, which also gave rise to detailed analyses and flows of information concerning the effectiveness of corrections that had been proposed and actually implemented.
The information received from the Supervisory Committee on the adequacy of the organisation, management and control model, pursuant to Legislative Decree 231 of 2001, confirmed that there were no signs of weakness in the procedures adopted by the company.
Functions are well distributed within the Board of Directors and in line with the mandates conferred.
In that respect we pressed for and extended our supervisory activities to include the effective separation of responsibilities as regards the various tasks and functions.
The independent auditors, PricewaterhouseCoopers S.p.A., did not report any irregularities in the recording and disclosure of corporate facts nor, as far as the financial statements are concerned, any discrepancies with respect to the accounting standards and valuation criteria adopted in previous years, thus confirming the compliance of those used in order to give a true and fair view of the company's assets, liabilities, costs and revenues for the year 2012.
We noted that in their report, the independent auditors certify that the financial statements for the year ended at 31 December 2012 were drawn up clearly and provide a true and fair view of the state of affairs, financial standing, operating result, changes in shareholders' equity and cash flows of SACE S.p.A.
We supervised the general approach of the financial statements, their overall compliance with the law in terms of their layout and structure; we also verified compliance with the law concerning the preparation of the report on operations.
We did not receive any petitions or complaints pursuant to article 2408 of the Italian Civil Code.

*****

Based on the above, we have no reservations concerning the approval of the financial statements as prepared by the Board of Directors or their proposal to allocate the net profit amounting to €255,105,755, as follows:

- €12,755,288 to the Legal Reserve, equal to 5% of the net profit;
- €8,300,486 to the Other Reserves;
- €234,049,981 according to resolutions to be passed by the shareholders' meeting.

**Rome, 28 March 2013**

**The Statutory Auditors**

Mr. Marcello Cosconati (Chairman)

Mr. Leonardo Quagliata (Standing Auditor)

Mr. Guido Marchese (Standing Auditor)

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**AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010**

To the Shareholder of
SACE SpA – Servizi Assicurativi del Commercio Estero

**FINANCIAL STATEMENTS AS OF 31 DECEMBER 2012**

1 We have audited the separate financial statements of SACE SpA – Servizi Assicurativi del Commercio Estero as at 31 December 2012. The directors of SACE SpA – Servizi Assicurativi del Commercio Estero are responsible for the preparation of these financial statements in compliance with the laws governing the criteria for their preparation. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the standards on auditing issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by CONSOB, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For performing our engagement we were supported by the actuary-auditor who set out his opinion about the sufficiency of the technical reserves recorded in the balance sheet liabilities of SACE SpA – Servizi Assicurativi del Commercio Estero through his report hereto attached.

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 13 April 2012.

3 In our opinion, the separate financial statements of SACE SpA – Servizi Assicurativi del Commercio Estero as of 31 December 2012 comply with the laws governing the criteria for their preparation; accordingly, they have been prepared clearly and give a true and fair view of the financial position and of the results of operations of the Company.

4 The directors of SACE SpA – Servizi Assicurativi del Commercio Estero are responsible for the preparation of a report on operations in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Italian Accounting Profession

***PricewaterhouseCoopers SpA***

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.812.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - **Bologna** Zola Predosa 40069 Via Tevere 18 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Dante 7 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel.0458263001

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and recommended by CONSOB. In our opinion the report on operations is consistent with the separate financial statements of SACE SpA – Servizi Assicurativi del Commercio Estero as of 31 December 2012.

Rome, 27 March 2013

PricewaterhouseCoopers SpA

**Signed by**

Antonio Dogliotti
(Partner)

***This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.***

ACRA

PRESIDENTE
Prof. Paolo De Angelis

SOCI
Dott. Paolo Nicoli
Dott. Fabio Baione
Dott. Andrea Fortunati

PARTNERS
Dott. Eraldo Antonini
Dott. Francesco Maria Matricardi
Dott.ssa Susanna Levantesi
Prof. Massimiliano Menzietti

*To the auditors*
PRICEWATERHOUSECOOPERS S.P.A.
*Largo Angelo Fochetti, 29*
*00154 Roma*

Rome, March 23[th] 2013

OBJECT: SACE S.P.A.
*Financial Statements as at and for the year ended* December 31[st] 2012

In accordance with my engagement, I have carried out an actuarial audit of the captions relating to the technical reserves included in the balance sheet liabilities of the financial statements of SACE S.p.A as at and for the year ended December 31[st] 2012, in order to express my opinion on the adequacy of the above technical reserves.

In particular I declare that SACE S.p.A. in calculating technical reserves as at December 31[st] 2012 has adopted:

- market-consistent models for risk credit reserves, and
- market-consistent parameters estimation.

In my opinion the technical reserves of SACE S.p.A. as at December 31[st] 2012 - taken as a whole - are adequate to describe the value of Company liabilities.

The Actuary

Signed by

(Prof. Paolo De Angelis)

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ORDINE NAZIONALE ATTUARI
N° 544
ATTUARIO

"This report has been translated from the original issued according with Italian rules".

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# CONSOLIDATED FINANCIAL STATEMENTS 2012

Meeting of the Board of Directors of 12 March 2013

**SACE S.p.A.**

Registered Office and Head Office in Rome

Share capital (fully paid in) €4,340,053,892

Tax No. and Rome Companies Register

No. 05804521002 – R.E.A. 923591

Sole Shareholder Cassa Depositi e Prestiti S.p.A.

# COMPANY OFFICERS AND BOARDS

## BOARD OF DIRECTORS

**Chairman**

Giovanni CASTELLANETA

**CEO (*)**

Alessandro CASTELLANO

**Directors**

Ludovico Maria GILBERTI
Carlo MONTICELLI
Gianmaria SPARMA

## BOARD OF STATUTORY AUDITORS

**Chairman**

Marcello COSCONATI

*Standing Auditors* — Guido MARCHESE
Leonardo QUAGLIATA

*Alternate Auditors* — Carlo PONTESILLI
Alessandra D'ONOFRIO

**Standing delegate of the Court of Auditors**

Antonio FRITTELLA

**External Auditors (**)**

PRICEWATERHOUSECOOPERS S.p.A.

Company boards appointed by the shareholders' meeting of 24 June 2010 and in office for three years
(*) Appointed CEO by resolution of the board of directors on 6 July 2010
(**) Appointed for the three-year period 2010 - 2012 by the shareholder's meeting of 15 June 2010

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# DIRECTORS' REPORT

# 1. THE ECONOMIC SCENARIO

**The global economy**

2012 was a problematic year for the global economy. After a turbulent first half, the second half of the year showed tentative signs of recovery, which however was unable to prevent growth from remaining below that of the previous year. Global GDP at purchasing power parity increased by 3.2% during the year (+3.8% in 2011). The critical area was the Euro zone. The restoration of market confidence brought about at the start of the year by virtue of the long-term refinancing operations (LTRO) of the ECB suffered a setback due to new tensions in the "peripheral" economies of the area: namely Greece, which also suffered political uncertainty in addition to economic weakness, and in Spain with the crisis in the banking sector. There were additional increases in spreads between government bond yields, in particular for Italy and Spain, which were affected amongst other things by doubts over the ability of governments to implement the necessary reforms.

In the second half of the year there was an increase in global performance thanks to economic policy measures introduced by the United States and the Euro zone. The measures taken by the governments of the Monetary Union brought about financial stabilisation, with positive effects on markets and on reducing spreads of government bonds of "peripheral" European countries.

The downturn occurred not only in advanced countries but also in emerging economies, creating an increasingly variegated playing field geographically.

Eastern Europe and Central Asia were the areas most hit by the contraction under way in the Euro area; this was especially the case for the Balkan countries where declining exports to traditional Western European markets went hand in hand with a significant reduction in incoming capital and the deleveraging of banks, especially those controlled by parent companies in the Euro zone. Russia, which continues to be by far the main foreign country in terms of exposure for SACE, registered a fall in the growth rate of GDP to 3.6%; however, given the fact that petrol prices remain fixed at around 100 dollars a barrel, this does not seem to be of particular concern in the short-term either from an economic point of view or, consequently, from a political one. Turkey, which confirms its role as key player in the area both from an economic and a political standpoint, was able to obtain the "investment grade" rating by markedly improving its trade balance, driven by the fall in imports and the increase in export flows – including substantial exports of gold to Iran; the main risks for the country depend on the situation at its borders and in particular the civil war in Syria.

The evolution of the Arab Spring in North Africa continues to raise worrying questions and over the course of the year all the countries of the south coast of the Mediterranean saw an increase in the perception of political risk. While social tensions persist in the countries of the Persian Gulf, they seem to have been kept under control, also thanks to the help of petrol revenue; Iran continues to suffer from the ongoing embargo, with significant impacts on growth and exchange-rate stability. From an economic point of view, the area shows a traditional dichotomy between oil importer and exporter countries, with the latter decidedly favoured in the current international economy. The recession in Europe, the fall in flows of tourists and the diminishing flows of investment from abroad have on the other hand significantly slowed down growth in oil importer countries, especially Egypt and Tunisia, where the combination of the economic crisis and social tensions makes the situation increasingly difficult to manage for the governments in office.

The area which shows the most positive performance continues to be South and East Asia. China has impressive rates of growth, although an increase in GDP to 8% for a country which over the last thirty years has been used to rates of over 10% may cause some concerns. This is not the case for the other economic giant of the area, India, which suffered a significant slowdown in the growth rate of GDP, which fell from 7.9% to 4.5%. Although a bad monsoon is nobody's fault, the mix of corruption scandals, blackouts due to an inadequate infrastructural network, a public deficit of almost 10% and inflationary tensions indicate that the country can no longer put off implementing a series of structural reforms if it wants to continue to maintain growth rates in line with the past.

In the meantime the ASEAN area continues along its path of development, driven by internal demand sustained by the expansive fiscal and monetary policies of the main economies in the area (Indonesia, Malaysia and the Philippines).

Sub-Saharan Africa continues to show positive economic trends, despite the notable slowdown in its main economy, South Africa, which in 2012 recorded a slowdown in the growth rate of GDP caused by strong commercial links with Europe and lower margins of manoeuvre for the Budget; social tensions related to clashes seen in several mining districts of the country brought to light several weak points in the continent's main economy: the party in power since the end of Apartheid, the ANC, has so far been unable to lead South Africa towards inclusive economic growth, capable of absorbing the high rates of youth unemployment and making the distribution of income less unfair.

In 2012 Latin America reported a rather low level of economic growth, making the area the least dynamic emerging region after Eastern Europe. The most important economy in the area, Brazil, was responsible for slowing down the continent's overall rate of growth; the term stagflation may seem excessive, but the key concern remains of an economy with investment rates which are too low and poor infrastructure, where inflationary tendencies appear as soon as GDP begins to grow at more than 3-4%. In the other major economy of the area, Mexico, the winning combination of a slow fresh start for the USA, growth in labour costs in China and an increase in the costs of transporting goods due to the price of petrol, are making the country's manufacturing economy competitive once again.

**Italian scenario**

There was negative growth in Italian GDP (-2.2%), marking the second recession in our country since the start of the financial crisis. Internal demand fell even further than that of 2011 and was adversely affected in particular by the drop in consumption and private investment. The only positive contribution to growth came from net exports, despite the slowdown in global demand. In 2012, industrial production fell by 6.7%. This development is the result of extremely negative performance by intermediate goods and a less marked slowdown for capital goods and consumables. The downturn in production has been a feature of all sectors, especially those which are sources of demand for credit insurance coverage. The weak Italian economy resulted in a persistent lack of confidence among families and businesses. In 2012, the number of new companies established fell to its lowest level in eight years. Bank loans to non-financial companies decreased by 3.3% due to the fall in supply and very high borrowing costs. According to the ECB's Bank Lending Survey, the lending terms for SMEs applied by Italian banks were among the most unfavourable in the whole of the Euro zone. The recession has also produced an increase in overdue debts due from businesses to banks to €83.5 billion (€70.2 billion in 2011). Bankruptcies also increased, reaching a total of

12,463 (+2% compared with 2011). This had a negative effect on the frequency and severity of claims received by credit insurance companies operating in Italy. Insolvency proceedings and liquidations increased, involving 1,500 and 45 thousand companies respectively between January and September 2012.

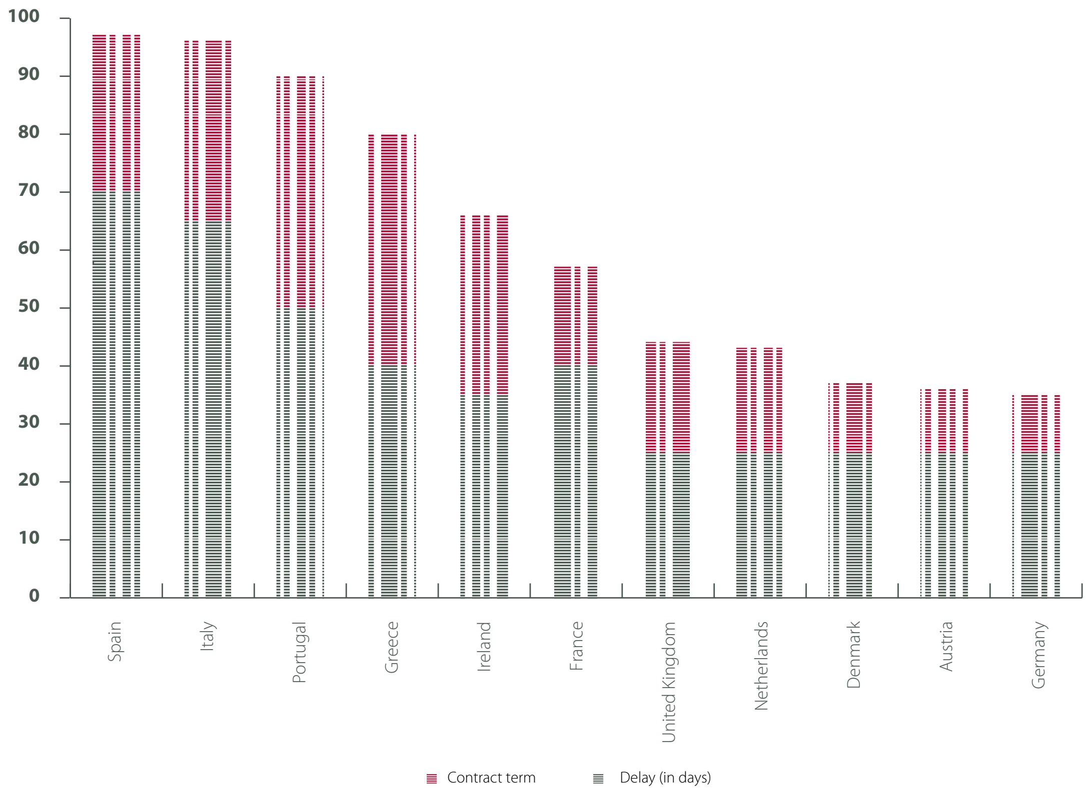
**Italian exports**

In 2012, net exports provided the only positive contribution to Italian GDP. The trade balance, supported by the substantial surplus of non-energy products (+74 billion), reached 11 billion. This surplus was achieved against the background of annual growth of 3.7% in exports and decline of 5.7% in imports. The most dynamic countries were Japan (+19.1%), the United States (+16.8%) and Switzerland (+10.8%). Sales fell to India (-10.3%), China (-9.9%) and Spain (-8.1%). Among manufactured products, those which reported significant growth abroad were refined petroleum products (+21.8%), pharmaceutical and chemical products (+12.5%) and food and beverages (+6.7%). The crisis sped up the process of transformation for international trade, leading to new important players on the emerging markets, while competition from Germany remained strong. Changes also took place at company level. Several companies sought new ways of going abroad, for example by entering global chains of production (Global Value Chain; GVC) or by joining business networks. SACE forecasts show that Italian exports of goods will grow by 7.2% in 2013, confirming the full recovery of pre-crisis levels already seen in 2011. Sales will be less dynamic to more traditional destinations to the benefit of emerging economies.

**Access to credit and delays in payments**

Increasingly restrictive conditions for accessing credit and growing liquidity needs of businesses also continued to have a positive impact on demand for factoring in 2012. Indeed, according to Assifact estimates, sector turnover actually increased by 4.2% (+22% in 2011). A positive result, despite the slowdown, considering the record level achieved in 2011, a year in which many banks concentrated their resources in their factoring companies. By contrast, total outstanding residual loans exceeded €56.8 billion, with an increase of 0.9%, a figure in line with the trend in turnover. Despite increasing slightly, average actual interest rates for factoring were lower in 2012 than those of other financial instruments, indicating less risk for the product than traditional short-term bank credit. The financial difficulties of businesses are also corroborated by the figures on delays on payments. In Italy 70% of companies suffer from liquidity problems due to these delays. According to the 2012 European Payment Index, in Italy the delay in payment of invoices by the public sector was stable at 90 in 2012, with an average delay of 180 days. This is due not only to liquidity shortages but also the difficulties faced by the public sector in managing its accounts payable. The new European directive on delays in payments transposed into Italian law at the end of 2012 will ensure greater transparency and certainty regarding terms of payment between businesses and the public sector.

**Graph 1: Days taken for payment between businesses in several European countries (2012)**




## Payments and recovery of claims

Payments between businesses were settled, on average, in around 96 days, with an average delay of 31 days. The percentage of companies which settle invoices over two months later than the agreed due dates continued to be particularly high (around 6.2% of total businesses). The growing trend of bills protested to Italian companies continued, having now exceeded the levels reached with the 2009 recession. Sixty-seven thousand companies dishonoured a bill, amounting to a total number of protested bills of approximately €684 million. The credit recovery business inevitably continued to be affected by the difficult situation of Italian businesses. The increase in claims reported by SACE BT in the credit business resulted in a marked increase in the number of mandates granted to SACE SRV. The negative trends already observed over the year were confirmed in terms of a general reduction in the recovery rate (estimated at 23.8% compared with 24.1% in 2011)  An important change introduced in 2012 was the petition for composition with creditors with minimum application, introduced by Decree Law 83/2012 and inspired by the Chapter 11 procedure adopted in the United States. This procedure arose in order to allow the company in crisis (and not yet insolvent) to receive help in advance aimed at boosting actions taken to turn around the company which safeguard the continuity of production values, facilitating the support of the banking sector and at the same time ensuring that relations are maintained with strategic suppliers for the survival of the business. However, the term for the suspension, which can be up to 4 months before the decision to wind up or prosecute, may generate excessive uncertainty.

# 2. STRATEGY

In 2012, SACE carried out its business in a progressively worsening macroeconomic environment, due to the deterioration of the economic and financial conditions of the peripheral countries of the Euro area, the fall in the imports of advanced economies and the ongoing difficulties of financial intermediaries in providing liquidity above all for medium-to-long-term transactions in dollars.

In this context, SACE was nonetheless able to reaffirm the targets of the Business Plan thanks to the strengthening of the collaboration with Cassa Depositi e Prestiti as part of the Export Banca programme, and with the European Investment Bank to support infrastructural projects and SMEs.

Also in 2012 the customer focus strategy adopted over the last few years continued by increasing the group's presence both in Italy (with the opening of the Brescia office and the SACE Points of Ancona and Pescara) and internationally (with the opening of the Mumbai office), upgrading offices which are already fully operational and creating a specific commercial department to foster operational coordination.

Business support measures also involved targeted initiatives such as the "Reacting to crises" programme and the supply of insurance and financial products for small and medium enterprises ("No-Stop SMEs"), in collaboration with the subsidiaries.

In 2013 SACE will continue to implement the guidelines of the 2011-2013 Business Plan against a macroeconomic background with improved opportunities especially in the second part of the year, despite the persistence of particularly high levels of uncertainty and volatility.  The transfer of ownership of SACE to Cassa Depositi e Prestiti completed at the end of 2012 will also make it possible to implement additional industrial synergies to support the country and, in particular, Italian exports.

SACE BT is mainly active in the credit insurance, surety and construction risk business and was affected by the difficult economic conditions which arose in 2012. The rise in insolvencies had significant impacts on the company's operating result. To face the worsening economic situation, SACE BT has adopted even more prudent contract acquisition, pricing and management policies. The subsidiary SACE SRV, active in acquiring informative files useful for counterparty risk evaluations, in the credit recovery business and in economic analyses and research on Italy and advanced countries, continued its captive role and also began to offer its services to the foreign market.

2012 was the third full year of operation for SACE Fct, the factoring company. The business of the company focused on offering the market factoring products for public sector and private company debtors, with standard factoring and reverse factoring solutions.  Over the course of the year important collaborations were entered into with leading credit and factoring institutions for pooling operations, agreements with trade associations were signed and the distribution partnership with Poste Italiane was strengthened. In 2012, SACE Fct completed its registration with the Special List under Art. 107 of the Consolidated Banking Law (TUB).

# 3. CONSOLIDATED NET PROFIT

The main highlights of 2012 operating performance are set forth below.

| *(in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| *Gross premiums* | *380,124* | *442,292* |
| *Change in technical provisions* | *91,338* | *(99,467)* |
| *Outward reinsurance premiums for the year* | *(34,738)* | *(42,293)* |
| **Net premium income** | 436,724 | 300,533 |
| Net claims incurred | 458,570 | (46,019) |
| Operating expenses: | 100,718 | 97,186 |
| *Commissions and other acquisition expenses* | *33,724* | *32,126* |
| *Investment management charges* | *3,896* | *5,426* |
| *Other administrative expenses* | *63,098* | *59,634* |
| Income and expense on financial instruments at fair value through profit or loss | 28,974 | (572,503) |
| Income from other financial instruments and investment property | 123,448 | 209,792 |
| Income from other financial instruments and investment property | 23,382 | 5,810 |
| Other income | 463,580 | 509,596 |
| Other costs | 199,518 | 179,194 |
| **Pre-tax profit** | **270,538** | **211,247** |
| Taxes | (102,605) | (71,727) |
| **Net income** | **167,933** | **139,520** |

Group interest in the net profit for the year amounted to €167.9 million. The components that contributed to determining the result for the period are set forth below:

- at € 380.1 million, there was a y/y decrease in gross premiums (€442.3 million in 2011).
- net charges for claims totalled €458.6 million and are the result of claims paid amounting to €237.9 million, the change in the provision for claims outstanding and other technical provisions amounting to €334.8 million and the upswing in refunds amounting to €114.1 million;
- operating expenses amounted to €100.7 million;
- non-technical management had a positive result of €393.1 million.

# 4. INSURANCE OPERATIONS

## Premiums

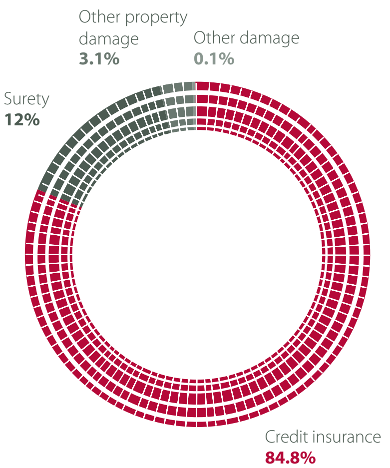
In 2012, gross premiums stood at €380.1 million, of which €359.1 million from direct business and €21.0 million from inward reinsurance. The y/y reduction in premiums was approx. 14%.

### Breakdown of premiums

| *(in € thousand)* | 2012 | 2011 | Change compared to 2011 |
|---|---|---|---|
| **Business** | | | |
| Non-life (direct business) | 359,090 | 431,393 | -17% |
| *Credit insurance* | *304,469* | *352,028* | *-14%* |
| *Surety* | *43,087* | *65,143* | *-34%* |
| *Other property damage* | *11,099* | *13,673* | *-19%* |
| *Non-motor TPL* | *249* | *309* | *-19%* |
| *Fire* | *140* | *176* | *-20%* |
| *Accident* | *46* | *64* | *-28%* |
| *Health* | *0* | *0* | *Ns* |
| Life (direct business) | 0 | 0 | Ns |
| Total Direct Business | 359,090 | 431,393 | -17% |
| Total Indirect Business | 21,035 | 10,899 | 93% |
| **Total** | **380,124** | **442,292** | **-14%** |

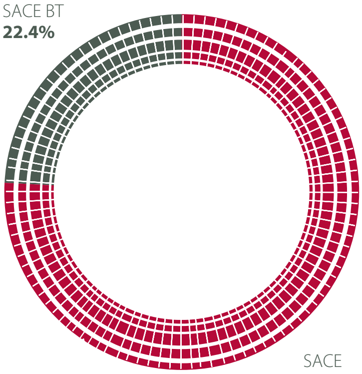
In terms of the ratio of the individual classes of business to gross premiums from direct business, 84.8% of the premiums stemmed from credit insurance, 12.0% from surety bond insurance and 3.1% from other property damage.

### Details of premiums by class (direct business)




Of gross premiums from direct business, 77.6% refer to SACE while the remaining 22.4% refer to SACE BT.

**Details of premiums (direct business)**




**Claims and recoveries**

Claims paid by SACE S.p.A. during 2012 (€197.4 million) were higher than in the previous year (€55.1 million). The increase is due above all to claims relating to Iranian counterparties which were caused by difficulties in honouring payments for penalties imposed on the country by the UN and the EU.

The cash flow from sovereign credit recoveries amounted to approximately €125 million and that from commercial credit recoveries amounted to approximately €15.8 million.

Claims paid by the subsidiary SACE BT amounted to €67.5 million (€56.8 million as of 31 December 2011). The cost of claims followed different trends according to type of business:

- The credit insurance business recorded a 25% increase in the number of defaults compared with 2011, despite the overall number of claims remaining substantially stable. Recovery activities, begun once the claim is made and continuing until after settlement, enabled 14.9% of claims to be closed without follow-up, down by 3% with respect to the previous year;
- The surety business recorded an increase in the number of claims (+3% compared with 2011) but a decrease in the average cost of claims made;
- Despite a 26% reduction in the number of claims, the other property damage business reported an increase in the cost of claims exceeding 100%.

# 5. RISK MANAGEMENT

## 5.1 RISK MANAGEMENT POLICIES

Risk management is based on constant improvements to processes and technology and investments in human resources and is integrated in decision-making processes in order to improve risk-adjusted performance. The risk identification, measurement and control phases are essential factors in joint evaluation of company assets and liabilities. They are performed using the most effective asset liability management techniques.


The company implements its risk management system in accordance with the applicable legal requirements[1]. Risk management follows a set of procedures based on a three-pillar approach:

- Pillar I introduces a minimum capital requirement for the risks that insurance/financial institutions typically face (credit risk, counterparty risk, market risk and operational risk);
- Pillar II requires companies to adopt a strategy to review and evaluate their capital adequacy;
- Pillar III introduces disclosure requirements concerning capital adequacy, risk exposure and general characteristics of risk management and control procedures.

The most significant risks to which each company is exposed are indicated below:

- **Technical risk**: meaning **underwriting risk** and **credit risk**[2]. The first, related to the portfolio of policies, is the risk of suffering financial damages as a result of the negative performance of actual claims compared to estimated claims (tariff risk) or differences between the cost of claims and reserved cost (technical provision risk); the second relates to the risk of defaulting and credit rating migration of the counterparty. Both risks are managed by adopting prudent pricing and provisioning strategies, which are defined according to market best practice, and through prudent underwriting policies, permanent monitoring and active portfolio management.
- **Market risk**: the risk of losses due to adverse changes in market prices of financial instruments, currencies and commodities. This type of risk is managed using asset-liability management techniques and kept within previously defined limits by adopting guidelines on asset allocation and market VaR models.
- **Operational risk**: SACE and SACE BT conduct periodical self-assessments of potential operational risk factors and use a loss data collection process to measure and record their actual operating losses. These data represent the input of the process for measuring and controlling operational risks in accordance with current regulations. Loss data collection and self-assessments will also be implemented by SACE Fct with a view to developing a more efficient and complete risk management system.

1 For SACE FCT, Circular No. 216 of 5 August 1996 – 7th version as updated on 9 July 2007 "Supervisory instructions for financial intermediaries registered with the "Special List" issued by Banca d'Italia", for SACE BT and SACE SpA ISVAP Regulation No. 20 of 26 March 2008, European Solvency II Directive No. 2009/138 and SACE group guidelines.

2 Underwriting risk regards SACE SpA and SACE BT.

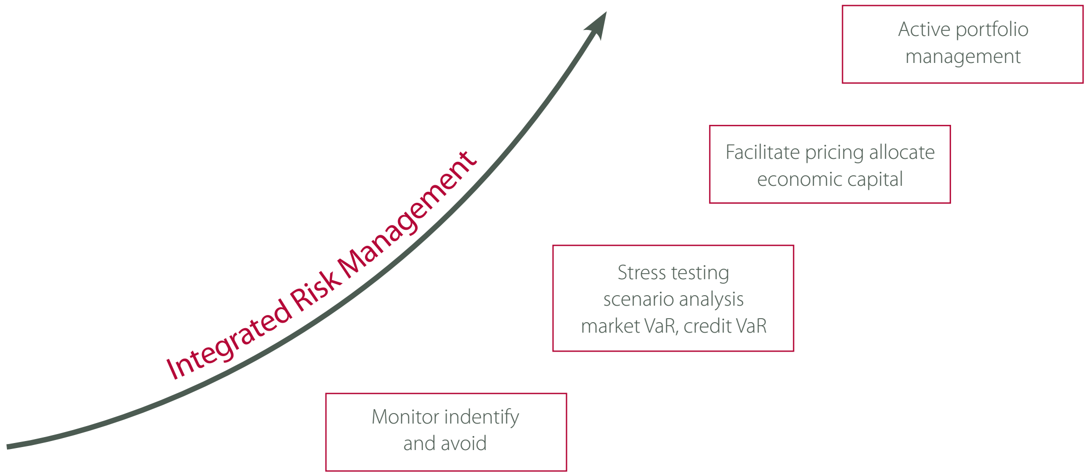
- **Liquidity risk**: the risk of the company being unable to meet financial obligations without suffering losses due to the inability to liquidate investments and other assets. For insurance portfolios liquidity risk is not significant since, in addition to the technical forms of underwriting which enable the settlement of the claim to be spread out over time, the investment policy is based heavily on the specific liquidity needs of investments. All the securities in the portfolios used to cover technical reserves are traded in regulated markets and the short average life of the investments guarantees their rapid turnover. SACE Fct is in the process of defining a specific liquidity risk management policy to meet prudential regulatory requirements.
- **Concentration risk**: risk from exposure to counterparties, groups of related counterparties and counterparties in the same business sector or which carry out the same activity or belonging to the same geographic area;
- **Interest rate risk**: specific to the operations of SACE Fct and relating to activities other than those in the trading portfolio; it represents exposure to the financial situation of the company to unfavourable trends in interest rates.

The following risks are also identified and, where necessary, measured and mitigated by adopting appropriate management procedures:

- **Reputation risk**: the risk of damage to the company's image and conflict with policyholders, due to the provision of services that are not up to standard, inadequacy of policies or lack of customer satisfaction with the sales network. This risk is notably mitigated by the existing internal control and risk management functions, and by adopting specific internal procedures directed towards regulating all operations.
- **Risk of belonging to a group: Risk of "contamination"**, intended as the risk that, as a result of transactions between the company and other group entities, difficulties experienced by an entity in the same group may have negative effects on the company; risk of conflict of interest.
- **Risk of non-compliance with regulations**: the risk of facing legal or administrative fines, suffering losses or damage to reputation as a result of failure to comply with laws, regulations or measures of the Supervisory Authorities or rules of self-regulation, such as by-laws, codes of conduct or codes of ethics; risk from unfavourable changes in the regulatory framework or national case law.

## 5.2 THE ROLE OF RISK MANAGEMENT

As part of an integrated process, the Risk Management Division formulates and implements risk management activities for all the companies, contributing to strategic decisions and the company's financial and organisational stability. It defines the methods and instruments to be used to identify, measure and control risks and verifies the appropriateness and adequacy of these with respect to the risk profile of each company.




The risk management division:

- proposes methods, develops models and systems for measurement and monitoring of risk and internal capital, and makes recommendations regarding the relative provisions, using methods such as VaR and portfolio scoring, in accordance with the applicable supervisory regulations;
- implements the procedures for measurement and integrated control of the risk/return ratio and the creation of value by individual risk taking units and monitors correct allocation of economic capital, in line with the related company guidelines;
- assists with defining the operational autonomy of company offices, reporting any breaches of the limits to the board of directors, top management and the offices concerned;
- measures and integrally controls overall risk exposure by defining the procedures for identifying, measuring, monitoring and reporting risks, including scenario analysis and stress tests;
- supports the corporate offices involved in calculating provisions;
- issues periodic reports on changes in the risks assumed and the presence of any anomalous situations and exceeding of limits, and submits these to the board of directors, top management and office supervisors;
- monitors activities aimed at optimising capital structure, managing reserves and liquidity (ALM);
- cooperates with other internal and external control functions and bodies, to which it sends periodical reports;
- coordinates activities to ensure compliance with capital adequacy regulations.

As part of the risk governance process specific roles and responsibilities have been allocated to the following bodies:

- The Management Committee: examines and shares the strategies and objectives of SACE and of other companies; validates and monitors business plans, investigates key issues regarding management and operational guidance of SACE and of companies;

- The Operations Committee[3]: examines assumption, indemnities, restructuring and other significant operations and assesses their permissibility compatibly with the risk management guidelines drawn up by Risk Management;
- The Major Risk Committee[4]: examines the positions with particularly significant exposure, analysing from an environmental, forecast and operating standpoint the level of concentration of technical risks (country risk, sector risk, counterparty risk) and financial risks; also sets out and indicates, in line with the guidelines for managing the overall risk position defined by the risk management division, policies for improving the overall quality of the portfolio, preventing the deterioration of exposures and making recovery processes more effective;
- The Investments Committee: periodically defines company portfolio investment strategies to optimise the risk/yield profile of financial activities and the compliance of the guidelines established by the board of directors; monitors the trends and outlook of investment performance, reporting any critical areas to the competent functions; suggests that the deliberative body update the guidelines on financial activities; Claims Committee: analyses the performance of "Large Claims" and sets out the operating guidelines for SACE BT;
- The Commercial Synergies and Product Committee: monitors and promotes the development of commercial synergies between the companies, ensuring that commercial measures are coordinated and monitoring the level of client coverage; evaluates new commercial initiatives and opportunities for business development in accordance with the established strategic guidelines; examines the product portfolio of SACE S.p.A. and its subsidiaries and the product policy proposals, evaluating potential synergies and governing possible risks of overlapping. Also analyses proposals for the development/restyling of SACE products.
- The Board of Directors: approves strategies, procedures, management policies and organisational aspects.

## 5.3 GUARANTEE AND CREDIT PORTFOLIO

The total exposure of SACE S.p.A., calculated as the sum of receivables and outstanding guarantees (interest and capital), is €32.9 billion, down by 4.9% compared to the end of 2011 and therefore in marked contrast to the end-of-year results of previous years. The phenomenon is a direct consequence of a decrease in the guarantee portfolio (which accounts for 97.7% of overall exposure) which fell by 5.1% compared with the end of 2011. The total portfolio of SACE BT shows a 15.2% decrease in total exposure, equal to €34.2 billion.

The total credits of SACE Fct solely for the invoices transferred and before value adjustments amount to €1.2 billion, up 1.2% compared with 31 December 2011.

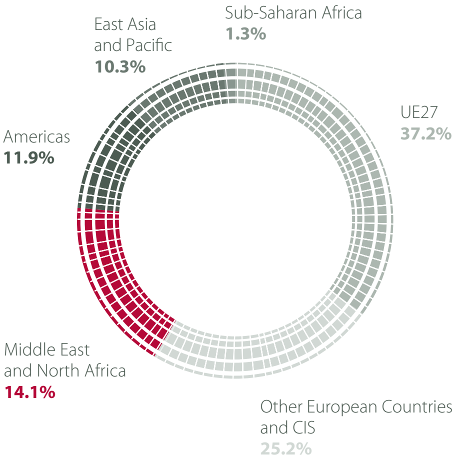
3 The Commitments Committee for SACE BT and the Credit Committee for SACE Fct.
4 The Risk Committee for SACE BT and SACE Fct.

| (in € million) | 2012 | 2011 | Change |
|---|---|---|---|
| **Portfolio** | | | |
| **SACE** | **32,937.28** | **34,645.85** | **-4.9%** |
| *Outstanding guarantees* | *32,193.16* | *33,928.10* | *-5.1%* |
| *- principal* | *27,531.72* | *28,884.91* | *-4.7%* |
| *- interest* | *4,661.44* | *5,043.19* | *-7.6%* |
| *Performing credits* | *744.12* | *717.75* | *3.7%* |
| **SACE BT** | **38,454.6** | **38,796.1** | **-0.9%** |
| *Short-term credit* | *13,207.8* | *15,579.3* | *-15.2%* |
| *Surety Italy* | *7,255.6* | *7,478.9* | *-3.0%* |
| *Other property damage* | *17,991.1* | *15,737.9* | *+14.3%* |
| **SACE Fct** | **1,234.6** | **1,219.6** | **1.2%** |
| *Outstanding credits* | *1,234.6* | *1,219.6* | *1.2%* |

## SACE S.p.A

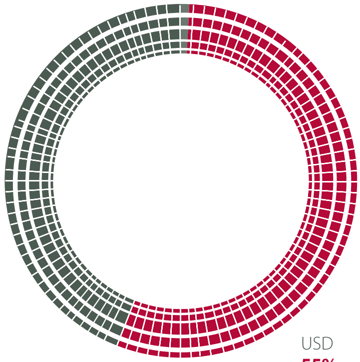
The analysis by geo-economic area shows that the highest exposure was towards EU countries (37.2% in relation to 34.5% in 2011), in particular towards Italy, which remained in top place in terms of concentration, the impact of which has remained more or less unchanged. The exposure to "non-EU European countries and CIS member states" increased (from 24.2% to 25.2%), as did "East Asia and Oceania" (from 9.7% to 10.3%). Exposure in countries of Sub-Saharan Africa decreased (from 1.8% to 1.3%), as did that in the Middle East and North Africa (from 17.7% to 14.1%). Exposure to the Americas remains more or less stable.

### SACE total exposure by geo-economic area



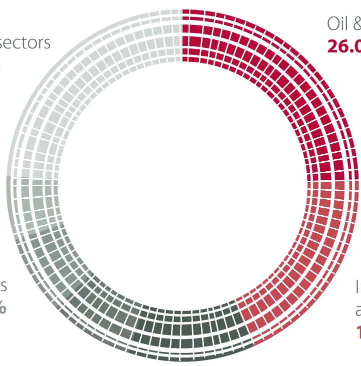

Credits in dollars fell from 62% in 2011 to 55% in 2012 and 45% of the guarantees portfolio was denominated in the same currency. Exchange rate risk on the credit and guarantee portfolio is mitigated partly though the natural hedge provided by management of the provision for unearned premiums.

**SACE: credit portfolio by original currency**




The sector-by-sector analysis continues to show a high level of concentration, with the largest five sectors accounting for 67.6% of the total private portfolio. The main sector continues to be Oil&Gas which accounts for 26% and increased by 2.9% compared with 2011.

**SACE guarantee portfolio by industrial sector**

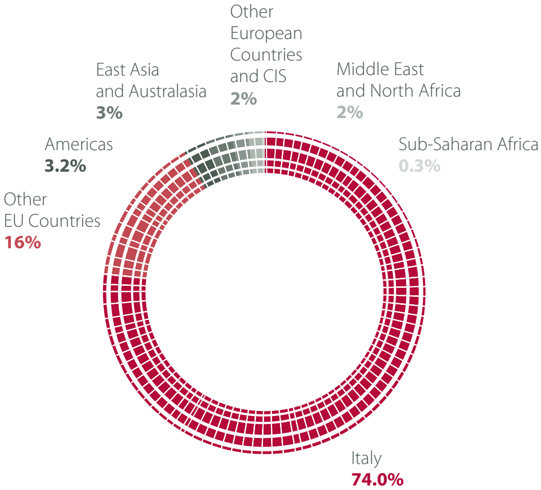



## SACE BT S.p.A.

*Credit insurance business*

The exposure of the credit business – defined by taking into account existing loans net of deductible amounts – amounted to €13.2 billion, down by 15.2%. There was also a decrease in the number of existing loans (-21.9%) and debtors (-18.2%). The average loan by debtor was €75 thousand. Exposure was mainly concentrated in EU countries (89.8%), with Italy alone accounting for 74.0%.

## SACE BT: exposure by geo-economic area (credit business)



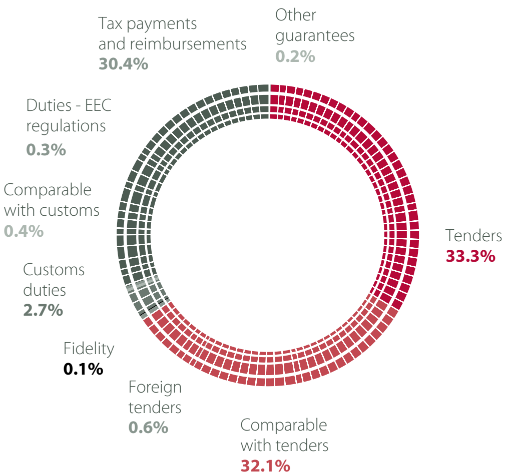

Retail trade, agriculture and wholesale trade are the biggest industrial sectors of the business, with exposure of 10.0%, 9.9% and 9.8% respectively.

## SACE BT: exposure by industrial sector (credit business)


*Surety business*

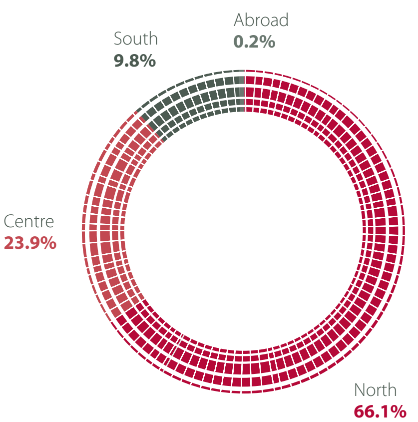
The exposure of the surety business, i.e. total insured capital, amounted to €7.3 billion, a slight decrease (-3.0%) compared with 2011. Guarantees for contracts account for 66% of existing risks, following by guarantees for payments and tax reimbursements (30.4%).

**SACE BT: exposure by type of policy (surety business)**




The portfolio, comprising over 37 thousand contracts, is concentrated in northern Italy (66.1%) and in the central regions (23.9%).

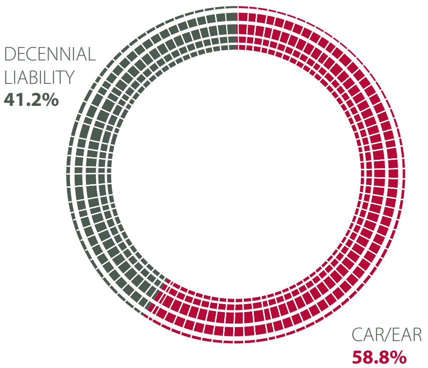
**SACE BT: total exposure by geographic area (surety business)**




*Other property damage business*

The total exposure of the other property damage business amounted to €18 billion. Actual exposure – defined as net of exemptions, exclusions and claim limits – amounted to €13.7 billion, substantially unchanged from the previous year (-0.6%). The number of existing policies was 5,738, in line with 2011. Construction All Risk and Erection All Risk policies account for 58.8% of the portfolio, while Decennial Liability policies make up the remaining 41.2%.

**SACE BT: exposure by type of policy (other property damage business)**




## SACE Fct S.p.A.

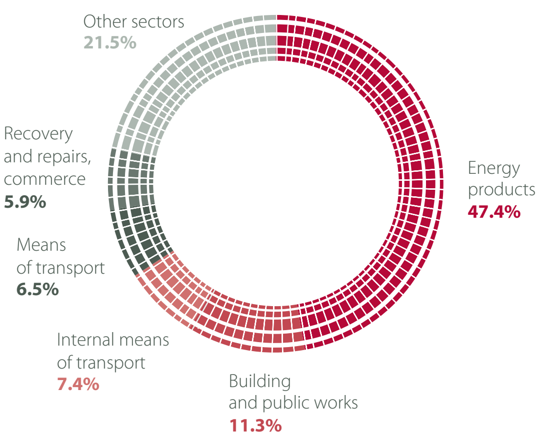
As of 31 December 2012 the total credits of SACE Fct, i.e. the total amount of receivables purchased net of receivables collected and credit notes, amounted to €1,234.6 million. There was a slight increase (1.2%) if compared with total credits recorded at the end of the previous year. In 2012 activities in factoring generated a turnover of €1,753.3 million (33.3% compared to that produced in 2011) with collections recorded amounting to €1,717.5 million. As observed in previous years, total credits mainly refer to operations with recourse, which make up 89.7% of the total portfolio. The amount of credits purchased without recourse also increased compared with at the end of the previous year.

**Credit factor**

| *(in € thousand)* | 2012 | 2011 | Change |
|---|---|---|---|
| Without recourse | 1,107.4 | 1,126.2 | -1.7% |
| With recourse | 127.2 | 93.4 | 36.2% |
| **SACE Fct** | **1,234.6** | **1,219.6** | **1.2%** |

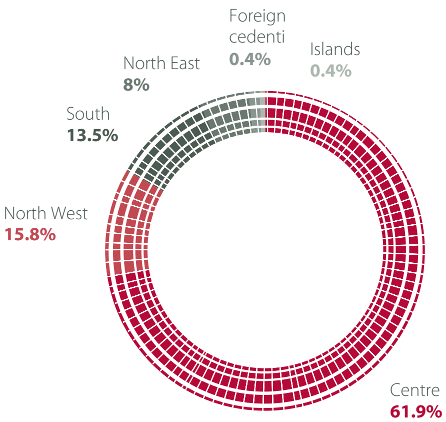
The breakdown of the total credits by industrial sector of the supplier shows a concentration in the Energy Product sector (47.4%), followed by Building (11.3%) and Transport (7.4%).

**SACE Fct: total credits by industrial sector of the supplier**



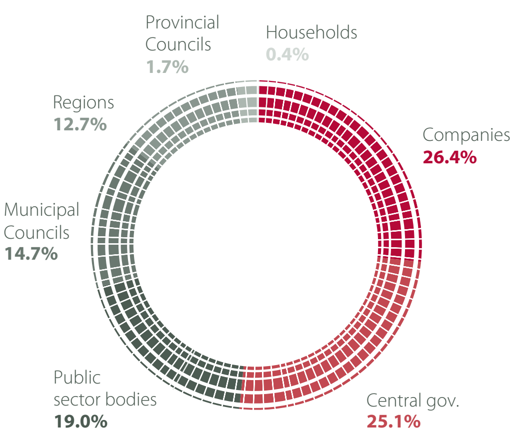
The analysis of suppliers by geographic area shows a heavy concentration in the area of central Italy (61.9%), despite having decreased from the previous year (72.5%). At the same time, there was an increase with respect to 31.12.2011 in suppliers based in the North West (which increased from 11% in the previous year to 15.8% in 2012), in the South (from 10% to 13.5%) and in the North East (from 5% to 8%).

**SACE Fct: total credits geographical area of supplier**



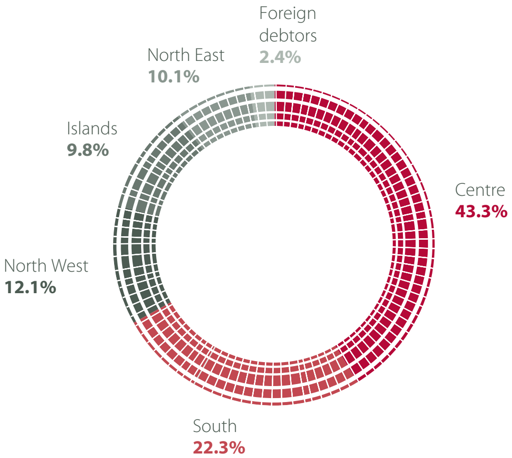

The distribution of total credits by sector of debtor shows a heavy concentration of counterparties from the public sector (73.2% of the total). There was an increase in the number of "public sector bodies" compared with the end of the previous year (19% compared with 12% as of December 2011) and a decrease in debtors from "central government" (25.1% versus 31% as of December 2011).

**SACE Fct: total credits by economic sector of the debtor**




The breakdown of total credits by geographic area of the debtor shows a concentration in the central areas of Italy (mainly due to the specific location of central government).

**SACE Fct: total credits geographical area of debtor**




## 5.4 SECURITIES PORTFOLIO

Financial management consists of adopting an asset-liability management (ALM) strategy to ensure effective overall risk management. This activity confirmed values in line with the limits defined for each company and each type of investment.

These limits are fixed to ensure prudent and efficient asset management, aimed at controlling portfolio risks and maintaining these within previously defined limits.

Value-at-Risk models are used to quantify the capital absorbed.

**Asset Allocation (figures in € million)**

| | HTM | HFT | Total | % |
|---|---|---|---|---|
| **Asset Class** | | | | |
| Bonds | 1,646.7 | 3,326.8 | 4,973.6 | 63.9 |
| Collective investment funds | - | 621.9 | 621.9 | 8.0 |
| Shares | - | 40.5 | 40.5 | 0.5 |
| Money market | - | 2,147.0 | 2,147.0[5] | 27.6 |
| **Total** | **1,646.7** | **6,136.3** | **7,783.1** | **100.0** |

63.9% of the portfolio is comprised of bonds and notes, 8% of collective investment funds mainly made up of bonds or shares, 0.5% of shares and the remaining 27.6% of money market instruments.

With regard to the credit risk of its securities portfolio, SACE pursues a prudent investment policy, setting operating limits on the types of financial instruments that may be used, on concentration by type and on the creditworthiness of the issuer.

[5] The amount comprises the loan granted to SACE Fct, for €1,000 million, eliminated in the accounting process.

**SACE breakdown of securities portfolio by rating**

| | % |
|---|---|
| **Rating classes** | |
| AAA | 1.2 |
| AA+ | 0.9 |
| AA | 0.4 |
| AA- | 0.3 |
| A+ | 0.2 |
| A | 0.9 |
| A- | 12.0 |
| BBB+ | 18.2 |
| BBB | 60.4 |
| Others | 5.5 |

## 5.5 SENSITIVITY ANALYSIS

During the year sensitivity analyses were carried out on all investments, namely on bonds, shares and collective investment funds.

The sensitivity analysis on the securities portfolio saw the addition of new stress tests and new scenario analyses, based on more recent economic and financial events. The stress tests were based on scenarios of growth and reduction in the rates and value of share prices. Tests were also carried out on the increase in the price of petrol and on the appreciation of the Euro in relation to the US dollar, which had spill-over and correlation effects. The results obtained confirm the solidity of the portfolio even in the event of particular tension on the market and on the main commodities.

**Stress Test**

| *(in € million)* | **Effect on the Trading Portfolio** | **Stress Test Description** |
|---|---|---|
| All Rates +100bp | -22,0 | Explicit Factor Shocks |
| All Rates -100bp | 23,3 | Explicit Factor Shocks |
| Equities up 10% | 15,8 | Global/US/Europe/Asia & Japan market factors up 10% |
| Equities down 10% | -15,8 | Global/US/Europe/Asia & Japan market factors down 10% |
| Oil Up 20% | 5,7 | Explicit Factor Shocks |
| EUR up 10% vs. USD (with propagation) | 24,6 | 10% appreciation of the euro in relation to the US dollar, which had a spill-over effect on other currencies and a correlation effect on equity factors. |

The scenario analysis also produced excellent results, confirming the adoption of a heavily prudent investment policy in the event of drama or shock for all financial markets.

| Scenario Analysis | Effect on the Trading Portfolio (milioni di euro) | Description of Scenario |
|---|---|---|
| *Lehman Default - 2008* | -55,4 | Historical returns in the month immediately after the bankruptcy of the Lehman Brothers in 2008. |
| *Greece Financial Crisis - 2010* | 1,3 | Greece was one of the most rapidly growing economies in the Euro area between 2000 and 2007. However, the cost of borrowing for this growth led to alarming public deficits of a high amount especially in relation to GDP. On 27 April 2010 the rating of Greek debt was downgraded from BBB+ to BB+. |
| *Oil Prices Drop - May 2010* | 0,0 | Price of petrol dropped by 20% as a result of worries over the reduction of government deficits in light of the economic crisis of European countries. |
| *Russian Financial Crisis - 2008* | -61,1 | The war with Georgia and the rapid decline in petrol prices leads to fears of an economic recession. |
| *Debt Ceiling Crisis & Down-grade 2011* | 7,5 | The USA debt crisis and the subsequent downgrade by the S&P. This scenario reflects market variables of 17 days: from 22 July 2011 to 08 August 2011, days in which the market began to react to the impasse over the debt. |
| *VIX up scenario* | -37,4 | Historical VIX scenario in the period 5 July - 30 September 2011: From the minimum 16.06 (of 5 July) to the peak of 42.96 (of 30 September). |

The sensitivity analysis carried out on the non-current portfolio by calculating the basis point value gave a substantially low figure (€0.60 million), down from that of 2011 (€0.65 million), which reaffirmed the prudent policies adopted with regard to this portfolio.

## 6. HUMAN RESOURCES

At 31 December 2012, employees totalled 705, an increase of 2% compared to the previous year. In 2012, 65 people were hired and 49 left the companies.

**Distribution of staff by grade**

| | SACE | SACE BT | SACE SRV | SACE Fct | Total | Distribution |
|---|---|---|---|---|---|---|
| **Grade** | | | | | | |
| Senior managers | 26 | 7 | 1 | 3 | 37 | 5.3% |
| Managers | 200 | 42 | 4 | 13 | 259 | 36.7% |
| Clerical staff | 225 | 129 | 23 | 26 | 381 | 54.0% |
| Sales staff | - | 5 | 1 | - | 28 | 4% |
| **Total** | **451** | **183** | **29** | **42** | **705** | **100%** |

Over the years, the personnel recruitment and management policies adopted have resulted in an increase in the average level of education. Most new resources hold a degree, have attended post-graduate specialisation courses and have an excellent command of the English language as certified by internationally recognised tests (e.g. TOEFL, TOEIC).

**Distribution of staff according to age range**

| | % | Change compared to 2011 |
|---|---|---|
| **Age range** | | |
| Up to 25 years | 1.4% | 0% |
| Between 26 and 35 | 36.1% | -5.4% |
| Between 36 and 55 | 54.4% | 0% |
| Over 55 | 8.1% | 32.6% |

**Distribution of staff by qualification**

| | % | Change compared to 2011 |
|---|---|---|
| **Qualification** | | |
| Degree | 65% | - |
| Secondary school certificate/other | 35% | - |

The group's training programme aims to build the specific professional skills required by the various business areas, to develop the managerial and leadership qualities necessary to manage complexity and change, and to foster knowledge creation and sharing. Training schemes continued to be provided for all employees. These included languages (General and Business English) and managerial courses (People Management, Lean Sigma, Effective Communication, Problem Solving, etc.), in addition to the courses required by law (e.g. Italian Legislative Decrees 231/01, 196/2003 and 81/08).

## 7. DISTRIBUTION NETWORK AND MARKETING ACTIVITY

Having strengthened its network of regional offices in Italy, the group is now better equipped to meet its customers' needs and has a closer understanding of local entrepreneurial, banking and corporate activity. These offices have brought SACE closer to the small and medium-sized enterprises located throughout Italy, also through partnerships and agreements with local banks.

The group continued its policy of extending its multi-channel distribution network to improve coverage of the entire territory.

# 8. AUDITING, INTERNAL CONTROL AND ORGANISATIONAL MODEL UNDER LEGISLATIVE DECREE 231/01

SACE adopts a system of prevention and control based on two main elements:

- the organisational, management and control model pursuant to Italian Legislative Decree 231/2001 governing the administrative liability of legal entities, companies and associations including those without legal status (each company has its own specific model);
- the code of conduct, which sets out the values and principles with which directors, auditors, reporting accountants, managers, staff, co-workers and third parties who have relations with the companies are all expected to comply. Although the code of conduct is distinct from the organisational model pursuant to Italian Legislative Decree 231/2001, the two are related in that they are both an integral part of the prevention and control system.

Each company has its own supervisory body that is charged with overseeing the application, appropriateness and implementation of the model and must act within its authority to investigate any violations of the code of conduct.
As required under the relevant banking and insurance regulations and in line with market best practice, the companies have adopted the appropriate measures to detect, measure and control the risks inherent in their business, also in view of the scope and complexity of their activities. These internal controls consist of the rules, procedures and organisational structures aimed at ensuring compliance with corporate strategies, efficacy and efficiency of company procedures, safeguarding of the company's assets and protection against losses, reliability and integrity of accounting, financial, operational and administrative data and compliance with laws, supervisory regulations and internal procedures.
SACE S.p.A. carries out its own internal auditing, compliance and risk management activities and provides SACE BT and SACE Fct with this service under outsourcing agreements.
The executive officer puts in place adequate administrative and accounting procedures for the preparation of the separate financial statements and the consolidated financial statements.

# 9. RESEARCH AND DEVELOPMENT

The only research and development expenses refer to costs for the launching of new products. These were charged directly to income as occurred.

# 10. SHARE STRUCTURE AND SHARE CAPITAL

SACE S.p.A. does not own treasury shares or shares in the parent and its subsidiaries do not hold any shares in the parent either directly or through trust companies or nominees.
On 9 November 2012 Cassa Depositi e Prestiti S.p.A. acquired the entire share capital of SACE from the Ministry of

the Economy and Finance, having exercised its option to purchase under art. 23-bis of Decree Law No. 95 of 6 July 2012, converted by Law No. 135 of 7 August 2012.

## 11. MAIN EVENTS IN EARLY 2013 AND BUSINESS OUTLOOK

On the basis of the results for the opening months of the year, the earnings prospects assumed in the 2011-2013 industrial plan are confirmed.

*Rome, 12 March 2013*

on behalf of the board of directors

CEO

**Alessandro Castellano**

# CONSOLIDATED
# BALANCE SHEET

## CONSOLIDATED BALANCE SHEET - ASSETS

| *(in € thousand)* | | 31-12-2012 | 31-12-2011 |
|---|---|---|---|
| **1** | **INTANGIBLE ASSETS** | **14,600** | **15,776** |
| 1.1 | Goodwill | 7,655 | 7,655 |
| 1.2 | Other intangible assets | 6,945 | 8,121 |
| **2** | **PROPERTY, PLANT AND EQUIPMENT** | **69,761** | **70,656** |
| 2.1 | Real property | 66,589 | 67,148 |
| 2.2 | Other property, plant and equipment | 3,172 | 3,508 |
| **3** | **REINSURERS' SHARE OF TECHNICAL PROVISIONS** | **106,305** | **104,042** |
| **4** | **INVESTMENTS** | **7,466,153** | **7,667,327** |
| 4.1 | Investment property | 20,949 | 21,141 |
| 4.2 | Equity investments in subsidiaries, associates and joint ventures | 7,500 | 7,444 |
| 4.3 | Investments held to maturity | 1,646,739 | 1,763,988 |
| 4.4 | Loans and receivables | 1,783,023 | 1,325,822 |
| 4.5 | Available-for-sale financial assets | - | - |
| 4.6 | Financial assets at fair value though profit and loss | 4,007,942 | 4,548,932 |
| **5** | **OTHER RECEIVABLES** | **972,121** | **992,550** |
| 5.1 | Receivables arising out of direct insurance business | 918,769 | 946,240 |
| 5.2 | Receivables arising out of reinsurance business | 10,506 | 3,028 |
| 5.3 | Other receivables | 42,846 | 43,282 |
| **6** | **OTHER ASSETS** | **265,474** | **250,006** |
| 6.1 | Non-current assets or of a disposal group held for sale | - | - |
| 6.2 | Deferred acquisition costs | - | - |
| 6.3 | Deferred tax assets | 164,329 | 113,281 |
| 6.4 | Current tax assets | 78,678 | 92,739 |
| 6.5 | Other assets | 22,467 | 43,986 |
| **7** | **CASH AND CASH EQUIVALENTS** | **502,871** | **78,299** |
| | **TOTAL ASSETS** | **9,397,285** | **9,178,656** |

## CONSOLIDATED BALANCE SHEET – LIABILITIES AND SHAREHOLDERS' EQUITY

| *(in € thousand)* | | 31-12-2012 | 31-12-2011 |
|---|---|---|---|
| **1** | **SHAREHOLDERS' EQUITY** | **6,210,100** | **6,202,168** |
| **1.1** | **attributable to the group** | **6,210,100** | **6,202,168** |
| 1.1.1 | Capital | 4,340,054 | 4,340,054 |
| 1.1.2 | Other equity instruments | - | - |
| 1.1.3 | Capital reserves | - | - |
| 1.1.4 | Retained earnings and other equity reserves | 1,702,113 | 1,722,594 |
| 1.1.5 | (Treasury stock) | - | - |
| 1.1.6 | Reserve for net exchange differences | - | - |
| 1.1.7 | Gains or losses on available-for-sale financial assets | - | - |
| 1.1.8 | Other gains or losses taken directly to equity | - | - |
| 1.1.9 | Net group interest in the profit for the year | 167,933 | 139,520 |
| **1.2** | **attributable to minorities** | - | - |
| 1.2.1 | Capital and reserves - minorities | - | - |
| 1.2.2 | Gains or losses taken directly to equity | - | - |
| 1.2.3 | Minority interest in the profit or loss for the year | - | - |
| **2** | **ACCUMULATIONS** | **43,757** | **46,525** |
| **3** | **TECHNICAL PROVISIONS** | **2,589,707** | **2,342,117** |
| **4** | **FINANCIAL LIABILITIES** | **133,228** | **170,639** |
| 4.1 | Financial liabilities at fair value through profit and loss | 6,668 | 66,485 |
| 4.2 | Other financial liabilities | 126,560 | 104,154 |
| **5** | **CREDITORS** | **110,267** | **182,775** |
| 5.1 | Accounts payable arising out of direct insurance business | 50,141 | 52,826 |
| 5.2 | Accounts payable arising out of reinsurance business | 12,627 | 15,908 |
| 5.3 | Other credits | 47,499 | 114,041 |
| **6** | **OTHER LIABILITIES** | **310,226** | **234,432** |
| 6.1 | Liabilities of a disposal group held for sale | - | - |
| 6.2 | Deferred tax liabilities | 89,852 | 139,368 |
| 6.3 | Current tax liabilities | 205,206 | 83,484 |
| 6.4 | Other liabilities | 15,168 | 11,580 |
| | **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **9,397,285** | **9,178,656** |

## CONSOLIDATED INCOME STATEMENT

| *(in € thousand)* | | 31-12-2012 | 31-12-2011 |
|---|---|---|---|
| 1.1 | Net premiums | 436,724 | 300,533 |
| 1.1.1 | Gross premiums for the year | 471,462 | 342,826 |
| 1.1.2 | Outward reinsurance premiums for the year | -34,738 | -42,293 |
| 1.2 | Commissions receivable | 10,920 | 7,611 |
| 1.3 | Income and losses on financial instruments at fair value measured through profit or loss | 28,974 | -572,503 |
| 1.4 | Income on equity investments in subsidiaries, associates and join ventures | - | - |
| 1.5 | Income from other financial instruments and investment property | 123,448 | 209,792 |
| 1.5.1 | Interest earned | 122,670 | 208,765 |
| 1.5.2 | Other income | 778 | 1,027 |
| 1.5.3 | Realised gains | - | - |
| 1.5.4 | Valuation gains | - | - |
| 1.6 | Other income | 452,660 | 501,985 |
| **1** | **TOTALE REVENUES AND INCOME** | **1,052,726** | **447,418** |
| 2.1 | Net claims incurred | 458,570 | -46,019 |
| 2.1.1 | Amounts paid and changes to technical provisions | 485,615 | -23,748 |
| 2.1.2 | Reinsurers' share | -27,045 | -22,271 |
| 2.2 | Commission expense | 559 | 123 |
| 2.3 | Expense on equity investments in subsidiaries, associates and joint ventures | - | - |
| 2.4 | Expense relating to other financial instruments and investment property | 22,823 | 5,687 |
| 2.4.1 | Interest expense | 700 | 1,827 |
| 2.4.2 | Other expense | 317 | 188 |
| 2.4.3 | Realised losses | 65 | 0 |
| 2.4.4 | Valuation losses | 21,741 | 3,672 |
| 2.5 | Operating expenses | 100,718 | 97,186 |
| 2.5.1 | Commissions and other acquisition expenses | 33,724 | 32,126 |
| 2.5.2 | Investment management charges | 3,896 | 5,426 |
| 2.5.3 | Other administrative costs | 63,098 | 59,634 |
| 2.6 | Other costs | 199,518 | 179,194 |
| **2** | **TOTAL COSTS AND EXPENSES** | **782,188** | **236,171** |
| | **PROFIT (LOSS) FOR THE YEAR BEFORE TAX** | **270,538** | **211,247** |
| **3** | **Taxes** | 102,605 | 71,727 |
| | **PROFIT (LOSS) FOR THE YEAR NET OF TAX** | **167,933** | **139,520** |
| **4** | **PROFIT (LOSS) ON DISCONTINUED OPERATIONS** | **-** | **-** |
| | **CONSOLIDATED INCOME (LOSS) FOR THE YEAR** | **167,933** | **139,520** |
| | **of which attributable to the group** | **167,933** | **139,520** |
| | **of which attributable to minorities** | **-** | **-** |

## STATEMENT OF COMPREHENSIVE INCOME - NET AMOUNTS

| *(in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **CONSOLIDATED INCOME (LOSS) FOR THE YEAR** | **167,933** | **139,520** |
| Change in the reserve for net exchange differences | | |
| Gains (losses) on available-for-sale financial assets | | |
| Gains (losses) on cash flow hedges | | |
| Gains (losses) on hedges of net investments in foreign operations | | |
| Change in the shareholders' equity of affiliated companies | | |
| Change in the intangible assets revaluation reserve | | |
| Change in the tangible assets revaluation reserve | | |
| Income and expense relating to non-current assets or a disposal group held for sale | | |
| Actuarial gains and losses and re-adjustments relating to defined benefit plans | | |
| Other elements | | |
| **TOTAL OF OTHER ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME** | **-** | **-** |
| **TOTAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** | **167,933** | **139,520** |
| **of which attributable to the group** | **167,933** | **139,520** |
| **of which attributable to minorities** | | |

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

*(in € thousand)*

| | | Balance at 31-12-10 | Change in closing balance | Allocations | Adjustments for reclassification of profit (loss) for the year | Transfers | Balance at 31-12-11 | Change in closing balance | Allocations | Adjustments for reclassification of profit (loss) for the year | Transfers | Balance at 31-12-12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Group interest in shareholders' equity | Capital | 4,340,054 | | | | | 4,340,054 | | | | | 4,340,054 |
| | Other equity instruments | | | | | | - | | | | | - |
| | Capital reserves | | | | | | - | | | | | - |
| | Retained earnings and other equity reserves | 1,614,464 | | 108,130 | | | 1,722,594 | | | | -20,480 | 1,702,113 |
| | (Treasury stock) | - | | | | | - | | - | | | - |
| | Profit (loss) for the year | 409,824 | | -270,304 | | | 139,520 | | 167,933 | | -139,520 | 167,933 |
| | Other items in the statement of comprehensive income | - | | | | | - | | - | | - | - |
| | **Total group interest** | **6,364,342** | **-** | **-162,174** | **-** | **-** | **6,202,168** | **-** | **167,933** | **-** | **-160,000** | **6,210,100** |
| Minority interest in shareholders' equity | Capital and reserves - minorities | | | | | | | | | | | |
| | Profit (loss) for the year | | | | | | | | | | | |
| | Other items in the statement of comprehensive income | | | | | | | | | | | |
| | **Total minority interest** | | | | | | | | | | | |
| **Total** | | | | | | | | | | | | |

## CONSOLIDATED CASH FLOW STATEMENT

| *(in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Profit (loss) for the year before tax** | **270,538** | **211,247** |
| **Changes in non-cash items** | **277,778** | **86,483** |
| Change in the provision for unearned premiums - non-life business | (90,459) | 99,927 |
| Change in the provision for claims outstanding and other technical provisions - non-life business | 335,786 | 23,071 |
| Change in the provision for policy liabilities and other technical provisions - life business | | |
| Change in deferred acquisition costs | | |
| Change in the general provision | (2,768) | (29,535) |
| Non-cash income and expense from financial instruments, investment property and equity investments | | |
| Other changes | 35,219 | (6,980) |
| **Change in receivables and payables generated by operations** | **(26,972)** | **(169,858)** |
| Change in receivables and payables arising from direct insurance and reinsurance business | 14,027 | (171,793) |
| Change in other receivables and payables | (40,999) | 1,935 |
| **Tax paid** | **(102,605)** | **(71,727)** |
| **Net cash flow generated/absorbed by investment and financial activities** | **481,173** | **747,982** |
| Liabilities from financial policies issued by insurance companies | | |
| Due to banks and interbank liabilities | | |
| Loans and receivables with insured banks and interbank market | | |
| Other financial instruments at fair value through profit or loss | 481,173 | 747,982 |
| **TOTAL NET CASH FLOW ARISING FROM OPERATIONS** | **899,912** | **804,127** |
| | | |
| Net cash flow generated/absorbed by investment property | 192 | (8,171) |
| Net cash flow generated/absorbed by investments in subsidiaries, associates and joint ventures | (56) | (319) |
| Net cash flow generated/absorbed by loans and receivables | (457,201) | (463,600) |
| Net cash flow generated/absorbed by held-to-maturity investments | 117,249 | (25,301) |
| Net cash flow generated/absorbed by available-for-sale financial assets | | |
| Net cash flow generated/absorbed by plant, property and equipment and intangible assets | 2,071 | 9,343 |
| Other net cash flows generated/absorbed by investments | | |
| **TOTAL NET CASH FLOW ARISING FROM INVESTMENT OPERATIONS** | **(337,745)** | **(488,048)** |
| | | |
| Net cash flow generated/absorbed by capital instruments attributable to the group | | |
| Net cash flow generated/absorbed by own shares | | |
| Distribution of dividends attributable to the group | (160,000) | (310,000) |
| Net cash flow generated/absorbed by capital and reserves attributable to minorities | | 8,307 |
| Net cash flow generated/absorbed by subordinated liabilities and participating financial instruments | | |
| Net cash flow generated/absorbed by other financial liabilities | 22,405 | (20,455) |
| **TOTAL NET CASH FLOW ARISING FROM LOAN OPERATIONS** | **(137,595)** | **(322,148)** |
| | | |
| **Effect of exchange rate differences on cash and cash equivalents** | | |
| | | |
| CASH AND CASH EQUIVALENTS - OPENING BALANCE | 78,299 | 84,368 |
| INCREASE (REDUCTION) IN CASH AND CASH EQUIVALENTS | 424,572 | (6,069) |
| CASH AND CASH EQUIVALENTS - CLOSING BALANCE | 502,871 | 78,299 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## General information

The SACE group is comprised of SACE S.p.A. and its subsidiaries SACE BT S.p.A., SACE Fct S.p.A., SACE SRV S.r.l. and SACE Do Brasil. SACE S.p.A. is active in the non-life business, in particular in non-marketable credit risk coverage, the subsidiary SACE BT S.p.A. in sureties and short-term credit risk coverage and the subsidiary SACE Fct S.p.A. operates in the factoring market.

The registered office is in Piazza Poli 37/42, Rome. The reference date of the consolidated financial statements (31 December 2012) coincides with the closing date of the annual accounts of the subsidiary companies. The consolidated financial statements are presented in euro, which is the functional currency and currency of account of SACE S.p.A. The euro is also the functional currency of the subsidiaries. All amounts reported in the notes are in thousands of euro. The consolidated financial statements have been audited by PricewaterhouseCoopers S.p.A., appointed as auditors for the three-year period 2010-2012.

## Applicable legislation

Italian Legislative Decree No. 38 of 28 February 2005 prescribes that, starting from FY 2005, companies within the scope of application of Legislative Decree No. 173 of 26 May 1997 are required to prepare their consolidated financial statements according to the international accounting standards issued by the IASB (International Accounting Standards Board) and endorsed by EC Regulation No. 1606/2002 (hereafter IAS/IFRS). Pursuant to the aforesaid decree, the powers attributed to ISVAP (ISVASS from 01 January 2013) by Legislative Decree 173/1997 and subsequent Legislative Decree 209/2005 must be exercised thereby in compliance with IAS/IFRS.

According to the options exercised by the Italian legislator, insurance sector companies:

a) must draw up their consolidated financial statements in accordance with IAS/IFRS starting from FY 2005;

b) must continue to draw up their individual company accounts in accordance with Legislative Decree No. 173/97;

c) must draw up their individual company accounts according to IAS starting from FY 2006 if they issue financial instruments admitted to trading on regulated markets of any member state of the European Union and do not prepare the consolidated financial statements.

According to the above, the consolidated financial statements of SACE have been prepared in accordance with the provisions of IAS/IFRS, ISVAP Regulation No. 7/2007 regarding the formats to be used and the applicable ISVAP rulings, regulations and circulars.

## Accounting standards used and declaration of conformity with the main international accounting standards.

The consolidated financial statements have been prepared in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Union and in the format required by ISVAP Regulation No. 7/2007. International accounting standards also refer to all interpretation documents issued by the International Financial Reporting Interpretations Committee ("IFRIC"), previously the Standing Interpretations Committee ("SIC"), and the formats required under ISVAP Regulation No. 7/2007 and subsequent amendments.

### Format of the accounts, accounting standards used and scope of consolidation

### Format of the accounts

The schedules of the consolidated financial statements and related annexes are presented in accordance with requirements of ISVAP Regulation No. 7/2007 and subsequent amendments and additions.

### Consolidation procedures (IAS 27)

Subsidiaries are companies controlled by SACE. The control requirement is satisfied if a company directly or indirectly has the power to govern the financial and operating policies of the company for the purpose of obtaining advantages from its business. The accounts of subsidiaries are included in the consolidated financial statements from the date on which the parent acquires control until the time said control ceases. All the subsidiaries are included in the scope of consolidation.

### Scope of consolidation

The scope of consolidation of SACE includes the accounts of SACE S.p.A. and those of all its subsidiaries: SACE BT S.p.A., SACE Fct S.p.A., SACE SRV S.r.l. and SACE do Brasil.

**Scope of consolidation**

| | State | Method (1) | Activity (2) | % Direct ownership | 100% interest (3) | % Voting rights available at the general meeting (4) | % consolidation |
|---|---|---|---|---|---|---|---|
| **Company name** | | | | | | | |
| SACE BT | Italy | G | 1 | 100% | 100% | 100% | 100% |
| SACE FCT | Italy | G | 11 | 100% | 100% | 100% | 100% |
| SACE Servizi | Italy | G | 11 | 0% | 100% | 100% | 100% |
| SACE Do Brasil | Brasil | G | 11 | 90% | 90% | 90% | 100% |

(1) Method of consolidation: Line-by-line =G, Proportionate =P, Line-by-line by unitary division=U.

(2) 1=Italian ins; 2=EU ins; 3=third-party country ins; 4= insurance holdings; 5=EU reins; 6=third-party country reins; 7=banks; 8=asset management companies; 9=other holdings; 10=real property companies; 11=other.

(3) The product of the percentages of ownership relating to all the companies, along the line of ownership, between the company drawing up the consolidated accounts and the company in question.

(4) Total percentage of voting rights available at the general meeting, only disclosed if different from the direct or indirect percentage of ownership.

**Detail of non-consolidated interests**

| | State | Activity (1) | Type (2) | % Direct ownership | 100% interest (3) | % Voting rights available at the general meeting (4) | Carrying value |
|---|---|---|---|---|---|---|---|
| **Company name** | | | | | | | |
| African Trade Insurance Agency | Kenya | 3 | b | 6.41% | 6.41% | 6.41% | 7,488 |

(1) 1=Italian ins; 2=EU ins; 3=third-party country ins; 4= insurance holdings; 5=EU reins; 6=third-party country reins; 7=banks; 8=asset management companies; 9=other holdings; 10=real property companies; 11=other.

(2) a=subsidiaries (IAS27); b=associated companies (IAS28); c=joint ventures (IAS 31); companies classified as owned for sale in accordance with IFRS 5 must be marked with an asterisk (*) and the key must be included at the bottom of the table.

(3) The product of the percentages of ownership relating to all the companies, along the line of ownership, between the company drawing up the consolidated accounts and the company in question.

(4) Total percentage of voting rights available at the general meeting, only disclosed if different from the direct or indirect percentage of ownership.

### Transactions eliminated on consolidation

In preparing the consolidated financial statements, all balances and significant transactions between the companies and also realised gains and losses on intercompany transactions have been eliminated.

### Principles of consolidation

The carrying value of the interests has been eliminated through shareholders' equity with recognition of goodwill if deemed recoverable.

### Use of estimates

In preparing the consolidated financial statements, the directors are required to make estimates and evaluations which influence the amounts stated in relation to assets, liabilities, costs and revenues, and the presentation of potential assets and liabilities. The directors verify their estimates and evaluations from time to time on the basis of past experience and other factors deemed reasonable in the circumstances. Recourse to estimates and evaluations is a significant factor in determining the following items of the balance sheet and profit and loss account.

*Technical provisions*

Technical provisions are determined according to actuarial calculations and taking into account ISVAP (IVASS from 01 January 2013) instructions for marketable companies. The provision for claims outstanding is calculated analytically by examining the single claims outstanding at the end of the year, also taking into account the estimate of late claims.

*Intangible assets*

The useful life of intangible assets is determined on the basis of estimates and evaluations. This is evaluated annually, using prudential economic projections.

*Other*

Estimates are used to measure provisions for employee benefits and other provisions.

## Valuation criteria

### Intangible assets

*a) Goodwill (IAS 36, IFRS 3)*

When a business is acquired, the assets, liabilities and any potential identifiable liabilities that are acquired are recognised at fair value on the date of acquisition. The residual positive difference between the purchase price and the group's interest in the fair value of such assets and liabilities is classified as goodwill and recorded as an intangible asset; the negative difference is recognised through profit or loss at the time of acquisition. Goodwill is tested annually to identify any changes in value (impairment) in accordance with IAS 36. Following initial recognition, goodwill is recorded at cost, net of any accumulated impairment losses.

*b) Other intangibles (IAS 38, IAS 36)*

This item comprises the assets defined and regulated by IAS 38 and IAS 36. Only identifiable intangible assets controlled by group companies are recognised when it is probable that use of the assets will generate future economic benefits and when the cost of the asset is determined or can be reliably measured. This item mainly reflects the costs of software purchased from third parties or developed internally. This item does not include values relating to deferred acquisition costs or intangible assets governed by other international accounting standards. These assets are recorded at cost. For assets with a finite useful life, the cost is amortised at constant rates according to their relative useful life. Assets of indefinite useful life are not amortised but, in accordance with IAS 36 – Impairment of assets (in the manner described in the paragraph referring to Impairment and reversal of impairment of non-financial assets), an impairment test is carried out at each reporting date or in the case of evidence of permanent impairments of value. The loss, equal to the difference between the carrying value of the asset and its recoverable value, is recognised through profit and loss. Depreciation rates are consistent with plans for the technical-financial use of each single category of assets.
Intangible assets are derecognised when sold or when no future economic benefits are expected from the asset.

### Property, plant and equipment (IAS 16)

*a) Property*

This item includes property held for use in the business as defined and governed by IAS 16. These assets are distinguished between Land and Buildings and entered at cost which, in addition to the purchase price, includes any accessory charges directly attributable to the purchase and bringing into use of the asset.
Subsequently, the cost of the buildings is written down on a straight-line basis over their useful life. Land, whether purchased separately or as part of the value of buildings, is not depreciated, as of indefinite life. If the value of land is incorporated in the value of the building, the land is unbundled only if the company has full use of the building in all its parts. The total of such impairments, equal to the difference between the carrying value of the asset and its recoverable value (equal to the lower of fair value, net of any sale costs, and the relative value of the asset in use, meaning the current value of future cash flows deriving from the asset), is recorded through profit and loss. Property is derecognised on disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal.

*b) Other property, plant and equipment*

This item comprises furniture, fittings, plant and equipment, office machinery and assets listed in public registers. These items are stated at cost and subsequently recognised net of depreciation and any impairment of value. Depreciation rates are consistent with plans for the technical-financial use of each single category of assets. Other property, plant and equipment is derecognised on disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal.

**Reinsurers' share of technical provisions**

This item includes amounts corresponding to risks ceded to reinsurers under contracts regulated by IFRS 4. Reinsurers' shares of technical provisions are determined on the basis of agreements or treaties entered into between the parties, according to the same criteria described for technical provisions, except in the case of a different assessment of the recoverability of the credit.

**Investments**

*Investment property (IAS 40)*

Investment property defined and regulated by IAS 40 is classified under this item. Such investments include land, buildings and individual residential units. Property used in company operations or available as part of the core business for purchase and sale is not included. At the time of initial recognition, investment properties are recognised at cost which includes any directly attributable accessory charges or those necessary to bring the asset to working conditions. Investment property is depreciated in accordance with IAS 40. The value of the property is stated net of depreciation and impairment, if any. Extraordinary maintenance costs that result in future economic benefits are capitalised on the value of the property, while ordinary maintenance costs are recognised through profit and loss as incurred. These assets are depreciated on a straight-line basis over their estimated useful life, except for the portion relating to the land belonging to the building or purchased separately, which is assumed to have an indefinite useful life and is therefore not depreciated. If a permanent impairment of value emerges during periodic testing or after specific events, the corresponding write-down is made. Investment property is derecognised on disposal or in the case of events such as to eliminate the expected economic benefits of use.

*Equity investments in subsidiaries, associates and joint ventures (IAS 27, 28 and IAS 31)*

All subsidiary companies have been consolidated line by line. This item comprises equity investments valued by the equity method and relating to associated companies or in companies subject to joint control. In periods following the initial recognition at purchase cost, the change in the value of the equity investments attributable to the result of investee companies is recorded in the profit and loss account. Additional changes in the value of the investments, which were not charged to the profit and loss account of the investees, are recorded in the relevant item under shareholders' equity for the amount attributable to the investing company.

*Investments held to maturity (IAS 32 and IAS 39)*

The item includes financial assets covered by IAS 39, which are not derivatives, with fixed or determinable payments and certain maturity which the company intends to hold and is capable of holding to maturity. At the time of initial recognition, coinciding with the settlement date (so-called regular way contracts), financial assets are recognised at the fair value of the instrument normally coinciding with its cost, including directly attributable transaction costs or income. If assets are stated under this item as a result of reclassification of AFS assets, the fair value of the asset on the date of reclassification is taken as the new amortised cost of the asset. Subsequent to initial recognition, the HTM assets are valued at amortised cost using the effective interest rate method. Gains and losses arising from amortisation are recognised in profit and loss. If, following a change in the intention or ability to hold the asset, an HTM investment is reclassified as AFS or sold and provided that these transactions involve significant amounts, all remaining HTM investments are reclassified as AFS. Reclassification is not carried out only in the cases envisaged by IAS 39, where an unforeseeable objective change in the cited initial conditions make it impracticable to maintain the financial instrument as an HTM investment. Disposal gains and losses are recognised in profit and loss. On each reporting or interim-report date, these assets are tested for impairment. If there is evidence of impairment, the amount of these losses is calculated as the difference between the carrying value of the asset and the present value of estimated future cash flows discounted at the original interest rate. Impairment losses are recognised in profit and loss. If the reasons for the loss are subsequently removed, the value of the asset is restored up to the amount of the impairment losses previously recorded. HTM assets are derecognised when the contractual rights to the cash flows from the asset lapse or when all the risks and benefits of the asset are transferred.

*Loans and receivables (IAS 32 and IAS 39)*

This category includes non-derivative financial assets with fixed or determinable payments which are not listed in an active market and which are held with the intention not to sell them in the short term (IAS 39), excluding trade receivables.

Specifically, this item comprises: loans, receivables other than premiums payable by policyholders, term deposits with banks, deposits with ceding companies, and any financial component of insurance and reinsurance contracts. Non-insurance-related loans and receivables are recognised at amortised cost using the effective interest method, net of any impairment losses.

Repo transactions are recognised as funding or lending transactions and are therefore booked under receivables or payables. Interest, i.e. the difference between the sale and repurchase prices, accrues over the life of the transaction and is recognised pro rata temporis in profit and loss under interest income. Cash deposits with third parties guaranteeing the group's future obligations are recognised at cost corresponding to their face value.

At the end of the year, loans and receivables are tested for impairment. Such receivables are valued analytically taking into account their recovery period. Any value adjustments are recognised in profit and loss. If the reasons for an impairment loss are subsequently removed, the value of the loan or receivable is restored. Credits that do not present evidence of anomaly are valued collectively by dividing them into uniform risk classes and determining the estimated impairment loss for each on the basis of past loss experience. Loans and receivables are derecognised when deemed irrecoverable or when, following assignment, all the risks and benefits are effectively transferred to another entity.

*Financial assets measured at fair value through profit and loss (IAS 32 and IAS 39)*

This category comprises debt securities, equity instruments and the positive value of derivatives held for trading. On initial recognition, financial assets held for trading are recognised at fair value, normally coinciding with the acquisition cost of the instrument, while transaction costs or income directly attributable to the instrument are taken to profit and loss. Following initial recognition, HFT financial assets are recognised at fair value, i.e. the market price of financial instruments listed in an active market; if there is no active market, generally accepted estimates and valuation models based on market data are used. Fair value gains and losses on financial assets are recognised under gains (losses) on financial instruments at fair value measured through profit or loss. Financial assets are derecognised when the contractual rights to receive the cash flows from the asset and the underlying risks are transferred.

*Derivative financial instruments (IAS 32 and IAS 39)*

Derivatives are recognised at fair value. They are used with the intention of reducing market and credit risk. Derivatives are used for hedging or efficient management purposes; hedge accounting has not been applied for these instruments. According to IAS 39, derivatives are measured at fair value, with direct impact on profit and loss.

*Determination of fair value*

Fair value is the official price of an instrument in an active market. If the market for a financial instrument is inactive, fair value has been determined using valuation techniques in general use in financial markets which refer to analysis of discounted cash flows and to pricing models. If there is no active market price or the fair value of an investment cannot be reliably determined, the financial asset is valued at cost.

**Sundry receivables (IAS 39)**

*Receivables arising out of direct insurance business (IAS 39)*

This item includes premiums receivable from policyholders still to be collected. Initial recognition is at fair value and subsequently at amortised cost. Short-term receivables are not discounted since the effects would not be significant. Medium/long-term receivables are discounted to present value.

*Receivables arising out of reinsurance business*

The item includes accounts receivable from reinsurers. Initial recognition is at fair value and subsequently at amortised cost. Recognition does not entail discounting since these are short-term receivables and the effects would not be significant. On each subsequent reporting date, they are recognised at presumed recovery value.

*Other receivables*

This item includes other trade receivables as defined by IAS 32 and governed by IAS 39, not relating to taxes and not included in the two preceding categories. Initial recognition is at fair value and subsequently at amortised cost net of any impairment losses. They are valued analytically and, if impaired, are written down individually.

## Other assets

*Deferred tax assets and liabilities (IAS 12)*

These items reflect, respectively, tax assets arising on deductible temporary differences and tax liabilities arising on taxable temporary differences, as defined and regulated by IAS 12. These items are entered according to Italian GAAP as all consolidated companies are domiciled for tax purposes in Italy. All deferred tax liabilities on taxable temporary differences are recognised. Tax assets on deductible temporary differences are recognised if it is probable that sufficient taxable income will be generated in the future to permit use of these. Deferred tax assets and liabilities are recognised on the basis of the tax rate in force in the period in which the asset or liability is realised or settled. Deferred tax is recognised per contra in profit and loss except for tax relating to gains or losses on AFS financial assets and changes in the fair value of hedging instruments (cash-flow hedges), which are recognised net of tax directly per contra to equity.

*Current tax assets and liabilities (IAS 12)*

These items reflect current tax assets and liabilities as defined and regulated by IAS 12. Income taxes are calculated according to current tax laws. Tax charges (income) are the total of current and deferred tax included in the determination of the net profit or loss for the year. Current tax is recognised per contra in profit and loss.

*Other assets*

This is a residual item comprising assets not included in the above items. It mainly includes transitory reinsurance accounts and deferred commissions payable on contracts to which IFRS 4 does not apply.

## Cash and cash equivalents (IAS 7 and IAS 32)

This item comprises cash, current accounts with banks and demand deposits. These assets are recognised at face value. Cash and cash equivalents in foreign currency are disclosed at the exchange rate prevailing at the end of the year.

## Group interest in shareholders' equity

This section includes equity instruments forming the group's shareholders' equity, as required by the Italian Civil Code and insurance sector legislation, taking into account the necessary consolidation adjustments. Specific information on each component of Shareholders' equity follows.

## Share capital

The item includes those elements that, according to the legal standing of the company, form its capital. Share capital (underwritten and paid in) is disclosed at face value.

## Retained earnings and other equity reserves (IFRS 1, IAS 8, IFRS 2, IFRS 4)

The item includes:

a) the reserve comprising gains (losses) arising from first-time adoption of IAS/IFRS as per IFRS 1;

b) the reserve for gains (losses) due to fundamental calculation errors and changes in accounting policies or estimates used, as per IAS 8;
c) reserves arising from reclassification of certain supplemental reserves and all equalisation reserves recognised under the standards previously in force (IFRS 4);
d) other reserves required by the Italian Civil Code and previous insurance legislation;
e) consolidation reserves.

**Reserves for net exchange differences (IAS 21)**

This item includes exchange differences taken to equity as per IAS 21, arising on transactions in foreign currency.

**Provisions (IAS 37)**

The item includes the liabilities defined and governed by IAS 37 (Provisions, contingent liabilities and contingent assets).
Provisions for risks and charges are made when the following three conditions are met:
a) an effective obligation (legal or implicit) exists;
b) it is probable that resources will be used to meet the obligation and settle it;
c) the amount of the obligation can be reliably estimated.

The amount of the provision is equal to the forecast obligation discounted at current market rates. The obligation is not discounted if this would not be significant. Continuation of the conditions that require the provision is regularly reviewed.

**Technical provisions (IFRS 4)**

IFRS 4 permits recognition of technical provisions on the basis of generally accepted local accounting principles. A review of all the non-life contracts showed that all the contracts qualify as insurance contracts. The technical provisions also include any provisions made necessary by the Liability Adequacy Test. Claims provisions do not include compensation and equalisation provisions in that these are not permitted under IFRS. These provisions are recognised according to the accounting principles adopted prior to IFRS as all the outstanding non-life policies fall within the scope of IFRS 4 (insurance contacts). Specifically, this item includes:

- The provision for unearned premiums which comprises two items: the provision for premium instalments determined pro rata temporis, as required by art. 45 of Legislative Decree 173 of 26 May 1997 and the provision for unexpired risks comprising amounts to be allocated to cover claims payments and expenses that exceed the provision for premium instalments on outstanding contracts and are not subject to claim at the year-end, while meeting the requirements of IFRS 4 for the liability adequacy test.
- The provision for claims outstanding which includes provisions for claims reported but not yet paid on the basis of the forecast cost of the claim, including settlement and management expenses. Claims provisions are determined on the basis of an analytical estimate of the ultimate cost of covering charges relating to the compensation paid, direct costs and payment for each individual claim.

## Liability Adequacy Test

According to IAS/IFRS, the provision for unexpired risks complies with the requirements for the adequacy of insurance liabilities.

## Financial liabilities (IAS 39, IAS 32, IFRS 4)

*Financial liabilities at fair value through profit or loss*

This item includes financial liabilities and derivative financial instruments at fair value.

## Other financial liabilities

The item comprises financial liabilities defined and governed by IAS 39 not included in the previous item. Specifically, this item comprises:

a) payables to banks;

b) deposits received from reinsurers;

c) amounts due to ceding companies for factoring contracts in portfolio.

Insurance items are recognised at face value and subsequently recognised at amortised cost.

## Accounts payable (IAS 32 and IAS 39)

This category comprises trade payables.

*Accounts payable arising out of direct insurance business*

This item comprises payables arising on direct insurance business. They are recognised at cost.

*Accounts payable arising out of indirect insurance business*

This item comprises trade payables arising from indirect insurance business. They are recognised at cost.

*Other accounts payable*

The item reflects the liability towards employees for termination benefits. It is calculated analytically for each employee in accordance with the law and current collective bargaining agreements. Following amendments to the law on supplementary pension schemes under Law 252/2005 and Law 296/2006 and in consideration of the guidelines established by the OIC (Italian Accounting Authority) the company has: a) recorded the obligation for benefits accrued at 31 December 2006 according to the rules of defined benefit plans; this means that the enterprise must assess the obligation for benefits accrued by employees using actuarial techniques and must determine the total amount of actuarial gains and losses and the part of these to be disclosed; b) recorded the obligation for benefits accruing from January 1 2007, to be allocated to supplementary social insurance or to the special fund set up at INPS, according to the contributions due each year.

## Other liabilities

This category comprises trade payables.

*Current and Deferred Tax Liabilities*

Reference should be made to the assets section.

*Other liabilities*

The item comprises:

a) transitory reinsurance accounts;

b) any accrued liabilities that could not be allocated to specific items.

**Items of the PROFIT AND LOSS ACCOUNT**

Costs and revenues are recognised under the general accruals principle. The value according to which the various components of revenue are recognised is identified, for each item, according to the accounting principles described below.

**Net premiums (IFRS 4 and IAS 39)**

This heading includes premiums for the year relating to contracts classifiable as insurance contracts under IFRS 4 and investment contracts with discretionary participation feature, considered similar to insurance contracts by IFRS 4.

All contracts under which one party, the insurer, accepts significant insurance risk, agreeing to compensate another party, the policyholder or another beneficiary, if a specified uncertain future event (the insured event) adversely affects the policyholder or another beneficiary are considered to be insurance contracts.

All contracts distributed by the group qualify as insurance contracts according to FRS 4. The premiums are recognised net of reinsurance transfers.

**Net income on financial instruments at fair value through profit or loss (IAS 39)**

This item discloses realised gains and losses and changes in the value of assets and liabilities at fair value through profit or loss.

**Income and expense on investments in subsidiaries, associates and joint ventures (IAS 27, IAS 28 and IAS 31)**

This item includes income on investments valued according to the equity method and stated in the corresponding item under assets.

**Income from other financial instruments and investment property (IAS 18, IAS 39 and IAS 40)**

This item reflects income from investment property and financial instruments not at fair value through profit or loss. Specifically, this item comprises:

a) interest receivable (recognised on financial instruments using the effective interest method);

b) other income (e.g., rents from investment property and dividends);

c) realised gains (recognised following the elimination of financial assets or liabilities or investment property);

d) valuation gains (including positive changes resulting from reversal of impairment and measurement subsequent to initial recognition of investment property at fair value and of financial assets and liabilities).

### Other revenues (IAS 18, IFRS 4, IAS 21, IFRS 5, IAS 36)

This heading includes:

a) revenues from services other than insurance services and rental of property, plant and equipment and intangible assets or other assets belonging to the company, as prescribed by IAS 18;
b) other technical income not linked to insurance contracts;
c) exchange differences to be charged to profit and loss according to IAS 21;
d) profits on tangible and intangible assets;
e) reversals of impairment on tangible and intangible assets;
f) capital gains on non-current assets and disposal groups held for sale, other than discontinued operations.

### Net claims incurred (IFRS 4)

This heading includes – before payment costs and net of amounts ceded to reinsurers – amounts paid, net of recoveries, changes in the claims provisions, in the recovery provision, in the provision for amounts payable, in the provision for policy liabilities, in other technical provisions relating to insurance contracts and financial instruments governed by IFRS 4. It also includes direct and indirect claim settlement expenses.

### Charges relating to equity investments in subsidiaries, associates and joint ventures (IAS 27, 28 and 31)

This item includes the portion of the loss for the year relating to group companies, recognised according to the equity method.

### Expense relating to other financial instruments and investment property (IAS 39)

This macro-item includes expense relating to investment property and financial instruments not valued at fair value through profit and loss. Specifically, this item comprises:

a) interest payable (recognised on financial instruments using the effective interest method);
b) other expense (e.g. costs relating to investment property, including property management charges and maintenance and repair costs not capitalised);
c) realised losses (recognised following the elimination of financial assets or liabilities or investment property);
d) valuation losses (including reductions arising from impairment tests and valuation subsequent to initial recognition at fair value of investment property and financial assets and liabilities).

### Operating expenses (IFRS 4)

The item includes:

a) commissions and other acquisition costs on contracts classified as insurance or investment contracts under IFRS 4; these costs are disclosed net of reinsurance;
b) investment management expenses including general expenses and payroll expenses relating to the management of financial instruments, investment property and equity investments as well as custodian and administrative costs;
c) other administrative expenses, including general expenses and payroll expenses not allocated to costs of claims, insurance contract acquisition costs or investment management expenses.

### Other costs (IAS 18, IAS 19, IFRS 4, IAS 21, IAS 36, IFRS 5)

This heading includes:

a) costs relating to the purchase of goods and services other than those of a financial nature and rental of property, plant and equipment and intangible assets or other assets belonging to external entities, as per IAS 18;
b) other net technical charges linked to insurance contracts;
c) additional provisions made during the year;
d) exchange differences to be charged to profit and loss according to IAS 21;
e) realised losses, permanent impairments of value and depreciation relating to property, plant and equipment not otherwise allocated to other cost items, and amortisation of intangible assets
f) capital losses relating to non-current assets and disposal groups held for sale, other than losses relating to discontinued operations.

### Current tax (IAS 12)

This item includes income taxes calculated according to Italian tax laws (as the companies included in consolidation have their tax domicile in Italy), included in profit or loss.

### Deferred tax (IAS 12)

This item refers to income tax payable in future years relating to taxable temporary differences. Deferred tax is charged to profit and loss except tax relating to gains and losses recognised directly in equity in respect of which tax is treated in the same way. Deferred and advance tax are calculated according to the tax rates prevailing in each fiscal year in which the tax will become payable.

### Items in foreign currency

Transactions in foreign currency are recognised initially in the functional currency, adopting the exchange rate prevailing on the date of the transaction.

On each annual or interim reporting date, accounting entries in currency are valued as follows:

a) cash balances are converted at the reporting date exchange rate;
b) non-cash balances valued at historical cost are converted at the exchange rate prevailing on the date of the transaction;
c) non-cash items at fair value are converted using the exchange rate prevailing on the reporting date.

Exchange differences arising from cash settlement or conversion of cash items at rates other than the initial conversion rate, are recognised in profit and loss for the period in which they arise. When a gain or loss relating to a non-cash item is recognised in equity, the related exchange difference is also recognised in equity.

### Risk management

SACE regularly assesses its exposure to exchange-rate, interest-rate and credit-rate fluctuations and manages these risks by means of asset liability management techniques, in accordance with its risk management policies.

SACE uses financial instruments designated as fair value hedges mainly for the management of:

- exchange risk on financial instruments denominated in foreign currency;
- interest risk on fixed rate receivables and payables;
- credit risk.

The instruments used for this purpose are mainly forward contracts. The counterparties to these contracts are prime international banks with high ratings. Information regarding the fair value of outstanding derivatives at the reporting date is included in the annex.

### New accounting principles

On 1 January 2012, the amendment to "IFRS 7 - "Financial instruments: disclosures – transfers of financial assets" adopted with European Regulation (EU) 1205/2011 issued on 23 November 2011 came into effect.

On 5 June 2012, European Regulation (EU) 475/2012 was also published which adopts the amendments to IAS 1 – "Presentation of financial statements - Presentation of items of other comprehensive income" applicable from 1 January 2012.

### Other accounting principles and interpretations to be introduced shortly

On the date these financial statements were approved, the following accounting principles, interpretations and amendments applicable from 1 January 2013 have been issued by the IASB and the European Union:

- IAS 19 – "Employee benefits" amended by European Regulation (EU) 475/2012;
- IAS 12 – "Income Taxes – Deferred tax: recovery of underlying assets" amended by European Regulation (EU) 1255/2012;
- IFRS 1 – "First-time adoption of International Financial Reporting Standards - Severe hyperinflation and removal of fixed dates for first-time adopters" amended by European Regulation (EU) 1255/2012;
- IFRS 1 – "First-time adoption of International Financial Reporting Standards – Government Loans" amended by European Regulation (EU) 183/2013;
- IAS 13 – "Fair value measurement" adopted by European Regulation (EU) 1255/2012;
- IFRIC 20 – "Stripping Costs in the Production Phase of a Surface Mine" adopted by European Regulation 1255/2012;
- IFRS 7 – "Financial instruments: Disclosures - Offsetting Financial Assets and Financial liabilities" adopted by European Regulation 1256/2012.

The following accounting standards, interpretations and amendments will instead be applicable as from 1 January 2014:

- IAS 27 – "Separate financial statements" adopted by European Regulation (EU) 1254/2012;
- IAS 28 – "Investments in Associates and Joint Ventures" adopted by European Regulation (EU) 1254/2012;
- IFRS 10 – "Consolidated financial statements" adopted by European Regulation (EU) 1254/2012;
- IFRS 11 – "Joint arrangements" adopted by European Regulation (EU) 1254/2012;
- IFRS 12 – "Disclosure of interests in other entities" adopted by European Regulation (EU) 1254/2012;
- IAS 32 – "Financial instruments: Presentation - Offsetting Financial Assets and Financial liabilities" adopted by European Regulation 1256/2012.

The possible repercussions which these accounting standards, amendments and interpretations may have on the company's financial reporting are currently being analysed and evaluated.

Finally, as of the approval date of these financial statements, several accounting standards, interpretations and amendments – some of which are still the subject of consultation - have been issued by the IASB, but have not yet been certified by the EU, namely:

- IFRS 9 – Financial Instruments, as part of the project to review the current IAS 39;
- certain exposure drafts, which were also issued as part of the project to review the current IAS 39, on the subject of Amortised Cost and Impairment, Fair Value Option for Financial Liabilities and Hedge Accounting;
- Exposure Draft "Improvements to IFRS", as part of annual projects to improve and review the international accounting standards in general;
- Exposure Draft "Transition guide" for the introduction of the Amendments to IFRS 10, IFRS 11 and IFRS 12;
- Exposure Draft "Investment companies";
- Exposure Draft "Measurement of non-financial liabilities" as part of the project to review the current IAS 37 on the subject of recognising and measuring potential provisions, liabilities and assets;
- Exposure Draft "Revenue from contracts with Customers" as part of the project to review the current IAS 11 and IAS 18, on the subject of revenue recognition;
- Exposure Draft "Insurance contracts" as part of the project to review the current IFRS 4, on the subject of accounting for insurance contracts;
- Exposure Draft "Leasing" as part of the project to review the current IFRS 17, on the subject of accounting for leases;
- Interpretation on the "Recognition of the liability for the tax which a company must pay to a public authority to access a certain market";
- Interpretation on the "Accounting treatment of put options issued by the parent company to minority shareholders";
- Exposure Draft "IAS 28 – Equity Method: shares of net equity in other companies";
- Exposure Draft "IAS 16 – Property, plant and equipment" and "IAS 38 – Intangible assets – Clarifications on the methods permitted for Amortisation and Write-downs";
- Exposure Draft "IFRS 10 – Consolidated Financial Statements" and "IAS 28 – Investments in associates and joint ventures: sales or contributions of assets between an investor and its associate or joint venture";
- Exposure Draft "IFRS 11 – Joint arrangements: Acquisition of an interest in a joint operation";
- Exposure Draft "IAS 36 – Recoverable amount disclosures for non-financial assets".

The possible repercussions which these accounting standards, amendments and interpretations to be introduced may have on the company's financial reporting are currently being analysed and evaluated.

### Segment reporting

The business activities of the SACE group fall into three sectors:

- Non-life business
- Other businesses

in compliance with the provisions of ISVAP Regulation No. 7/2007.

**Balance Sheet by business sector**

| *(in € thousand)* | | Non-life business | | Life business | | Other business | | Inter-segment adjustments | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance Sheet by sector** | | 31-12-2012 | 31-12-2011 | 31-12-2012 | 31-12-2011 | 31-12-2012 | 31-12-2011 | 31-12-2012 | 31-12-2011 | 31-12-2012 | 31-12-2011 |
| **1** | **INTANGIBLE ASSETS** | **12,646** | **15,400** | | | **1,954** | **376** | **0** | **0** | **14,600** | **15,776** |
| **2** | **PROPERTY, PLANT AND EQUIPMENT** | **69,625** | **70,538** | | | **136** | **118** | **0** | **0** | **69,761** | **70,656** |
| **3** | **REINSURERS' SHARE OF TECHNICAL PROVISIONS** | **106,305** | **104,042** | | | **0** | **0** | **0** | **0** | **106,305** | **104,042** |
| **4** | **INVESTMENTS** | **7,328,719** | **7,482,826** | | | **1,138,784** | **1,159,698** | **-1,001,350** | **-975,197** | **7,466,153** | **7,667,327** |
| 4.1 | Investment property | 20,949 | 21,141 | | | 0 | 0 | 0 | 0 | 20,949 | 21,141 |
| 4.2 | Equity investments in subsidiaries, associates and joint ventures | 7,500 | 7,444 | | | 0 | 0 | 0 | 0 | 7,500 | 7,444 |
| 4.3 | Investments held to maturity | 1,646,739 | 1,763,988 | | | 0 | 0 | 0 | 0 | 1,646,739 | 1,763,988 |
| 4.4 | Loans and receivables | 1,644,422 | 1,141,321 | | | 1,138,784 | 1,159,698 | -1,000,183 | -975,197 | 1,783,023 | 1,325,822 |
| 4.5 | Available-for-sale financial assets | 0 | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.6 | Financial assets at fair value through profit or loss | 4,009,109 | 4,548,932 | | | 0 | 0 | -1,167 | 0 | 4,007,942 | 4,548,932 |
| **5** | **OTHER RECEIVABLES** | **985,400** | **999,500** | | | **4,497** | **4,210** | **-17,776** | **-11,160** | **972,121** | **992,550** |
| **6** | **OTHER ASSETS** | **260,350** | **247,933** | | | **6,287** | **2,728** | **-1,163** | **-655** | **265,474** | **250,006** |
| 6.1 | Deferred acquisition costs | 0 | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| 6.2 | Other assets | 260,350 | 247,933 | | | 6,287 | 2,728 | -1,163 | -655 | 265,474 | 250,006 |
| **7** | **CASH AND CASH EQUIVALENTS** | **442,133** | **57,237** | | | **60,738** | **21,062** | **0** | **0** | **502,871** | **78,299** |
| | **TOTAL ASSETS** | **9,205,179** | **8,977,477** | | | **1,212,396** | **1,188,192** | **-1,020,290** | **-987,013** | **9,397,285** | **9,178,656** |
| **1** | **SHAREHOLDERS' EQUITY** | | | | | | | | | **6,210,100** | **6,202,168** |
| **2** | **Other provisions** | **43,134** | **45,831** | | | **623** | **694** | **0** | **0** | **43,757** | **46,525** |
| **3** | **TECHNICAL PROVISIONS** | **2,589,712** | **2,342,117** | | | **0** | **0** | **-5** | **0** | **2,589,707** | **2,342,117** |
| **4** | **FINANCIAL LIABILITIES** | **29,203** | **93,029** | | | **1,104,208** | **1,052,610** | **-1,000,183** | **-975,000** | **133,228** | **170,639** |
| 4.1 | Financial liabilities at fair value through profit or loss | 6,668 | 66,485 | | | 0 | 0 | 0 | 0 | 6,668 | 66,485 |
| 4.2 | Other financial liabilities | 22,535 | 26,544 | | | 1,104,208 | 1,052,610 | -1,000,183 | -975,000 | 126,560 | 104,154 |
| **5** | **CREDITORS** | **95,146** | **123,017** | | | **32,758** | **71,478** | **-17,637** | **-11,720** | **110,267** | **182,775** |
| **6** | **OTHER LIABILITIES** | **309,402** | **233,318** | | | **3,289** | **1,461** | **-2,465** | **-347** | **310,226** | **234,432** |
| | **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | | | | | | | | **9,397,285** | **9,178,656** |

**Segment reporting - Income Statement**

| *(in € thousand)* | | Non-Life business | | Life business | | Other businesses | | Inter-segment adjustments | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Segment reporting - Income Statement** | | 31-12-2012 | 31-12-2011 | 31-12-2012 | 31-12-2011 | 31-12-2012 | 31-12-2011 | 31-12-2012 | 31-12-2011 | 31-12-2012 | 31-12-2011 |
| 1.1 | Net premiums | 436,724 | 300,533 | | | 0 | 0 | 0 | 0 | 436,724 | 300,533 |
| *1.1.1* | *Gross premiums for the year* | *471,462* | *342,826* | | | *0* | *0* | *0* | *0* | *471,462* | *342,826* |
| *1.1.2* | *Outward reinsurance premiums for the year* | *-34,738* | *-42,293* | | | *0* | *0* | *0* | *0* | *-34,738* | *-42,293* |
| 1.2 | Commissions receivable | 0 | 0 | | | 10,920 | 7,611 | 0 | 0 | 10,920 | 7,611 |
| 1.3 | Income and expense on financial instruments at fair value through profit or loss | 28,974 | -572,503 | | | 0 | 0 | 0 | 0 | 28,974 | -572,503 |
| 1.4 | Income from equity investments in subsidiaries, associates and joint ventures | 0 | 1,061 | | | 0 | 0 | 0 | 1,061 | 0 | 0 |
| 1.5 | Income from other financial instruments and investment property | 71,654 | 182,056 | | | 51,794 | 27,736 | 0 | 0 | 123,448 | 209,792 |
| 1.6 | Other income | 443,975 | 492,671 | | | 11,448 | 8,814 | -2,763 | 500 | 452,660 | 501,985 |
| **1** | **TOTALE REVENUES AND INCOME** | **981,327** | **144,194** | | | **74,162** | **44,161** | **-2,763** | **1,561** | **1,052,726** | **447,418** |
| 2.1 | Net claims incurred | -457,218 | 46,019 | | | 0 | 0 | -1,352 | 0 | -458,570 | 46,019 |
| *2.1.1* | *Amounts paid and changes to technical provisions* | *-484,263* | *23,748* | | | *0* | *0* | *-1,352* | *0* | *-485,615* | *23,748* |
| *2.1.2* | *Reinsurers' share* | *27,045* | *22,271* | | | *0* | *0* | *0* | *0* | *27,045* | *22,271* |
| 2.2 | Commission expense | 41 | 0 | | | -600 | -123 | 0 | 0 | -559 | -123 |
| 2.3 | *Expense on equity investments in subsidiaries, associates and joint ventures* | 0 | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.4 | Expense relating to other financial instruments and investment property | 14,620 | 11,846 | | | -37,443 | -17,533 | 0 | 0 | -22,823 | -5,687 |
| 2.5 | Operating expenses | -90,094 | -90,468 | | | -9,257 | -7,062 | -1,367 | 344 | -100,718 | -97,186 |
| 2.6 | Other costs | -189,376 | -172,227 | | | -10,098 | -7,123 | -44 | 156 | -199,518 | -179,194 |
| **2** | **TOTAL COSTS AND EXPENSES** | **-722,027** | **-204,830** | | | **-57,398** | **-31,841** | **-2,763** | **500** | **-782,188** | **-236,171** |
| | **PROFIT (LOSS) FOR THE YEAR BEFORE TAX** | **259,300** | **-60,636** | | | **16,764** | **12,320** | **-5,526** | **2,061** | **270,538** | **211,247** |

Figures are provided by business sector in accordance with ISVAP Regulation 7/2007, which is deemed adequate.

# INFORMATION ON THE CONSOLIDATED BALANCE SHEET

*(data in thousand)*

## 1. INTANGIBLE ASSETS (ITEM 1)

This heading comprises the assets defined and regulated by IAS 38 and also goodwill arising on the acquisition of SACE Surety, merged through incorporation in SACE BT and goodwill deriving from the setting up of SACE SRV S.r.l.

*Table 1*

| **Intangible assets** *(in € thousand)* | **net amount at 31-12-2012** | **net amount at 31-12-2011** |
|---|---|---|
| Goodwill | 7,655 | 7,655 |
| Other intangible assets | 6,945 | 8,121 |
| **Total** | **14,600** | **15,776** |

Other Intangible Assets comprises €7,655 for goodwill, which includes:

- €7,563 thousand for the remaining goodwill recognised at the time of acquisition of the interest in SACE Surety.
- €92 thousand of goodwill relating to SACE SRV (previously SACE Servizi) established in the second half of 2007.

Other intangible assets mainly include the costs of the corporate information system. Amortisation periods reflect the useful life of capitalised costs. Further details on the measurement of Intangible assets are provided in the annex "Detail of Property, Plant and Equipment and Intangible Assets".

## 2. PROPERTY, PLANT AND EQUIPMENT (ITEM 2)

Changes in the original carrying value and accumulated depreciation for the year are set forth below:

| *Table 2 (in € thousand)* | **Amount** |
|---|---|
| **Real property** | |
| Opening balance | 67,148 |
| Acquisitions | 193 |
| Decreases | |
| Depreciation | 752 |
| **Final value** | **66,589** |

Property includes assets defined and regulated by IAS 16.

No title or ownership restrictions exist on property, plant and equipment and no assets have been pledged to guarantee liabilities. Further details on the measurement of Property are set forth in the annex "Detail of Property, Plant and Equipment and Intangible Assets".

| *Table 3 (in € thousand)* | Amount |
|---|---|
| **Other property, plant and equipment** | |
| Opening balance | 3,508 |
| Increases for purchases | 663 |
| Decreases | 62 |
| Depreciation | 937 |
| **Final value** | **3,172** |

Details of property, plant and equipment and intangible assets are given in **annex 1**.

## 3. Reinsurers' share of technical provisions (item 3)

This heading for a total of €106,305 thousand (€104,042 thousand at 31 December 2011) includes reinsurers' commitments arising on reinsurance contracts regulated by IFRS 4. Further details of Reinsurers' share of technical provisions are provided in the annex "Detail of Reinsurers' share of technical provisions".

## 4. Investments (item 4)

The detail is as follows:

| *Table 4 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Investment** | | |
| 4.1. Investment property | 20,949 | 21,141 |
| 4.2 Equity investments in subsidiaries, associates and joint ventures | 7,500 | 7,444 |
| 4.3 Investments held to maturity | 1,646,739 | 1,763,988 |
| 4.4 Loans and receivables | 1,783,023 | 1,325,822 |
| 4.5 Financial assets at fair value through profit or loss | 4,007,942 | 4,548,932 |
| **Total** | **7,466,153** | **7,667,327** |

### 4.1 Investment property

Investment property (Item 4.1) includes assets defined and regulated by IAS 40. In particular, it reflects property leased to third parties by the SACE BT subsidiary. Overall, the market value of each asset exceeds that carried in the consolidated financial statements. The expert appraisals are aligned with the provisions of Title III of ISVAP Regulation No. 22. Further details are provided in the annex "Detail of Property, Plant and Equipment and Intangible Assets".

### 4.2 Equity investments in subsidiaries, associates and joint ventures

The item comprises the interest in ATI (African Trade Insurance Agency) in the form of 100 shares for an equivalent value of USD 9.7 million;

### 4.3 INVESTMENTS HELD TO MATURITY

Investments held to maturity (Item 4.3) comprise financial assets held to maturity as defined by IAS 39.9 under IAS 39. Movements on this account are detailed below:

| *Table 5 (in € thousand)* | **Amount** |
|---|---|
| **Held-to-maturity investments** | |
| Opening balance | 1,763,988 |
| Increases during the year: | 39,116 |
| Decreases during the year: | 156,365 |
| **Total** | **1,646,739** |

The reductions during the year reflect reimbursements made.

### 4.4 LOANS AND RECEIVABLES

Loans and receivables (Item 4.4) include loans (IAS 39.9) regulated by IAS 39, excluding trade receivables as defined by IAS 32 AG4 (a). This item also includes non-sight deposits at banks and reinsurers' deposits with ceding companies. It also includes the amount of €1,130,766 thousand for receivables from debtors arising from factoring contracts subscribed before the end of the year. All items of this category of financial instruments are carried at amortised cost.

### 4.6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss (Item 4.6) reflect financial assets regulated by IAS 39. This item includes investments of liquidity in bonds, equities and shares of collective investment undertakings. It includes financial instruments held for trading. Further details of investments held to maturity, loans and receivables and financial assets at fair value through profit or loss are provided in the annex "Detail of Financial Assets".

Information as per IFRS 7.27B(a) concerning the fair value hierarchies according to IFRS 7.27 is provided in annex 9 "Breakdown of financial assets and liabilities by level". Level 1 includes financial instruments listed in regulated markets, level 2 comprises unlisted securities and derivatives which are valued on the basis of directly observable market data, level 3 securities and financial instruments valued using valuation techniques based to a large extent on unobservable variables.

## 5. SUNDRY RECEIVABLES (ITEM 5)

| *Table 6 (in € thousand)* | **31-12-2012** | **31-12-2011** |
|---|---|---|
| **Sundry receivables** | | |
| 5.1 Receivables arising out of direct insurance business | 918,769 | 946,240 |
| 5.2 Receivables arising out of reinsurance business | 10,506 | 3,028 |
| 5.3 Other receivables | 42,846 | 43,282 |
| **Total** | **972,121** | **992,550** |

The item includes the receivables set forth in IAS 32 AG4 (a) regulated by IAS 39.

**Receivables arising out of direct insurance business**

The item consists mainly of subrogation credits from countries amounting to €777,456 thousand.

**Receivables arising out of reinsurance business**

This item refers to current account debit and credit balances for premiums, claims, commissions, deposits and related interest towards companies with which reinsurance business is transacted.

**Other receivables**

Other receivables are detailed below.

| *Table 7 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Other receivables** | | |
| Receivables from tax authorities | 7,440 | 7,189 |
| Receivables for invoices to be issued | 5 | 131 |
| Premiums on options | 1,334 | 2 |
| Sundry receivables | 34,067 | 35,960 |
| **Total** | **42,846** | **43,282** |

## 6. OTHER ASSETS (ITEM 6)

| *Table 8 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Other assets** | | |
| 6.1 Non-current assets or of a disposal group available-for-sale | - | - |
| 6.2. Deferred acquisition costs | - | - |
| 6.3. Deferred tax assets | 164,329 | 113,281 |
| 6.4. Current tax assets | 78,678 | 92,739 |
| 6.5 Other assets | 22,467 | 43,986 |
| **Total** | **265,474** | **250,006** |

Current tax assets include receivables due from companies included in the tax consolidation scheme. Deferred tax assets reflect advance tax entered in the ordinary accounts of companies included in the scope of consolidation and taxes relating to adjustments to the consolidated financial statements as required and governed by IAS 12. For a more detailed breakdown of deferred tax assets and liabilities refer to "Profit and Loss - Taxation" below.

## 7. CASH AND CASH EQUIVALENTS (ITEM 7)

| *Table 9 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Bank and Post Office demand deposits | 502,861 | 78,290 |
| Cash in hand | 10 | 9 |
| **Total** | **502,871** | **78,299** |

This heading includes the financial assets defined by IAS 7.6.

## 8. SHAREHOLDERS' EQUITY

At 31 December 2012, shareholders' equity totalled €6,210,100 thousand and comprises:

| *Table 10 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Shareholders' equity** | | |
| **Group interest** | **6,210,100** | **6,202,168** |
| Share capital | 4,340,054 | 4,340,054 |
| Retained earnings and other equity reserves | 1,702,113 | 1,722,594 |
| Group interest in the profit (loss) for the year | 167,933 | 139,520 |
| **Minority interest** | | |
| Minority interest in the profit (loss) for the year | | |

The share capital consists of 1 million ordinary shares and is fully paid in. Retained earnings and other equity reserves include gains and losses arising on first-time adoption of IFRS (IFRS 1) and also equalisation provisions as per IFRS 4.14 (a) and the reserves required by the Italian Civil Code and special legislation prior to the adoption of IFRS (reserves arising on waivers of valuation criteria and also reserves arising on the result of foreign exchange management).

## 9. PROVISIONS

This item comprises liabilities defined and governed by IAS 37. A breakdown of the related provisions and legal or implicit obligations to which SACE is exposed in exercising its business is provided below:

| *Table 11 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Description** | | |
| Provisions for amounts due to policyholders | 28,263 | 31,330 |
| Provision for legal disputes | 3,230 | 5,216 |
| Provision for payments to agents | 1,012 | 624 |
| Other provisions | 12,141 | 9,355 |
| **Total** | **43,757** | **46,525** |

Movements on this account during 2012 are detailed below:

| *Table 12 (in € thousand)* | Amount |
|---|---|
| **Description** | |
| Initial value | 46,525 |
| Provisions for the year | 8,419 |
| Utilisations for the year | 11,187 |
| **Final value** | **43,757** |

## 10. technical provisions

Technical provisions include reinsurance commitments gross of commitments ceded. This item is detailed below.

| *Table 13 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Description** | | |
| Provision for unearned premiums - non-life business | 1,831,336 | 1,922,678 |
| Provision for claims outstanding - non-life business | 757,353 | 418,307 |
| Other provisions | 1,018 | 1,132 |
| **Total** | **2,589,707** | **2,342,117** |

Further details are provided in the annex "Detail of technical provisions".

## 11. Financial liabilities

This heading includes the financial liabilities regulated by IAS 39, other than trade payables, and comprises:

| *Table 14 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Financial liabilities** | | |
| 4.1 Financial liabilities at fair value through profit or loss | 6,668 | 66,485 |
| 4.2 Other financial liabilities | 126,560 | 104,154 |
| **Total** | **133,228** | **170,639** |

Financial liabilities at fair value through profit or loss reflect the value of financial instruments in portfolio. Financial instruments are used for hedging or efficient management purposes; hedge accounting has not been applied for these instruments. The fair value of derivatives is determined on the basis of market parameters at the reporting date. Other financial liabilities includes the loans granted by banks and financial institutions to SACE Fct S.p.A. The other financial liabilities mainly include the amounts due to suppliers for factoring contracts. Further details of this item are provided in the annex "Detail of financial liabilities".

## 12. ACCOUNTS PAYABLE

| *Table 15 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Accounts payable** | | |
| 5.1 Accounts payable arising out of direct insurance business | 50,141 | 52,826 |
| 5.2 Accounts payable arising out of reinsurance business | 12,627 | 15,908 |
| 5.3 Other accounts payable | 47,499 | 114,041 |
| **Total** | **110,267** | **182,775** |

This heading includes trade payables as per IAS 32 AG.

Accounts payable arising out of direct insurance business mainly include payables for amounts due to policyholders for deductibles on amounts recovered, equal to €41,768 thousand, other payables for premium reimbursements and front-end expenses in the amount of €2,092 thousand.

Other accounts payable include:

| *Table 16 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Description** | | |
| Amounts due to suppliers | 9,382 | 12,384 |
| Provision for termination benefits | 7,144 | 6,184 |
| Sundry creditors | 30,973 | 95,473 |
| **Total** | **47,499** | **114,041** |

Sundry Creditors consist of costs for the year relating to employees (€7,715 thousand), payments received from creditors in connection with factoring activities and to be processed (€20,137 thousand).

## 13. OTHER LIABILITIES

This heading is detailed as follows:

| *Table 17 (in € thousand)* | 31-12-2012 | 31-12-2011 |
|---|---|---|
| **Other liabilities** | | |
| 6.1 Liability of a disposal group held for sale | - | - |
| 6.2 Deferred tax liabilities | 89,852 | 139,368 |
| 6.3 Current tax liabilities | 205,206 | 83,484 |
| 6.4 Other liabilities | 15,168 | 11,580 |
| **Total** | **310,226** | **234,432** |

# INFORMATION ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

## 14. NET PREMIUMS

This heading includes the premiums earned relating to insurance contracts under IFRS 4.2, net of amounts ceded to reinsurers. Gross premiums written amounted to €380,124 thousand; indications regarding premium income in 2012 segment by segment are provided in the Directors' Report.
Further details can be found in the annex "Detail of insurance technical items".

## 15. GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

This heading comprises realised gains and losses and positive or negative changes in the value of financial assets and liabilities at fair value through profit or loss. Specifically, it reflects the value of financial instruments used to hedge exchange rates (see also Other income for the component relating to exchange rate adjustments to portfolio credits). Further details are provided in the annex "Financial and investment income (expense)".

## 16. INCOME FROM OTHER FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTY

This item includes income on investment property and financial instruments not measured at fair value through profit or loss. In particular, it comprises the following:

*Interest income*

This item includes interest receivable recognised according to the effective interest method (IAS 18.30 (a)).

*Other income*

This item reflects income from rentals on investment property.

## 17. OTHER INCOME

This heading comprises income from the provision of services other than financial services and exchange differences taken to profit and loss as per IAS 21 amounting to €426,826 thousand (€ 444,138 thousand at 31 December 2011)

## 18. NET CLAIMS INCURRED

This heading includes (gross of payment costs and amounts ceded to reinsurers) the amount of claims paid (€264,906 thousand). Indications regarding the claims experience in 2012 by class of business are provided in the Directors' Report. Further details can be found in the annex "Detail of insurance technical items".

## 19. EXPENSE RELATING TO OTHER FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTY

This heading reflects charges on investment property and financial instruments not measured at fair value through profit or loss. The detail is as follows:

*Interest expense*

The item includes interest expense recognised according to the effective interest method (relating to outstanding loans).

*Other expense*

The item includes, amongst others, costs relating to property investments and, specifically, property management charges and maintenance and repair costs not capitalised.

## 20. OPERATING EXPENSES

Commissions and other acquisition expenses

The item includes acquisition costs, net of amounts ceded to reinsurers, relating to insurance contracts.

*Investment management charges*

This item includes general and personnel expenses relating to the management of financial instruments, of investment property and equity investments.

*Other administrative expenses*

This item includes general and personnel expenses not allocated to claims expenses, acquisition costs in respect of insurance contracts or investment management costs.

## 21. OTHER EXPENSE

This heading includes:

- costs relating to the provision of services other than those of a financial nature;
- other technical charges relating to insurance contracts (€2,098 thousand);
- write-downs and additional provisions accrued during the year (€8,629 thousand);
- exchange differences recognised in profit and loss, as set forth in IAS 21 (€166,289 thousand);
- realised losses, depreciation of property, plant and equipment, not otherwise allocated to other items of cost, and amortisation of intangible assets (€2,191 thousand).

## 22. TAX

Tax recognised in the consolidated profit and loss account is as follows:

| *Table 18 (in € thousand)* | **2012** | **2011** |
|---|---|---|
| **Income tax** | | |
| **Through profit or loss** | | |
| | | |
| Current tax | | |
| Expense (income) for current tax | 203,191 | 79,926 |
| Adjustments to prior year current tax | -21 | |
| | | |
| Deferred tax: | | |
| | | |
| Expense (income) due to recognition and elimination of temporary differences | -100,565 | -4,736 |
| Expense (income) due to changes in tax rates or new taxes | | |
| Expense (income) recognised arising from tax losses | | |
| Expense (income) relating to write-downs or write-backs of deferred tax assets | | -3,463 |
| **TOTAL INCOME TAX** | **102,605** | **71,727** |

The reconciliation between the tax liability stated in the 2012 consolidated financial statements and the theoretical tax liability, determined according to theoretical tax rates adopted in Italy, is as follows:

*Table 19*

**Reconciliation between average actual and theoretical tax rates**

| *(in € thousand)* | **Taxable income** | **Imposte** |
|---|---|---|
| **Income before tax** | **270,538** | **74,398** |
| *Theoretical tax rate* | | *27.5%* |
| Permanent differences | 55,174 | 15,173 |
| Temporary differences | 99,528 | 27,370 |
| | | |
| **IRAP** | | **42,543** |
| | | **18,858** |
| | | |
| **Total** | | **61,401** |
| *Effective tax rate* | | *22.70%* |

Overall, deferred tax assets net of deferred tax liabilities can be analysed as follows:

**Reconciliation between average actual and theoretical tax rates**

| | **Assets** | | **Liabilities** | | **Net amount** | |
|---|---|---|---|---|---|---|
| *Table 20 (in € thousand)* | **2012** | **2011** | **2012** | **2011** | **2012** | **2011** |
| **Deferred tax assets and liabilities** | | | | | | |
| **Relating to:** | | | | | | |
| Intangible assets | | | | | | |
| Unrealised revaluation | 683 | 800 | | | 683 | 800 |
| *- Financial assets* | *800* | *800* | | | *800* | *800* |
| *- Real property investments* | | | | | | |
| Equalisation and catastrophic risk provision | | | 22,381 | 42,982 | -22,381 | -42,982 |
| Employee benefits | | | 10 | 206 | -10 | -206 |
| Valuation of assets at FV | | | 22,582 | 49,702 | -22,582 | -49,702 |
| Other items | 163,647 | 112,481 | 44,880 | 46,478 | 118,767 | 66,003 |
| Amount of tax relating to taxable losses | | | | | | |
| Total gross deferred tax | 164,330 | 113,281 | 89,852 | 139,368 | 74,477 | -26,087 |
| Tax equalisation | | | | | 0 | 0 |
| **Total net tax (assets)/liabilities** | **164,330** | **113,281** | **89,852** | **139,368** | **74,477** | **-26,087** |

# OTHER INFORMATION

**Intra-group transactions and transactions with related parties**

As part of their business, SACE S.p.A. and its subsidiaries were not party to any atypical transactions extraneous to their usual business conduct. Intercompany transactions, settled on an arm's length basis, are carried out through reinsurance relationships, the provision of services under specific outsourcing agreements (activities entrusted by the SACE BT S.p.A. subsidiary and SACE Fct S.p.A. to the parent company SACE S.p.A. for activities not part of company core business - ITC, communication, personnel management and internal auditing). During the year a subordinated loan agreement was signed in favour of the SACE Fct subsidiary. Premises at the offices of the controlling entity were rented at market prices and the subsidiaries entered into leasing contracts. These services made it possible to rationalise operating functions and improve the standard of service. During the year, insurance transactions were carried out with companies controlled by Cassa Depositi e Prestiti, also settled at arm's length.

**Fees paid to senior managers with strategic responsibility.**

Fees were paid in 2012 for €1,166 thousand.

**Fees due to external auditors**

In accordance with Italian Legislative Decree No. 39 of 27 January 2010, the fees due for FY 2012 to PricewaterhouseCoopers S.p.A. for auditing the consolidated accounts are shown in the table below.

*Table 21*
**Revisions**

| *(in € thousand)* | **2012** |
|---|---|
| SACE S.p.A. audit | 64 |
| Audit subsidiary and affiliated companies | 168 |
| **Total** | **232** |

**Events after the end of the year.**

Reference should be made to the Directors' Report.

# ANNEXES
# TO THE NOTES

(ISVAP Regulation No. 7/2007 and subsequent amendments and additions)

## Annex 1. Detail of property, plant and equipment and intangible assets

| *(in € thousand)* | Valued at cost | *Total carrying value* | Total carrying value |
|---|---|---|---|
| Investment property | 20,949 | | 20,949 |
| Other properties | 66,589 | | 66,589 |
| Other property, plant and equipment | 3,172 | | 3,172 |
| Other intangible assets | 6,945 | | 6,945 |

## Annex 2. Detail of Reinsurers' share of technical provisions

| | Direct business | | Indirect business | | Total carrying value | |
|---|---|---|---|---|---|---|
| *(in € thousand)* | 31-12-2012 | 31-12-2011 | 31-12-2012 | 31-12-2011 | 31-12-2012 | 31-12-2011 |
| **Non-life provisions** | **106,137** | **103,836** | **168** | **206** | **106,305** | **104,042** |
| Provision for unearned premiums: | 41,170 | 41,964 | 77 | 166 | 41,247 | 42,130 |
| Provision for claims outstanding: | 64,660 | 61,513 | 91 | 40 | 64,751 | 61,553 |
| Other provisions | 307 | 359 | - | - | 307 | 359 |
| **Life provisions** | **-** | - | **-** | - | **-** | - |
| Provision for amounts payable | - | - | - | - | - | - |
| Provisions for policy liabilities | - | - | - | - | - | - |
| Technical provisions where the investment risk is borne by the policyholders and provisions relating to the administration of pension funds | - | - | - | - | - | - |
| Other provisions | - | - | - | - | - | - |
| **Total reinsurers' share of technical provisions** | **106,137** | **103,836** | **168** | **206** | **106,305** | **104,042** |

## Annex 3. Detail of financial assets

| | Held-to-maturity investments | | Loans and receivables | | Available-for-sale financial assets | | Financial assets at fair value through profit or loss | | | | Total carrying value | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Financial assets held for trading | | Financial assets designated at fair value though profit and loss | | | |
| *(in € thousand)* | **31-12-2012** | **31-12-2011** | **31-12-2012** | **31-12-2011** | **31-12-2012** | **31-12-2011** | **31-12-2012** | **31-12-2011** | **31-12-2012** | **31-12-2011** | **31-12-2012** | **31-12-2011** |
| Equity instruments and derivatives valued at cost | | | | | | | | | | | - | - |
| *Equity instruments at fair value* | | | | | | | 40,544 | 28,938 | | | 40,544 | 28,938 |
| *- of which listed* | | | | | | | 40,347 | 28,753 | | | 40,347 | - |
| Debt securities | 1,646,739 | 1,763,988 | | | | | 3,326,828 | 3,889,088 | | | 4,973,567 | 5,653,076 |
| *- of which listed* | *1,646,739* | *1,763,988* | | | | | *2,436,359* | *3,288,001* | | | *4,083,098* | *5,051,989* |
| Shares of collective investment funds | | | | | | | 621,947 | 601,900 | | | 621,947 | 601,900 |
| Loans and receivables with insured banks | | | 2,505 | | | | | | | | 2,505 | - |
| Interbank loans and receivables | | | | 2 | | | | | | | - | 2 |
| Deposits with ceding companies | | | 88 | 88 | | | | | | | 88 | 88 |
| Financial asset components of insurance policies | | | | | | | | | | | - | - |
| Other loans and receivables | | | 1,780,430 | 1,325,733 | | | | | | | 1,780,430 | 1,325,733 |
| Non-hedge derivatives | | | | | | | 18,623 | 29,006 | | | 18,623 | 29,006 |
| Hedging derivatives | | | | | | | | | | | - | - |
| Other financial investments: | | | | | | | | | | | - | - |
| **Total** | **1,646,739** | **1,763,988** | **1,783,023** | **1,325,822** | **-** | **-** | **4,007,942** | **4,548,932** | | | **7,437,704** | **7,638,742** |
| | | | | | | | | | | | | |

## Annex 4. Detail of technical provisions

| | Direct business | | Indirect business | | Total carrying value | |
|---|---|---|---|---|---|---|
| *(in € thousand)* | 31-12-2012 | 31-12-2011 | 31-12-2012 | 31-12-2011 | 31-12-2012 | 31-12-2011 |
| **Non-life provisions** | **2,549,964** | **2,313,182** | **39,743** | **28,935** | **2,589,707** | **2,342,117** |
| Provisions for unearned premiums: | 1,793,853 | 1,897,752 | 37,483 | 24,926 | 1,831,336 | 1,922,678 |
| Provisions for claims outstanding: | 755,093 | 414,298 | 2,260 | 4,009 | 757,353 | 418,307 |
| Other provisions | 1,018 | 1,132 | 0 | 0 | 1,018 | 1,132 |
| *of which provisions made following liability adequacy tests* | 0 | 0 | 0 | 0 | 0 | 0 |
| **Life provisions** | **0** | **0** | **0** | **0** | **0** | **0** |
| Provision for amounts payable | 0 | 0 | 0 | 0 | 0 | 0 |
| Provisions for policy liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| Technical provisions where the investment risk is borne by the policyholders and provisions relating to the administration of pension funds | 0 | 0 | 0 | 0 | 0 | 0 |
| Other provisions | 0 | 0 | 0 | 0 | 0 | 0 |
| *of which provisions made following liability adequacy tests* | 0 | 0 | 0 | 0 | 0 | 0 |
| *of which deferred liabilities to policyholders* | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Technical Provisions** | **2,549,964** | **2,313,182** | **39,743** | **28,935** | **2,589,707** | **2,342,117** |

## Annex 5. Detail of financial liabilities

| | Financial liabilities at fair value through profit and loss | | | | Other financial liabilities | | Total carrying value | |
|---|---|---|---|---|---|---|---|---|
| | Financial liabilities held for trading | | Financial liabilities measured at fair value through profit or loss | | | | | |
| *(in € thousand)* | 31-12-2012 | 31-12-2011 | 31-12-2012 | 31-12-2011 | 31-12-2012 | 31-12-2011 | 31-12-2012 | 31-12-2011 |
| **Participating financial instruments** | | | | | | | | |
| Subordinated liabilities | | | | | | | | |
| **Liabilities from financial policies issued by insurance companies relating to:** | | | | | | | | |
| - policies where the investment risk is borne by policyholders | | | | | | | | |
| - administration of pension funds | | | | | | | | |
| - other contracts | | | | | | | | |
| - deposits received from reinsurers | | | | | 22,352 | 26,544 | 22,352 | 26,544 |
| Financial liability components of insurance policies | | | | | | | | |
| Debt securities issued | | | | | | | | |
| Payables to insured banks | | | | | 50,617 | | 50,617 | |
| Interbank liabilities | | | | | | | | |
| Other loans obtained | | | | | 50,000 | | 50,000 | |
| Non-hedge derivatives and forward contracts | 6,668 | 66,485 | | | | | 6,668 | 66,485 |
| Hedging derivatives | | | | | | | | |
| Other financial liabilities | | | | | 3,591 | 77,610 | 3,591 | 77,610 |
| **Total** | **6,668** | **66,485** | | | **126,560** | **104,154** | **133,228** | **170,639** |
| | | | | | | | | |

## Annex 6. Detail of technical insurance items

| (in € thousand) | 2012 Gross amount | 2012 Reinsurers' share | 2012 Net amount | 2011 Gross amount | 2011 Reinsurers' share | 2011 Net amount |
|---|---|---|---|---|---|---|
| **NET PREMIUMS** | **471,462** | **-34,738** | **436,724** | **342,827** | **-42,294** | **300,533** |
| a Premiums written | 380,123 | -33,855 | 346,268 | 442,293 | -41,891 | 400,402 |
| b Change in the provision for unearned premiums | 91,339 | -883 | 90,456 | -99,466 | -403 | -99,869 |
| **NET CLAIMS INCURRED** | **486,065** | **-27,495** | **458,570** | **-23,210** | **-22,809** | **-46,019** |
| a Claims paid | 264,906 | -26,946 | 237,960 | 112,543 | -20,988 | 91,555 |
| b Change in the provision for claims outstanding | 339,046 | -4,240 | 334,806 | 26,972 | -4,396 | 22,576 |
| c Change in recoveries | -117,773 | 3,638 | -114,135 | -164,222 | 3,076 | -161,146 |
| d Change in other technical provisions | -114 | 53 | -61 | 1,497 | -501 | 996 |
| | | | | | | |
| **Life business** | | | | | | |
| **NET PREMIUMS** | | **0** | **0** | **0** | **0** | **0** |
| **NET CLAIMS INCURRED** | | **0** | **0** | **0** | **0** | **0** |
| a Claims paid | 0 | 0 | 0 | 0 | 0 | 0 |
| b Change in the provision for claims outstanding | 0 | 0 | 0 | 0 | 0 | 0 |
| c Change in provisions for policy liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| d Change in technical provisions where the investment risk is borne by the policyholders and relating to the administration of pension funds | 0 | 0 | 0 | 0 | 0 | 0 |
| e Change in other technical provisions | 0 | 0 | 0 | 0 | 0 | 0 |

## Annex 7. Financial and investment income and expense

| (in € thousand) | Interests | Other income | Other expense | Realised gains | Realised losses | Total realised income and expense | Valuation gains | | Valuation losses | | Total non-realised income and expense | Total income and expense | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Net valuation gains | Restoration of value | Valuation losses | Reduction in value | | 31-12-2012 | 31-12-2011 |
| **Investment income** | 193,568 | 1,112 | (373) | 223,683 | (348,898) | 69,091 | **186,308** | **819** | **(140,852)** | **(861)** | **45,414** | **114,505** | **(359,569)** |
| a On investment property | 0 | 778 | (317) | 0 | 0 | 461 | 0 | 0 | 0 | (85) | (85) | 376 | 740 |
| b On equity investments in subsidiaries, associates and joint ventures | 0 | 0 | 0 | 0 | 0 | 0 | 44 | 0 | 0 | 0 | 44 | 44 | 86 |
| c On held-to-maturity investments | 68,471 | 0 | 0 | 0 | 2,563 | 71,034 | 0 | 0 | 0 | 0 | 0 | 71,034 | 74,567 |
| d On loans and receivables | 36,210 | 0 | 0 | 0 | (65) | 36,145 | 0 | 0 | (21,656) | 0 | (21,656) | 14,489 | 124,868 |
| e On available-for-sale financial assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f On held-for-trading financial assets | 88,887 | 334 | (56) | 223,683 | (351,396) | (38,548) | 186,264 | 819 | (119,196) | (776) | 67,111 | 28,563 | (559,830) |
| g On financial assets designated at fair value though profit or loss | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Other receivables - income (expense)** | **2,154** | **0** | **0** | **0** | **0** | **2,154** | **0** | **0** | **0** | **0** | **0** | **2,154** | **1,049** |
| **Cash and cash equivalents - income (expense)** | **13,248** | **0** | **0** | **0** | **0** | **13,248** | **0** | **0** | **0** | **0** | **0** | **13,248** | **4,712** |
| **Financial liabilities - income (expense)** | **(79)** | **395** | **(393)** | **0** | **0** | **(77)** | **0** | **0** | **0** | **0** | **0** | **(77)** | **(14,427)** |
| a On held-for-trading financial liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b On financial liabilities designated at fair value though profit or loss | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c On other financial liabilities | (79) | 395 | (393) | 0 | 0 | (77) | 0 | 0 | 0 | 0 | 0 | (77) | (14,427) |
| **Indebtedness** | **(232)** | **0** | **0** | **0** | **0** | **(232)** | **0** | **0** | **0** | **0** | **0** | **(232)** | **(162)** |
| **Total** | **208,658** | **1,507** | **(766)** | **223,683** | **(348,898)** | **84,184** | **186,308** | **819** | **(140,852)** | **(861)** | **45,414** | **129,598** | **(368,398)** |

## Annex 8. Detail of insurance business costs

| | Non-Life business | | Life business | |
|---|---|---|---|---|
| *(in € thousand)* | 31-12-2012 | 31-12-2011 | 31-12-2012 | 31-12-2011 |
| **Gross commissions and other acquisition costs:** | **39,480** | **41,653** | | |
| a Acquisition commissions | 15,192 | 15,859 | | |
| b Other acquisition costs | 22,925 | 25,120 | | |
| c Change in deferred acquisition costs | 0 | 0 | | |
| d Collecting commissions | 1,363 | 675 | | |
| Reinsurance commissions and profit-sharing | -5,778 | -9,595 | | |
| Investment management charges | 3,896 | 5,425 | | |
| Other administrative costs | 52,497 | 52,985 | | |
| **Total** | **90,094** | **90,468** | | |

## Annex 9. Breakdown of financial assets and liabilities by level

| | | Level 1 | | Level 2 | | Level 3 | | Total | |
|---|---|---|---|---|---|---|---|---|---|
| *(in € thousand)* | | | | | | | | | |
| **Available-for-sale financial assets** | | **31-12-2012** | **31-12-2011** | **31-12-2012** | **31-12-2011** | **31-12-2012** | **31-12-2011** | **31-12-2012** | **31-12-2011** |
| Financial assets at fair value through profit or loss | Financial assets held for trading | 3,044,815 | 3,864,930 | 72,658 | 157,047 | 890,469 | 526,956 | 4,007,942 | 4,548,932 |
| | Financial assets designated at fair value though profit and loss | | | | | | | | |
| **Total** | | **3,044,815** | **3,864,930** | **72,658** | **157,047** | **890,469** | **526,956** | **4,007,942** | **4,548,932** |
| Financial liabilities at fair value through profit or loss | Financial liabilities held for trading | | | | | | | | |
| | Financial liabilities designated at fair value through profit and loss | | | | | | | | |
| **Total** | | | | | | | | | |

## Annex 10. Detail of changes in level 3 financial assets and liabilities

| | Financial assets | | | Financial liabilities at fair value through profit or loss | |
|---|---|---|---|---|---|
| | Available-for-sale financial assets | "Financial assets at fair value though profit and loss" | | | |
| *(in € thousand)* | | Financial assets held for trading | Financial assets designated at fair value though profit and loss | Financial liabilities held for trading | Financial liabilities designated at fair value through profit and loss |
| **Opening balance** | | 526,956 | | | |
| Acquisitions/Issues | | 463,275 | | | |
| Sales/Repurchases | | | | | |
| Refund | | 66,126 | | | |
| Gains (losses) through profit and loss | | | | | |
| Gains (losses) in other items in the statement of comprehensive income | | | | | |
| Transfers to level 3 | | | | | |
| Transfers to other levels | | | | | |
| Other changes | | -33,636 | | | |
| **Closing balance** | | **890,469** | | | |
| | | | | | |

**SACE S.p.A.**

I, the undersigned, declare that this financial statement complies with the truth and accounting records

The legal representatives of the company

Alessandro Castellano

The Statutory Auditors

Marcello Cosconati

Guido Marchese

Leonardo Quagliata

Space reserved for the stamp of the registry office to be applied at the time of filing the accounts

# Certification of the consolidated financial statements pursuant to article 13, para. 10.8 of the corporate bylaws of SACE S.p.A.

We the undersigned, Alessandro Castellano, in my capacity as CEO and Roberto Taricco, in my capacity as executive officer responsible for preparing the corporate accounts of Sace S.p.A., hereby certify:

- the adequacy in relation to the characteristics of the company and
- the effective application

of the administrative and accounting procedures used to prepare the consolidated financial statements for the year ended at 31 December 2012.

The adequacy of the administrative and accounting procedures used to prepare the consolidated financial statements for the year ended at 31 December 2012 was assessed on the basis of a process defined by SACE in accordance with generally recognised international standards.

We hereby also certify that:

- the consolidated financial statements at 31 December 2012:
  - correspond to the results of company records and accounting entries;
  - were drawn up according to the International Financial Reporting Standards adopted by the European Union pursuant to Regulation (EC) 1606/2002, the provisions of Legislative Decree 38/2005, the Italian Civil Code, Legislative Decree 209 of 7 September 2005 and the applicable ISVAP regulations and circulars and that to the best of our knowledge they give a true and fair view of the state of affairs, the financial standing and the operating result of the company and the group of companies included in the scope of consolidation.
- the report on operations includes a fair review of the operating performance and result and the situation of the company and all the consolidated companies, together with a description of the main risks and uncertainties to which they are exposed.

*Rome, 12 March 2013*

Alessandro Castellano
**CEO**

Roberto Taricco
**Executive Officer**

# REPORT
# OF THE BOARD OF STATUTORY AUDITORS

# REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE 2012 CONSOLIDATED FINANCIAL STATEMENTS

Dear Shareholders,

As stated in the Notes, the scope of consolidation of SACE S.p.A. includes:

- SACE S.p.A., which directs and coordinates its subsidiaries;
- SACE Fct S.p.A., wholly owned;
- SACE BT S.p.A., wholly owned;
- SACE SRV S.r.l., wholly-owned through SACE BT S.p.A.;
- SACE do Brasil Representaçoes Ltda, with a 90% direct stake and a 10% indirect stake through SACE SRV S.r.l.;

SACE S.p.A. does not hold any treasury shares or shares of the parent company, Cassa Depositi e Prestiti S.p.A.

The consolidated financial statements of SACE S.p.A. and its subsidiaries for the year ended at 31 December 2012 were prepared, pursuant to Legislative Decree 38 of 28 February 2005, in accordance with the International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union; the format of the consolidated financial statements and of the relative annexes satisfies the requirements of ISVAP (today IVASS) regulation 7/2007.

The valuation criteria and consolidation principles adopted are explained in the Notes.

Together with the consolidated financial statements, the Board of Directors of SACE S.p.A. provided us with the reporting package as of 31 December 2012, prepared on the basis of the "Instructions for the preparation of consolidated financial statements of banks issued by the Bank of Italy, in exercising the powers established by art. 9 of Legislative Decree 38/2005, with the Ordinance of 22 December 2005 with which Circular 265/2005 and subsequent amendments and integrations was issued", and on the basis of the instructions of the parent company, Cassa Depositi e Prestiti S.p.A. and in compliance with the international IAS/IFRS accounting standards adopted by the parent. In this regard, it should be noted that the reporting package was drawn up for the purpose of preparing the consolidated financial statements of the parent company, Cassa Depositi e Prestiti S.p.A.

The consolidated financial statements were audited by the auditing firm, PricewaterhouseCoopers S.p.A. We therefore performed no direct controls on these financial statements, as this was the responsibility of each single auditing body. We can state that the reports issued by the latter concerning the part for which they are responsible, do not reveal any anomalous situations, findings, criticisms or reservations.

We can state that, within the framework of the duties assigned to us by law, we verified the following:

- compliance with valuation criteria, consolidation principles and other legal requirements, especially those concerning the formation of the scope of consolidation, the date of reference of data and rules of consolidation;
- the adequacy of the detailed information contained in the Report on operations and in the Notes and consistency with the information provided in the consolidated financial statements.

We noted that in their report, the independent auditors, PricewaterhouseCoopers S.p.A., certify that the consolidated financial statements for the year ended at 31 December 2012 were drawn up clearly and provide a true and fair view of the state of affairs, financial standing, operating result, changes in shareholders' equity and cash flows of SACE

S.p.A. and of its subsidiaries. For all our other findings and comments on the consolidated financial statements of the Group for the year ended at 31 December 2012, reference should be made to the Report on the financial statements of SACE S.p.A., which underlines the key aspects of the financial statements of the company, whose operations continued to have significant repercussions on the consolidated financial statements throughout 2012. In our opinion and based on that stated above, the consolidated financial statements for the year ended at 31 December 2012 – recording a net profit of €167,933 thousand, total assets for €9,397,285 thousand, total liabilities for €3,187,185 and consolidated shareholders' equity for €6,210,100 thousand – which are the result of financial statements that generated no exceptions, recommendations, criticisms or reservations, give a correct view of the state of affairs, financial standing and operating result of SACE S.p.A. and its subsidiaries in accordance with the aforesaid laws governing consolidated financial statements.

**Rome, 28 March 2013**

**The Statutory Auditors**

Mr. Marcello Cosconati (Chairman)

Mr. Leonardo Quagliata (Standing Auditor)

Mr. Guido Marchese (Standing Auditor)

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## AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

To the Shareholder of
SACE SpA – Servizi Assicurativi del Commercio Estero

## CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2012

1 We have audited the consolidated financial statements of SACE SpA – Servizi Assicurativi del Commercio Estero and its subsidiaries ("SACE Group") as of 31 December 2012, which comprise the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and related explanatory notes. The directors of SACE SpA – Servizi Assicurativi del Commercio Estero are responsible for the preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 90 of Legislative Decree No. 209/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the standards on auditing issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by CONSOB, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 13 April 2012.

3 In our opinion, the consolidated financial statements of SACE SpA – Servizi Assicurativi del Commercio Estero as of 31 December 2012 comply with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 90 of Legislative Decree No. 209/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, results of operations and cash flows of the SACE Group for the year then ended.

4 The directors of SACE SpA – Servizi Assicurativi del Commercio Estero are responsible for the preparation of a report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Italian Accounting

***PricewaterhouseCoopers SpA***

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.812.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - **Bologna** Zola Predosa 40069 Via Tevere 18 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Dante 7 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel.0458263001

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Profession and recommended by CONSOB. In our opinion the report on operations is consistent with the consolidated financial statements of SACE SpA – Servizi Assicurativi del Commercio Estero as of 31 December 2012.

Rome, 27 March 2013

PricewaterhouseCoopers SpA

**Signed by**

Antonio Dogliotti
(Partner)

***This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.***

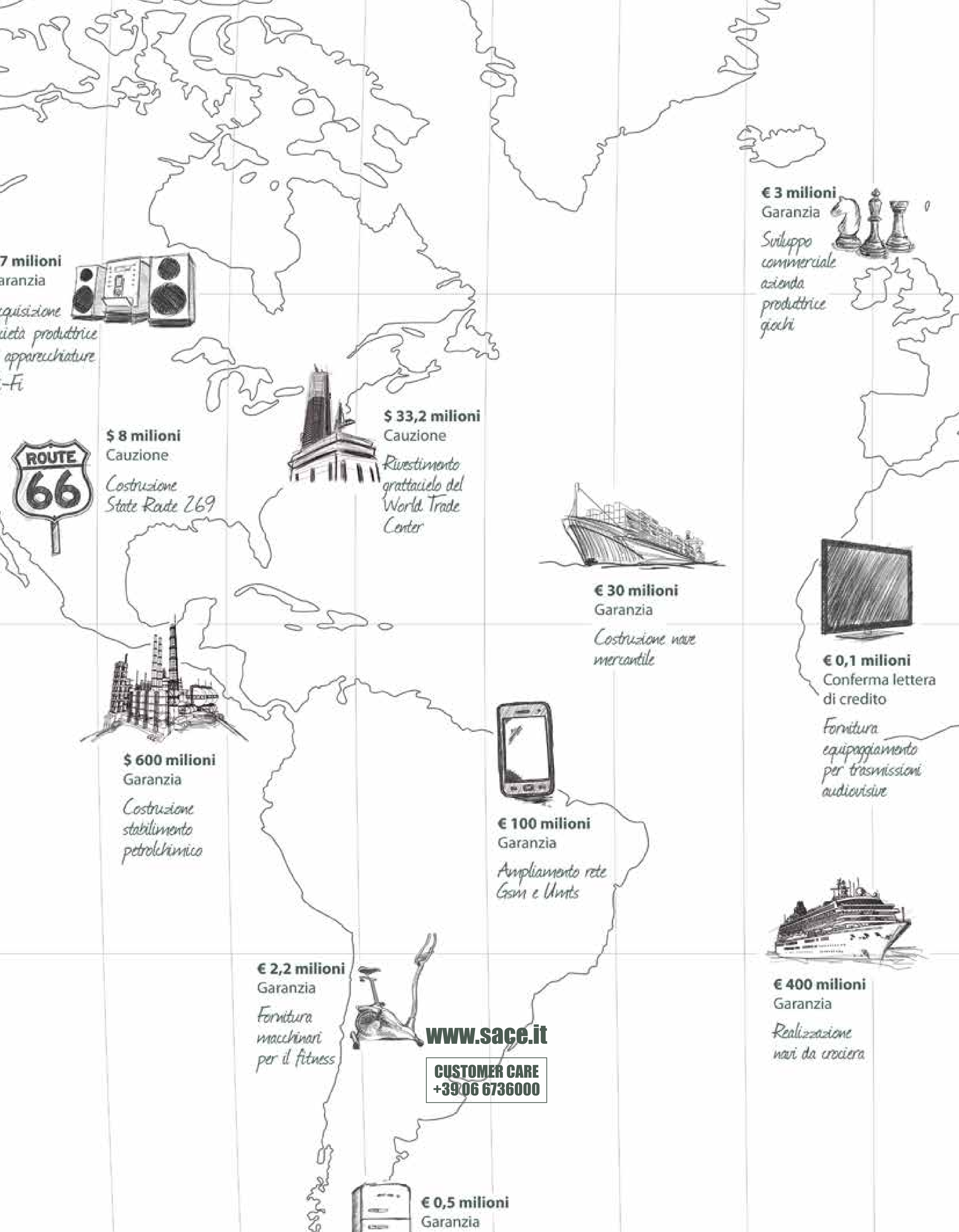
**Creative Concept**
Square Comunicazione

**Production**
19novanta communication partners

**Photography**
SACE's staff

**Illustrations**
Fulvio Ruggiero e Riccardo Faccini

**Printed by**
Art Color Printing


€ 3 milioni
Garanzia
Sviluppo commerciale azienda produttrice giochi
ROUTE 66
$ 8 milioni
Cauzione
Costruzione State Route 269
$ 33,2 milioni
Cauzione
Rivestimento grattacielo del World Trade Center
€ 30 milioni
Garanzia
Costruzione nave mercantile
€ 0,1 milioni
Conferma lettera di credito
Fornitura equipaggiamento per trasmissioni audiovisive
$ 600 milioni
Garanzia
Costruzione stabilimento petrolchimico
€ 100 milioni
Garanzia
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