

€ 484 million
Guarantee

*Construction
of VTB Arena Park*



€ 16 million
Guarantee

*Acquisition of
pasta-producing
company*

€ 42.4 million
Guarantee



*Wind farm
construction*



€ 2.2 million
Guarantee

*Commercial
development
of furniture
company*



€ 0.8 million
Guarantee

*Supply of
automatic
citrus pressing
machines*

€ 1.5 million
Political Risk Insurance



*Capital contribution
in subsidiary producing
sewing thread*



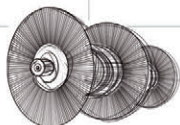
\$ 190 million
Guarantee

Aircraft supply

€ 1.5 million
Guarantee



*Water supply
network
construction*



€ 11 million
Guarantee

*Steam turbine
supply*

**Driving your
ambitions**

ANNUAL REPORT 2012

 **SACE**

Travel journal

Our journey into the world of SACE begins here. Together we will explore the activities, initiatives and results of 2012, a year of challenges and new horizons, illustrated by photos taken by our staff along with their stories and our customers' stories.

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 **BOLIVIA.** Parinacota.
Maddalena Cavadini, SACE



Highlights

€ MILLIONS

380.1

GROSS WRITTEN PREMIUMS

264.9

CLAIMS PAID

167.9

PROFIT AFTER TAX

6,210

SHAREHOLDERS' EQUITY

2,590

TECHNICAL PROVISIONS

32,193 SACE

38,455 SACE BT

1,235 SACE FCT

OUTSTANDING COMMITMENTS

25,000

CUSTOMERS



Exports are the driving force of our businesses and our aim is to increase them throughout the world. In response to the challenges of changing times, this is the commitment we renew every year.

We are living in difficult times. Times in which the starting point for every analysis into the fate of our country is the economic crisis and its possible outcomes. However, I wish to present our Annual Report with a note of cautious optimism, which stems from observing the real economy. Italy ended 2012 with a positive balance of trade of approximately 10 billion euros, a record result, posted thanks to the responsiveness of our

exporting businesses in which sales abroad grew by 3.7%. According to the forecasts of our research department, Italian exports will continue to increase over the coming three-year period at a rate of more than 7%, strengthening the recovery trend, which has been slow yet sustained, and which allowed us to return to pre-crisis levels back in 2011. These positive figures demonstrate not only the courage, but also the vision of many Italian businesses. Despite the great difficulties of the economic

situation, in a context featuring great instability and a fierce slow-down in economic progress, many entrepreneurs have been “quietly restructuring”: a gradual, geographic and qualitative repositioning of the market, to capture new sources of demand, to respond to the challenges of the increasing pressure of competitiveness and to counterbalance the weakness of the domestic market. This virtuous process, defined by some as “learning by exporting”, has allowed more dynamic businesses to take an important leap forwards and has turned our ability to export into the main driving force of the national economic system. In strengthening our exports and export businesses, there is an extensive network of sub-suppliers: important activities which make a substantial contribution to the development of the entire country. Over the past twenty years, more than half the average Italian GDP growth rate was due to the contribution made by exports. It is thanks to these dynamics that Italy enjoys more solid financial standing abroad compared with other Southern European countries suffering from market tensions.

At SACE, we intend to continue to play our part through our increasing commitment and by offering new solutions for businesses.

Export credit, in addition to the historical objective of offering a guarantee against credit risks, can make a contribution to increasing opportunities for financing growth projects for businesses and injecting new liquidity into the system by sharing the risks with major financial institutions.

2013 will be the first year for SACE as part of the Cassa Depositi e Prestiti Group, the crowning achievement of a synergy which combines our

experience as insurers with the funding capacity of Cassa, creating a unique financial centre to support the international growth of Italian businesses. I have no doubt that with the new shareholder, the collaboration that has already begun under the scope of the Export Banca system will be strengthened, to the advantage of Italian businesses competing in international markets, enabling them to become established in new locations. During my first term of office at SACE, I have seen it grow into a structured yet flexible company, capable of responding quickly to the challenges arising from scenarios that are constantly evolving.

I have found a team of well-prepared professionals who are able to respond to these challenging times. I have seen a range that is constantly being expanded and enhanced, offering products and services to protect against risks, to facilitate access to credit and to improve liquidity management, available to SMEs through an extensive network of offices throughout Italy and an international network in the main emerging markets.

Our research facilities are at the disposal of businesses, with a team of economists specialised in analysing the trends of Italian industry and a team of analysts dedicated to monitoring and assessing risks and opportunities in all markets where there is a high potential for business.

In the difficult times in which we live, I have seen SACE excel in and go beyond its traditional role as an insurer: the wealth of information at our disposal and our grasp of the markets and risks in the major sectors of Italian industry, combined with our experience, offer businesses the guarantee that we are the ultimate partner for them.

Growing together, globally.

Giovanni Castellaneta
Chairman

These financial statements mark the end of an important stage in the life of SACE, launched in 2004 when it became a limited company.

After nine years, our insured transactions portfolio grew from 14 billion euros to more than 70 billion euros in 2012. The path to growth was treaded responsibly, with private risks replacing the political and sovereign risks that were once predominant. This change enabled SACE to develop unique skills in assessing, undertaking and managing risks that others were not prepared to underwrite.

More than 25,000 Italian businesses, mainly SMEs, have chosen SACE when it comes to exporting, building and investing in Italy and abroad – an important achievement, gained through the gradual expansion of our product range, online services and network of offices in Italy and overseas. This is also a new starting point for the Group, with the aim of offering global cover against the risk of non-payment through a full range of products: from export credit and project finance to protection of investments, financial guarantees to surety bonds and credit insurance to factoring.

The dynamics of our exposures reflect the trends of our exports and the directions of our internationalisation strategies, which must be designed not only to monitor markets but also to actively yet selectively identify new destinations. There is a need to go beyond BRIC countries, aiming at emerging countries with a high potential in South East Asia, Latin America and Africa, which offer interesting opportunities for the excellence of our industry. However, the success of our businesses increasingly depends not just on the quality and price of goods offered, but also on the ability to obtain financial resources at competitive rates. For this reason, against a background where liquidity is shrinking and the EBA and Basel III rules influence the actions of credit intermediaries, it is vital to identify alternative and innovative sources of financing.

In 2012, in order to support the infrastructure development of the country and business research activities, we consolidated our partnership with the European Investment Bank, guaranteeing 1.9 billion euros of financing.

In conjunction with our new shareholder, Cassa Depositi e Prestiti, an important initial response to the needs of our exporters came under the scope of the Export Banca system, which in 2012 guaranteed more than 3.2 billion euros of lines of credit. It is important now to continue along the path created by Export Banca, making increasingly effective innovative instruments available to businesses, in order to support internationalisation.

The challenges posed by the current economic situation must be dealt with through far-sighted vision, overcoming ideological barriers and keeping a close eye on the solutions that have already been developed by other countries. Italy, and more generally Europe, needs a more efficient capital market which can offer a complementary function to the banking channel. SACE has demonstrated that it is able to make a practical contribution in this area, such as the 100 million euros of bond issues for the first Italian project bond.

At a time when “cooperation” is vital, I believe that designing strategies for supporting internationalisation with a view to economies of scale is a priority: looking not just at individual businesses, but at the entire value chain to ensure that it embarks on a winning path for growth. In order to make our actions effective, it will be important to expand our network of offices.

This development will be made possible through the financial and capital soundness of SACE which, even in a complex year like 2012, recorded a 20% increase in consolidated net profit over the previous year. This result was achieved despite the considerable payouts made to Italian businesses as a result of the continuing difficult economic situation which affected the credit insurance activities of SACE BT in particular. SACE Fct, our factoring company, made



Innovation is the key to competitiveness. Maintaining it is our biggest goal. Each day we partner with companies, using creativity and vision, to empower Italian business worldwide.

a positive contribution to the Group's result. In less than three years since the launch of its activities, it has factored 4 billion euros of receivables claimed by suppliers from public sector companies.

On behalf of the entire Board of Directors, I would like to thank the men and women of SACE for the commitment and dedication they have shown that has led to achieving the one true goal of our com-

pany: making Italian businesses throughout the world more competitive.

A special thank you, lastly, goes to our customers who, every day, give a profound sense of meaning to our work. Because when we take responsibility for risk, we allow them to take responsibility for innovation, results and change. In short, for the progress of their businesses.

Alessandro Castellano

CEO

Our range, tailor-made for businesses Our commitment, at your side

We offer a flexible and well-designed range and we constantly compare it against the real requirements of those in business. We believe that the most effective solutions are found together: by holding meetings, sharing knowledge and resources, and working as a partnership.

This is especially important for SMEs, the backbone of our industrial system and the focus of our attention, to whom we offer dedicated product lines, discounts and assistance.

We could not really say that we stand side by side with businesses unless we operated in their areas, unless we were part of the reality in which they work on a daily basis, together with their main points of reference: institutions, associations and banks.

In Italy, our offices and SACE Point are located throughout the country, organised so that businesses will always find a primary intermediary nearby to help them identify the insurance and financial solutions which best meet their needs. Our national offices can manage the entire process independently, including enquiry, assessment and the

issue of insurance cover of up to 20 million euros. Added to this are the 51 agents and 121 brokers in locations all over Italy, an integral part of our distribution network, specialised in credit insurance, protection against construction risks and surety bonds.

Thanks to numerous agreements, we have also created a collaboration network with the main Italian banks to facilitate access to financing and, in certain cases, we offer our own factoring services. The BancoPosta Posteimpresa branches are another important reference channel, right on your doorstep, for businesses working with public sector companies who are interested in reverse factoring. In 189 countries throughout the world, anywhere

a business decides to export or invest, it can count on managers who are experts in the local area and on analysts specialised in assessing the risk profile of markets and counterparties. We have offices in the main emerging markets strategic for Italy (BRIC, Romania, South Africa and Turkey) through which we maintain a solid partnership network with top level local players.

Lastly, we are aware that time is a precious resource and being able to access information and services directly on the internet makes everything much simpler. Lean procedures, limited costs and reduced management times in a technologically protected environment: a world of opportunities to explore at www.sace.it.

WE STRENGTHEN EXPORTS

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

WE SUSTAIN INTERNATIONALISATION

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

WE FOSTER STRATEGIC INVESTMENTS FOR ITALY

We guarantee the financing of projects carried out in Italy in industries that are of key importance to our economy, such as infrastructures and renewable energy.

WE INSURE BUSINESS TURNOVER

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

WE IMPROVE LIQUIDITY

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

WE WORK ALONGSIDE BUSINESSES FOR TENDERS AND CONTRACTS

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



A RANGE TAILOR-MADE FOR SMES

We devote particular attention to SMEs: dedicated products, discounts and services.





Raoul Ascari
Chief Operating
Officer, SACE

Teresa Saponara
Export Credit and
Structured Finance
Director, SACE

Claudio Andreani
Director General,
SACE BT

Franco Pagliardi
Director General,
SACE Fct

Piergiorgio D'Ignazio
Risk Management
and Monitoring
Director, SACE

Michal Ron
International
Relations and
Network Director,
SACE

Valerio Ronciaro
Director General,
SACE SRV

Rodolfo Mancini
Chief Legal Officer,
SACE

Roberto Tarico
Chief Financial
Officer, SACE

Simonetta Acri
Domestic
Network Director,
SACE

Marco Traditi
Chief Information
Officer, SACE

Alessandra Ricci
Corporate
and Investment
Finance Director,
SACE

Paolo Alfieri
Human Resources
and CSR Director,
SACE

Working together to turn risks into opportunities

Now more than ever, the success of Italian-made goods is linked to the competitiveness of financial and insurance instruments employed by Italy's exports and investments industries/sectors.

We see that corporate strategies are increasingly based on the search for sounder equity, adequate liquidity levels and better risk management. It is in response to this that we provide cover for

more than 25,000 businesses in Italy and around the world promoting businesses development. We partner with banks and corporations, boosting the international development of our businesses and

making new projects possible, even in complex situations, by being prepared to take risks that others are not prepared to underwrite – for us these risks are business opportunities.

Helping businesses to grow, helping Italy to grow

SACE supports the growth of the Italian economy through its backbone: businesses.

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

This Annual Report tells the story of how we are doing this, giving a voice to our people and to the businesses, both large and small, with which we have worked this year, recounting their success stories and bearing witness to the challenges we have overcome together.

When a business decides to invest in the future, explore new markets or take risks to gain opportunities, they find a sound, reliable partner in SACE that they can count on. Our resources and our experience are at the service of the Country System to create value.

Social responsibility is an integral part of our way of doing business. It can be found in our Code of Ethics, which includes the centrality of people and customers, the search for innovation and the commitment to the creation of "value", not only in economic terms, but also in social and cultural terms, as the values on which SACE was founded.

This means adopting virtuous behaviour in everything that we do. Correctness, impartiality, loyalty, honesty and transparency are the hallmark principles of the relations with our stakeholders.

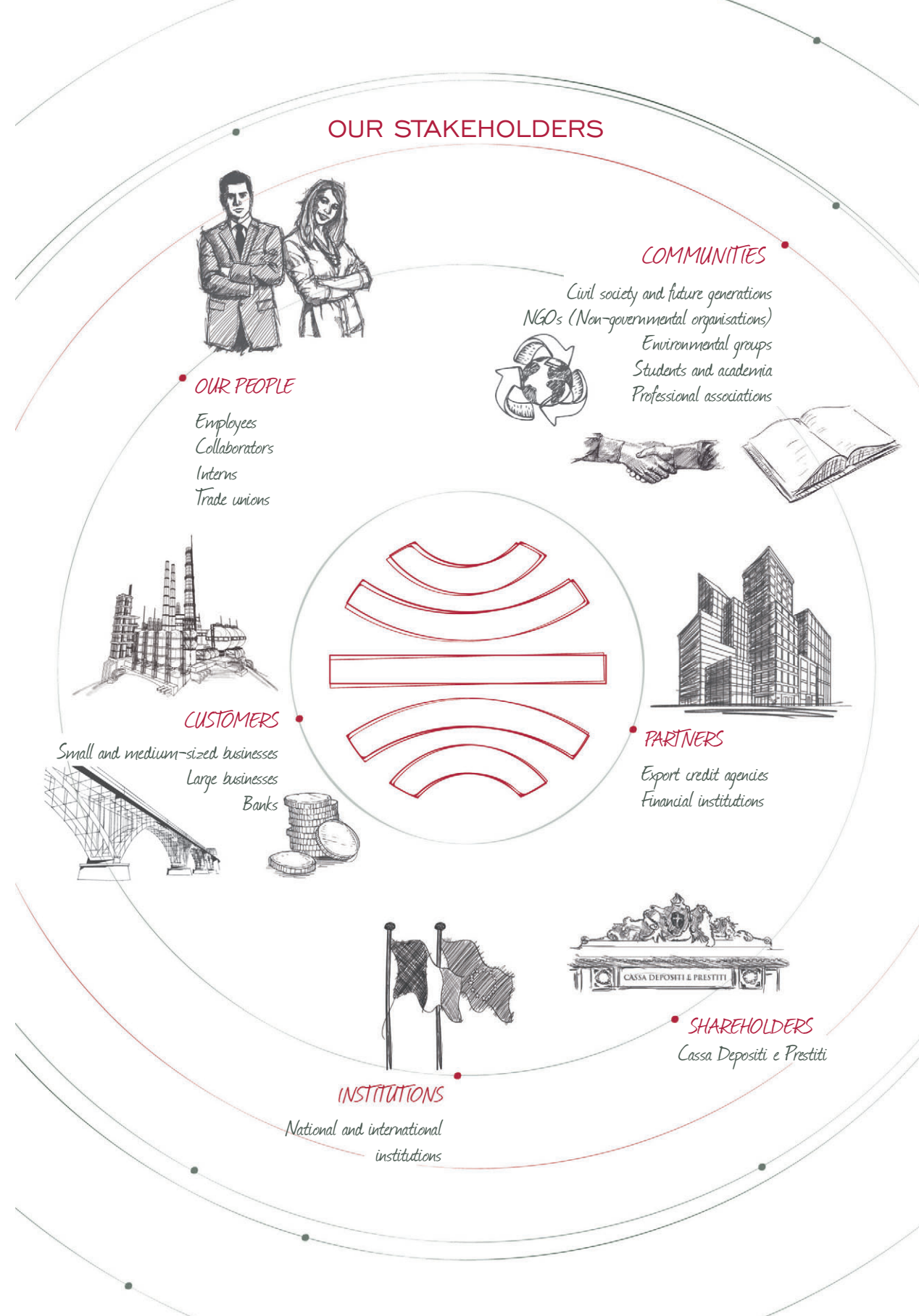
Exports and investments are an opportunity for growth not only for our businesses, but also for the countries in which they will operate. SACE supports their projects with commitment and passion, respecting places and cultures.

We take great care in protecting the environment: the analysis of environmental impact is an integral part of the evaluation process of our operations, not only for export credits (as required by the OECD through the regulation on Common Approaches on Environment and Officially Supported Export Credits), but also for all products dedicated to internationalisation activities.

We have implemented an internal energy efficiency programme for this purpose, reducing consumption and educating staff on environmental themes.

Our commitment is to drive ever onwards. For this reason we are constantly benchmarking with international best practices, seeing how we measure up against the Global Reporting Initiative and complying with the OECD guidelines on business social responsibility, to adhere to and promote existing rules and regulations at the highest level.

HELPING ITALY TO GROW HELPS US ALL GROW.





Crucial passages

ECONOMIC FRAMEWORK

A look at the world

It has been four years since the financial crisis began and the world economy is still continuing along the long road to recovery.

The main offender against growth, which in 2012 barely exceeded 3%, remains the euro zone (-0.4%), constrained by the financial tensions suffered by the main countries of Southern Europe and the effects of the consolidation of the national budgets in place.

Against this not particularly positive global background, so far the four large hurdles, which at the start of the year were seen as a great concern to the international economy, have been avoided:

- the US averted the risk of recession and the fiscal cliff
- the implosion of the euro zone, caused by the “untidy” exit of Greece from the single currency and by the out-of-control dynamics of the cost of

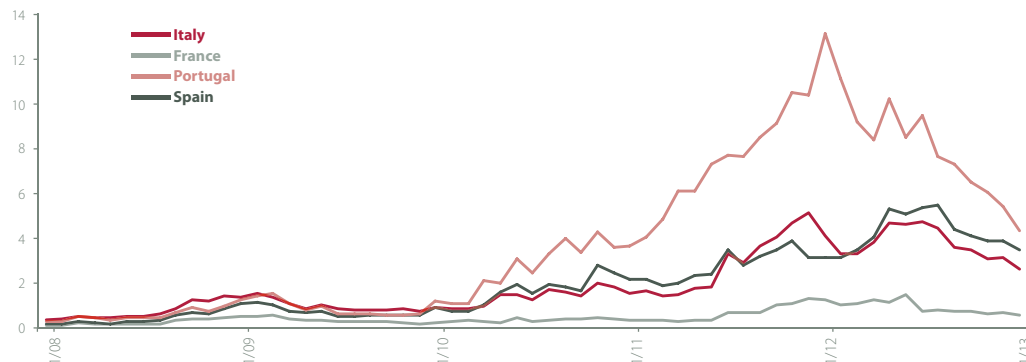
debt for Southern European countries, no longer seems to be on the agenda, despite the fact that the current situation seems far from stabilising and that the developments of the crisis in Cyprus means that extreme caution should be taken

- the danger of the sharp halt in the Chinese economy did not materialise; although growth rates were at their lowest since 1999 and the debate on how to rebalance a model of development based on extremely high investment rates remains open, the Chinese GDP recorded growth of 7.8% in 2012, making a substantial contribution to the dynamics of the global economy
- in the Persian Gulf, despite the continuation of a high level of tension, the threat of conflict has not turned into a reality.

The change in the perception of the economic context is particularly evident in capital markets, which

Trend of the spread of 10-year bonds in Italy, France, Portugal and Spain compared with German Bunds (January 2008-January 2013)

Source: Bloomberg



Giulio Dal Magro Chief Economist, SACE

recorded a marked improvement from the summer onwards. “The ECB is ready to do whatever it takes to preserve the Euro. And believe me, it will be enough”: this statement from the Governor of the European Central Bank (ECB), Mario Draghi, at the end of July restored faith in investors.

One result to which the decisions of further financial support to Greece and the announcement of the implementation of Outright Monetary Transactions (OMT, consisting of the ECB making purchases in secondary sovereign bond markets), made a positive contribution. This was the first step towards the definition of a single banking supervision mechanism for the euro zone. To what extent this improvement in the financial markets is due to the irrational

exuberance and excessive liquidity introduced in the system by the main central banks and to what extent it is due to an increased forecasting capacity by operators will emerge more clearly in 2013. It is however worth pointing out that the spreads of Southern European countries still remain high. In view of a general weakness in developed economies, the emerging markets continue to be the driving force behind world growth, with an average increase in GDP of more than 5%. Performance, however, is not consistently positive: alongside those countries which continue to grow strongly, there are also others which display structural frailties which could result in a significant slowing-down of the dynamics for future growth.

GENERAL SURVEY BY GEOGRAPHIC AREA

Eastern Europe and Central Asia have been the regions which suffered most noticeably from the crisis in the euro zone; this is especially true for the Balkan countries, where declining exports to traditional Western European markets were combined with a significant reduction in incoming capital and the deleveraging of the banks, specifically those controlled by Parent Companies in the euro zone. Two countries of interest to Italian businesses, Ukraine and Belarus, continue to show signs of frailty which means that exporters should exercise a certain amount of caution: both countries have significant shortterm currency financing requirements. Russia, which continues to be a major reference market for Italian businesses, suffered a deceleration of GDP growth rates of 3.6% in 2012. However, oil prices, still at around 100 USD per barrel, continue to guarantee a positive economic outlook in the short term. The Caucasus continues to be an area with a high level of instability, as demonstrated by the continuing tensions between Azerbaijan and Armenia.

Turkey proved to be a key player, both economically and politically: it obtained investment grade, also thanks to a substantial improvement in its trade balance, assisted by both the reduction in imports and the increase in exports, including regular exports of gold to Iran. The greatest risks for the country come from the situation at its borders: the

current war in Syria could involve the surrounding countries to a greater extent, specifically Iraq and Lebanon.

The progress of the Arab Spring in North Africa continues to raise worrying questions and the perception of political risk has worsened in all countries on the southern shores of the Mediterranean. Persian Gulf countries seem to have managed, with

IN KENYA WITH COMEC-BINDER

SACE insured the provision of a system for construction, commissioned by a Kenyan company from Comec-Binder, for 1.3 million euros. This Treviso-based company produces material crushing, sifting and drying systems for the mining, recycling and construction industries.

 KENYA. Masai Mara.

Eva Martin, SACE



AROUND THE WORLD WITH PARMACOTTO

SACE has guaranteed a 3 million euro loan, granted to Parmacotto to support the cost of extending its foreign business network, promotional and publicity activities, participation in international trade fairs and working capital requirements.

the help of oil revenues, to overcome the social tensions which do, however, persist (especially in Bahrain and Kuwait). Iran continues to suffer from an embargo, with a significant impact on growth dynamics and currency stability. From an economic point of view, the area demonstrates the traditional dichotomy between countries importing oil and countries exporting oil, with the latter decidedly better placed in the current international situation. In this regard, good news has emerged, in terms of economic performance, from Libya and Iraq, where oil production continues to grow at a high rate. The recession in Europe, the fall in tourism and diminishing investment flows from abroad have, on the other hand, caused a significant slowing down of growth in countries importing oil, specifically Egypt and Tunisia, where the combination of the

economic crisis and social tensions make the situation increasingly difficult to manage. The challenge for the Islamic parties in power will be to democratically combine the national budget and currency reserves with the need to restart the dynamics of sustainable growth and to reduce poverty.

The area which shows the most positive performance continues to be South East Asia. China ended 2012 with GDP growth of 7.8%: a high rate, although diluted compared with the average of recent years, in which the figure was always above 10%. If, from a political point of view, the change in leadership in 2012 appeared to have taken place without any particular difficulties, there are still question marks over a growth model which sees the percentage of investments in GDP approach 50%. The future economic dynamics of China (to

 ARGENTINA. Iguazu Falls.

Luca Gatto, SACE



IN SOUTH AMERICA WITH BIESSE

SACE insured 52 machines for processing wood and glass, commissioned from Biesse by predominantly South American companies for 10.6 million euros. Biesse is a Pesaro-based company operating in the production of machinery for the furniture, glass and stone industries.

which the performance of the world economy is now closely related) will depend on the ability of the country to move without trauma from a growth model based on investments and exports to one which is more dependent on domestic demand, services and development of human capital.

India, the other economic giant in that area, is another story. In 2012, it saw a significant slowing down in the GDP growth rate, which fell from 7.9% to 4.5%. The frailty of the country, highlighted by the scandals related to problems of corruption, black-outs due to an inadequate infrastructure system, a public deficit of almost 10% and inflationary tensions, indicate that it will be difficult to postpone a series of structural reforms in order to keep growth rates in line with the past.

In the meantime, the ASEAN area continues along its development path, thanks to the impetus of domestic demand supported by the expansionary fiscal and monetary policies of the larger economies in the area (Indonesia, Malaysia, the Philippines). Thailand has “restarted” after the 2011 floods, while recent political developments in Myanmar and Laos joining the World Trade Organization represent important signs of countries which have, until now, been on the fringes of the economic development of the area. Vietnam also appears to be showing signs of improvement with the trade balance regaining equilibrium, although the banking systems still show a significant weakness.

Sub-Saharan Africa continues to display positive economic dynamics, in spite of the significant

slowing down of its main economy, South Africa. It is very interesting that in 2012, two countries in that area, Angola and Zambia, for the first time issued sovereign bonds on the international capital market and four additional countries (Kenya, Uganda, Rwanda and Tanzania) are on the verge of doing so. This is in spite of the fact that only four of the 49 countries in the area are investment grade according to the main ratings agencies.

On the one hand, recent events in Mali and the Democratic Republic of Congo bear witness to how rapidly operational contexts can change in intrinsically fragile states; on the other, countries such as the Ivory Coast and, with difficulty, Somalia began to rebuild their economies in 2012 while others (Ghana, Niger, Mozambique) appear to now be enjoying the fruits of recent significant mining discoveries. Foreign investors in the area continue to be attracted mainly by the availability of natural resources, but the number of investments in infrastructure is growing (particularly transport, electricity, the water industry and telecommunications). In 2012, South Africa recorded a significant slowing down in the GDP growth rate, also as a result of the close trade ties with Europe and the reduced room for manoeuvre in the national budget. Social tensions associated with the clashes which took place in the various mining districts also highlighted the frailties of the major economy in the continent: the party in power at the end of apartheid, the African National Congress (ANC), has not been able, until today, to move South Africa along an inclusive

economic development path, capable of absorbing the high youth unemployment rates and making the distribution of earnings less unfair. This inability could, in the medium term, lead to the intensification of a social conflict that would be difficult to control.

In 2012, Latin America recorded a particularly low rate of economic growth. The difference in performance between the various countries is particularly accentuated: countries which continue to grow rapidly (Peru, Chile, Colombia) are contrasted with others (Venezuela, Argentina) where problems of a political nature could further aggravate an economic situation which is already critical, featuring double-digit inflation rates, budgets in deficit and exchange rates maintained at unsustainable levels through unwieldy currency controls. The most important economy in the area, Brazil, is driving down the growth rate of the continent, due to the persisting problems of low investment, inadequate infrastructure and rising inflation.

In the other major economy in the area, Mexico, the winning combination of the recovery of the US, the increase in labour costs in China and the increase in the cost of transporting goods due to the price of oil, is making the manufacturing economy of this country competitive once again. The structural reforms under study, particularly for increasing competitiveness, will consolidate existing trends and enhance the potential of Mexico, which many believe can, in the next decade, become the real emerging protagonist of Latin America.

IN CHINA AND GERMANY WITH IDEA

SACE guaranteed a loan of 1 million euros to support production investment in China and Germany for Idea, a Venice-based company specialised in the design, assembly and marketing of energy-saving electronic products.



Italy: when exports become a necessity

The fact that international markets have, in these years of crisis, become an increasing priority for growth, is nothing new. In 2012, net exports were the only component to make a positive contribution to the Italian GDP and the prospect for 2013 is similar. These results highlight the greater need for exports: for a business that wishes to continue growing in a sustainable way, it is vital to look towards foreign demand.

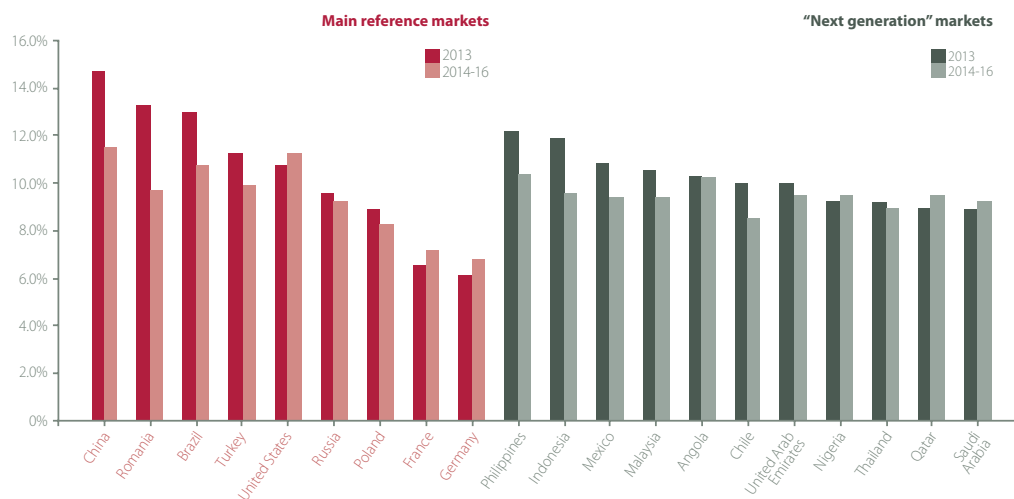
In the current context, however, competitive pressure is constantly increasing. The crisis accelerated the transformation processes of international trade,

causing new important players to rise from the emerging markets, which are added to the historical competition from Germany.

Changes have also taken place on a business level. The difficulties of demand in developed markets has led some businesses to carry out a geographical repositioning towards emerging markets with greater quality and potential thus reinforcing industry-specific specialisations – a strong point of Italian exports. Many businesses have looked for new ways of moving abroad, such as joining global production chains (Global Value Chain, GVC) or forming

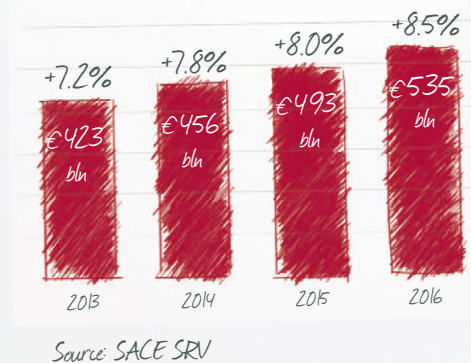
Growth rates of Italian exports in the main reference markets and the "next generation" markets (2013 and 2014-2016)

Source: SACE SRV



EXPORT FORECASTS 2013-2016

+7.9% annual average



Alessandro Terzulli Economic Analysis and Research Manager, SACE SRV

business combinations or enterprise networks. From SACE's forecasts it appears that Italian exports of goods will grow by 7.2% in 2013, confirming a full recovery of pre-crisis levels, which already took place in 2011 and was consolidated in 2012. Sales to more traditional destinations will be less dynamic in favour of those to emerging economies. The "developed/emerging" dichotomy is, however, changing in favour of an increasingly more diverse picture. On the one side, the opportunities offered by certain developed countries in recovery (for example, the United States) or countries on which the crisis is having a less marked effect (such as Norway) should not be underestimated, while, on the other side, one should not overestimate BRIC, where growth rates are slowing down and there are structural problems. One should also take a closer look, at what are for us "new" destinations, which in current times have seen double-digit growth and

significant development margins. This is the case for South East Asia (the Philippines, Indonesia, Malaysia, Thailand), Latin America (Mexico, Chile, Colombia, Peru), the Middle East (United Arab Emirates, Qatar, Saudi Arabia) and, in the future, also Sub-Saharan Africa (Angola, Nigeria, Kenya, Ghana). At an industry level, dualism of performance is confirmed, with very positive results for intermediate and investment goods and more moderate results for agricultural and consumer goods. The former alternate in the driving role, thanks to sectors such as chemicals, mechanical engineering and metals, which find excellent sources of demand in emerging countries which are investing to grow and in GVCs. The export of agricultural and consumer goods will, instead, grow more slowly as a result of the fall in consumption in euro zone markets, with the exception of traditional high-end products which are increasingly wanted by emerging markets.

ITALIAN INDUSTRY CURRENT SITUATION, SECTOR BY SECTOR

Italy ended 2012 in recession, with a 2.2% fall in GDP. Economic activity continued to disregard weak domestic demand and growing unemployment. The fall in household consumption continued, brought about by the prolonged fall in disposable income. Confidence in businesses reached an all time low. In 2012, 104,000 companies quit the market, a record figure for the last decade.

Credit trends suffered from the weak situation and inflexible conditions applied by the banks. Bank loans to businesses fell (-3.3%), a drop which affected both small and medium/large-sized companies. In a context of this nature, difficulties for Italian industry therefore continue, sustained only by foreign demand, as demonstrated by the turnover figures: there was an overall fall of 4.4%, with a figure of -7.6% recorded on the domestic market, but +2.4% on the foreign market. Production volumes, for the whole of 2012, fell by almost 7%. This is the result of a very negative performance for intermediate goods, with capital and consumer goods faring slightly better.

The risk indicator developed by SACE SRV identifies, among the sectors which fared better in 2012, the food industry, the chemical-pharmaceutical industry and mechanical engineering (all with risk levels of 4.7). In the latter sector specifically, medium and large-sized businesses managed to better exploit

opportunities in foreign markets, with favourable results in machinery for energy and general use and machine tools. Domestic demand fell, with orders for investment goods down, given the uncertainty affecting business choices.

The pharmaceutical industry held its own, helped by internationally recognised product innovation. For pharmaceutical intermediate products and active substances, exports were also driven in the emerging markets. The chemical industry confirmed the gap between the domestic market and exports, which restricted losses thanks to expanding markets (United States, Russia, Brazil) which offset contracting markets (France, Spain, The Netherlands). The sector was affected by the resizing of demand of several important buyers: buildings and durables were among those that suffered most.

Consumer-packaged goods and packaging, on the other hand, displayed greater resistance.

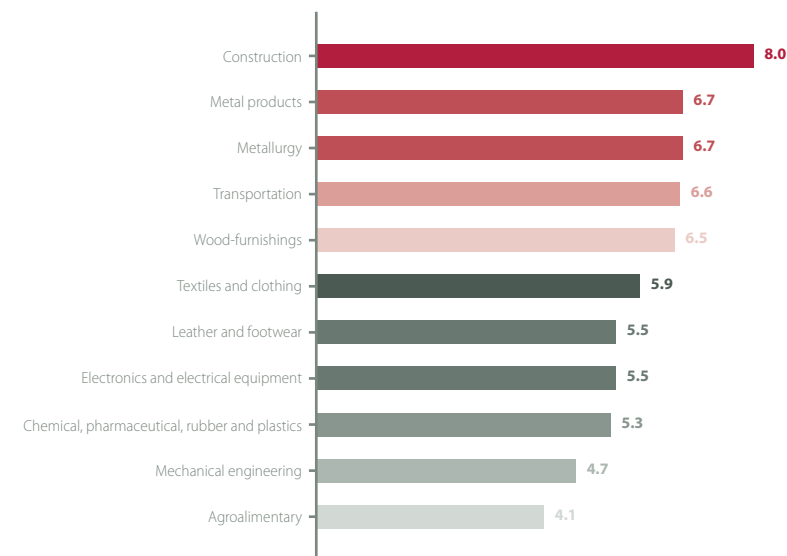
Positive results were recorded for electronics and electrical equipment, smartphones and tablets, even if these performances (given their reduced weight) did not offset the fall in revenues and margins of TVs and white goods, specifically in the refrigeration and washing machines sector.

In the leather goods and footwear sector (risk of 5.5), companies in the medium-low category suffered, also as a result of liquidity problems. Sales of handbags abroad were positive, especially high-end products and small leather goods, thanks to the luxury brands in the supply chain.

As far as textiles and clothing are concerned, the

Italian industry risk levels by sector (2012)

Source: SACE SRV



stagnation of domestic consumption was in contrast to the liveliness of sales abroad, particularly courtesy of a product redevelopment process launched a while ago which led to businesses repositioning themselves in higher categories and intercepting demand in more distant markets. Following

the urbanisation and growth of the middle class, emerging countries continue to drive growth, while euro zone economies have reduced consumption in line with the worsening economic situation. Some of the sectors with the highest risk levels are wood-furnishings, transportation, metals and

¹The indicator developed by SACE SRV measures risk in the various Italian industrial sectors, on a scale of 1 to 9, taking into consideration industrial production, turnover, production prices, business demographics and non-performing loans.

AROUND THE WORLD WITH POLTRONA FRAU

SACE guaranteed loans of 2.2 million euros granted to the Turin-based company Poltrona Frau to strengthen its presence in the emerging markets, including through the establishment of partnerships with important local companies.

IN RUSSIA WITH ENGITEC TECHNOLOGIES

SACE insured the supply of a plant for the processing of used batteries for 10.2 million euros, commissioned by a Russian firm from Engitec Technologies, a company based in Lombardy specialised in producing systems for the recovery of non-ferrous metals from industrial waste.





TURKEY. Pamukkale.
Francesca Tranchina, SACE

IN TURKEY WITH FRILLI IMPIANTI
 SACE insured the supply of a system for the treatment of industrial wastewater for 1.1 million euros, commissioned by a Turkish company from Frilli Impianti, a company based in Tuscany specialised in the design, construction and supply of distillation plants and systems.



building. The wood-furnishings sector suffered serious difficulties both in terms of growth and profitability, both on a financial front, where high debt took its toll, and on the high cost of borrowing. The adverse situation for the industry was aggravated

by the fall in investments in construction. The only boost comes from exports, specifically to emerging countries, for customers who are increasingly more focused on the design and aesthetics of furnishings. Risk in the transportation industry increased. The

difficulties in accessing credit. In 2012, new vehicle registrations were down by approximately 20%. Sales of commercial vehicles fell due to the reduction of investment in businesses, and sales of motor vehicles also fell. The only sector showing positive signs was vehicles running on alternative fuels. In the metallurgy industry, steel companies recorded a 5% fall in production in 2012. Dynamics for steel consumption were also negative. Both flat steel products, used mainly in the automotive, home appliances and shipyard sectors and long steel products, used in the creation of infrastructures and civil and industrial building, were affected. The risk profile for metal products also worsened. The industry production index fell by 7.6%, while turnover was -4.4%, along with the strong exposure in the domestic market. The lack of a driving force in the downstream industries, such as construction (building materials, piping, fixtures), continued. Production sectors more directed towards exports managed to benefit from the buoyancy of foreign demand, particularly in the production of metal household items, where the quality of Italian-made goods is recognised and sought after. Over the last five years, demand in the Italian building industry has fallen by more than a quarter (-27.1% in real terms). All sectors suffered with the exception of the home repair, maintenance and improvement market, encouraged by tax concessions for redevelopments and energy efficiency measures. The liquidity crisis for businesses was accentuated by the problem of late payments by public sector companies.

main causes are due to the low growth in major export markets in the automotive industry, specifically Germany and France, and the fall in domestic demand, related to fiscal austerity policies and dif-

IN ITALY WITH WIND
 SACE counter-guaranteed a bank surety worth 101 million euros for the mobile telephone operator Wind to buy new 4G mobile phone frequencies put out to tender by the Ministry of Economic Development.

 **TURKEY.** Istanbul.

Eva Martin, SACE

Global offer

PRODUCTS AND SERVICES

Over 30 years' experience in risk assessment

Entrepreneurial activity is, by definition, risky. Whether you are concluding an individual sales contract or making a more complicated decision such as investing, it is vital to understand and carefully assess all of the associated risks in order to safeguard the sustainability of the business and the soundness of the company. When working in international markets, these risks are multiplied: the counterparties are less well known, the operating contexts are often very different from our own and at times political instability plays a part. In many cases, the company is called upon to expose itself to risks which could create financial strain and undermine the financial solidity of the company. Firms which choose SACE as their partner in order to grow both in Italy and abroad can benefit from the expertise acquired over a period of more than 30 years in assessing and managing risks. Our team of analysts works alongside the company during the negotiation, conclusion and subsequent management stages of commercial transactions

or investments, providing assessments on the solvency of the counterparties or risks associated with the transaction. A business that is planning to export or invest abroad can obtain an assessment on the reliability of the foreign buyer or on the feasibility of the transaction and an estimate of the costs of any insurance cover, through Parere Preliminare, an online service on the ExportPlus platform. When insuring its turnover with SACE BT, a business benefits from the preliminary assessment services and from subsequent monitoring of the solvency of potential and existing customers for the entire duration of the cover. When using SACE Fct factoring products, the seller also enjoys credit portfolio assessment services during the debtor entrustment stage, a regular review of the positions and routine management of the entire credit exposure. SACE SRV completes the range of services through the sale of commercial information and credit recovery.

IN ITALY WITH COGHI

SACE Fct mobilised 575,000 euros by factoring receivables owed to Coghi Costruzioni Edili by the Municipality of Mantua for the renovation and maintenance of the Palazzo del Podestà.



MEXICO. Chichen Itza.
Marco Sica, SACE

IN MEXICO WITH CARAGLIO

SACE issued three advance payment bonds, with a total value of 1.4 million euros, for the Piedmontese company Caraglio, which operates in the design, production and installation of electricity distribution systems. These were for the supply and installation of electrical equipment for a production site in Mexico.



Our research facilities are also at the disposal of businesses, with a team of analysts dedicated to monitoring and assessing risks and opportunities in 189 countries and a team of economists specialised in analysing Italian industry trends. We have developed tools designed to be extremely helpful in guiding business choices, including the Country Risk Map, an interactive map that displays the various risk ratings directly on the SACE website by selecting the country concerned, the activity, the type of counterparty you intend to work with or the risk event which could occur (available at www.sace.it/riskmap), and Export Report, the forecasting tool that identifies the direction that exporting businesses should take for growth abroad (available at www.sace.it/rapportoexport).

A wealth of knowledge acquired over the years is found in SACE Training & Advisory (T&A), the SACE unit specialised in training and technical assistance for banks, businesses, university students and sector specialists in the main areas of expertise, developed by the Group (risk assessment, risk management, domestic and foreign regulations in the reference framework and insurance and financial tools). In 2012, T&A delivered 4,390 hours of training to approximately 1,172 external participants. Through the e-learning project, T&A offers a complete and up-to-date series of video seminars which can be consulted online, free of charge, in which SACE experts explain how the products work as well as the methods of risk analysis and management.

We strengthen exports

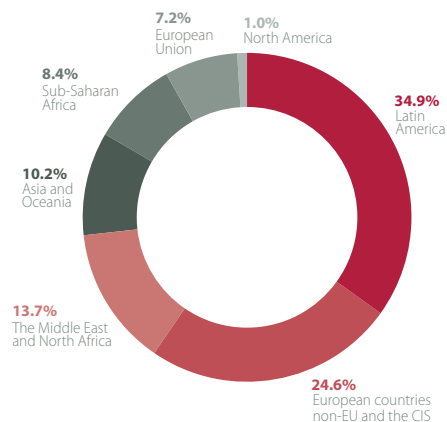
In 2012, our exports, the driving force of the Italian economy, confirmed the growth trend. Thanks to this trend, we have already returned to the pre-crisis levels of 2011. In light of the weakness of the domestic market, greater opportunities are arising from emerging markets, where demand is definitely more sustained, but with operating contexts that are more unstable and less familiar. Through SACE's intervention, not only can businesses protect themselves against the risk of the failed collection of receivables, but we can also offer to foreign customers the best payment and financing conditions, thereby making their commercial

offering more attractive.

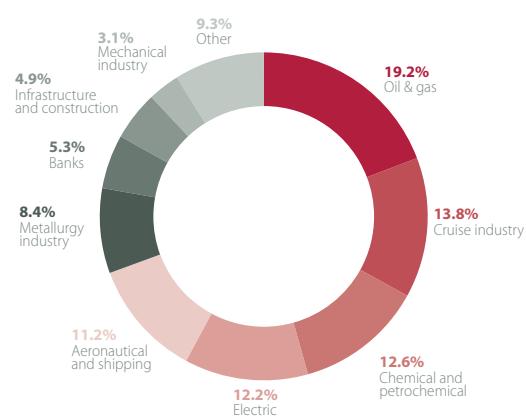
In 2012, SACE stood alongside Italian businesses, facilitating 725 export transactions and insuring 4.8 billion euros' worth of exports. Businesses which have benefited from SACE's coverage for their exports are mainly small to medium-sized businesses. 48% of transactions are managed through the ExportPlus portal, a service through which businesses, specifically SMEs, can ask for and obtain coverage for their exports.

In terms of volumes, the geographical area where exports insured by SACE are concentrated includes Latin America (35%), followed by non-EU countries,

Insured volumes supporting Italian exports by destination area (2012)



Insured volumes supporting Italian exports by industry sector (2012)



the Commonwealth of Independent States (25%) and the Middle East and North Africa (14%); Russia, Mexico and India are the main destination countries. Businesses which have benefited most from SACE's support for their exports mainly belong to the mechanical industry (42% of transactions insured, many of which were conducted by SMEs). In terms of insured volumes, the most active sector was oil & gas (19%), followed by the cruise industry (14%) and the chemical and petrochemical sector (13%).

4.8 billion
euros in insured export transactions

48%
of coverage of Italian exports managed online

PROTECTING EXPORTS

SACE protects Italian businesses that sell goods and services overseas against the risk of non-payment. The Supplier Credit policy insures single transactions with payment deferred for more than 24 months for OECD countries and without any time limit for other countries. The company can transfer the benefits of the policy to a bank or other financial intermediary to discount the underlying credit without recourse. In order to facilitate the request for cover, to keep costs down and to speed up response times for import transactions of up to 5 million euros, SACE has made two simplified versions of the Supplier Credit policy available online at the ExportPlus platform: Plus One and Basic. Construction and plant engineering firms involved in civil works or supplying projects abroad, where payments are due at intervals or upon completion of milestones, are covered by the Civil Works policy. SACE's Confirmation of documentary letters of credit policy insures Italian and foreign banks against the risk of non-reimbursement of documentary credit arising from confirmations made through letters of credit. For transactions with a repayment period of up to five years and a maximum amount of 5 million euros, banks can obtain cover for documentary credits in real time through CreDoc online, thus reducing the time and cost involved.

FINANCING EXPORTS

The competitiveness of Italian exports is increasingly linked to the credit terms available to foreign buyers rather than to the quality and price of the actual products offered. Through its Buyer Credit policy, SACE guarantees loans granted to foreign borrowers to purchase goods or services supplied by Italian companies or their subsidiaries, thus strengthening the capabilities of the banking system. SACE covers the risk of the foreign borrower failing to repay the loan granted by the bank under the agreed terms. This product is also used in investment projects which are implemented based on project finance and are asset-based. These transactions are followed by a team of professional experts with expertise in the various industrial sectors. This means they are involved in the project from the initial stages of structuring the finance and this also accelerates the due diligence process by providing efficient and timely support to the parties involved. Under project finance, SACE guarantees limited and non-recourse financing for promoters whose commitment is generally limited to their own financing linked to the project. In the case of asset-based transactions, used especially in the aeronautics and shipping sectors, the asset subject to financing constitutes a guarantee for the debtor. If the latter fails

IN INDIA WITH ORANFRESH

SACE insured the supply of juicer machines for 100,000 euros, commissioned by an Indian company from Oranfresh, a Catania-based company specialised in the production and sale of machinery for the food industry.



SOUTH AFRICA. Kruger National Park.

Alessandro Ceci, SACE

IN SOUTH AFRICA WITH NUOVO PIGNONE

SACE guaranteed a loan of 9.6 million euros for the supply of a steam turbine commissioned from the Tuscany-based Nuovo Pignone and destined for a renewable energy production plant in South Africa.

to pay, the credit is recovered by selling the asset. In order to support Italian exports through an integrated financial offering, SACE, Cassa Depositi e Prestiti (CDP), Simest and ABI have developed the Export Banca system. This scheme allows Italian exporters to provide foreign customers with funding

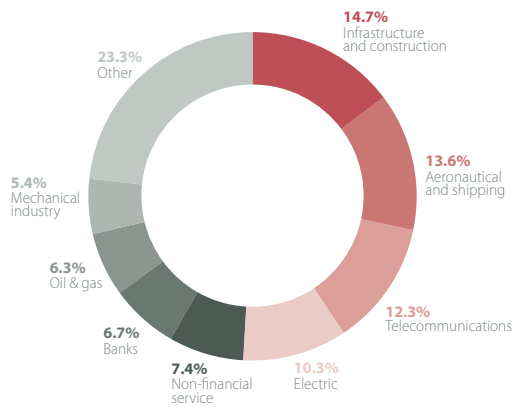
provided by the banking system, through CDP, or directly by CDP. In both cases, the loans are guaranteed by SACE. In 2012, SACE guaranteed 2.6 billion euros' worth of loans using the Export Banca system, supporting exports with an overall value of 4.2 billion euros.

We support internationalisation

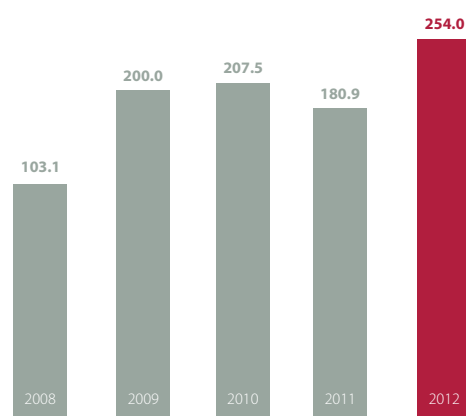
The liquidity crisis which characterises the Italian economy, with consequent difficulties in accessing credit, makes the internationalisation route for Italian businesses and banks a complex one. In 2012, SACE guaranteed loans and insured investments abroad to the tune of 1.8 billion euros, an increase of 29% compared with the 1.4 billion euros of the previous year. The industrial sectors which have benefited most from SACE's intervention are infrastructure and construction (15%), aeronautics and shipping (14%) and telecommunications (12%). Under the scope of these operations, support to

Italian SMEs, which need liquidity in order to operate abroad, is of particular significance. Financial guarantees for the internationalisation of SMEs in 2012 totalled 254 million euros and represent 83% of the number of guarantees issued. In addition to facilitating access to credit, SACE also provides insurance against political risk, which has particularly affected Italian businesses in recent years. For Italian exports, growing political instability in "hot spots" such as North Africa or Latin America has created this requirement even for small-scale investments.

New guarantees for internationalisation activities by sector (2012)



Guaranteed volumes in support of internationalisation activities of SMEs (million euros)



Luca Gatto Senior Account Manager - Rome Office, SACE

1.8 billion

euros of insured transactions supporting the internationalisation of businesses

+29%

of loans and investments insured compared with 2011


83%

of financial guarantees issued to SMEs

FINANCING SMES IN INTERNATIONAL DEVELOPMENT

SACE has signed agreements with the main Italian banking groups to facilitate access to credit for small and medium-sized enterprises, the sector most negatively affected by the liquidity crisis of recent years; this is designed to strengthen their activities in overseas markets.

With the Internationalisation Guarantee for SMEs, SACE guarantees the financing provided by banks

 OMAN, Muscat.

Carlo Magistrelli, SACE

*IN THE MIDDLE EAST AND THE AMERICAS WITH INTERPUMP
SACE guaranteed a loan of 30 million euros granted to the Emilia-based Interpump Group, the most important global producer of high-pressure pistons, for the modernisation of the recently acquired foreign plants.*

for projects directly and indirectly related to overseas development, for businesses with a turnover of less than 250 million euros with at least 10% generated through export activities.

The guarantee is dedicated to businesses operating in foreign countries with direct investments (joint ventures, mergers, acquisitions, partnerships) or indirect investments, in other words financing working capital, investments in research and development, expenses for upgrading and expanding plants and machinery, protecting trademarks and patents, taking part in international trade fairs and promotional initiatives.

Under the scope of banking agreements signed to date, SACE has guaranteed 2.5 billion euros of financing to 2,700 businesses, mainly small and medium-sized enterprises.

FINANCING INVESTMENTS AND WORKING CAPITAL

SACE collaborates with credit intermediaries for financing destined to support internationalisation projects for medium and large Italian companies or their foreign subsidiaries.

SACE's Investments guarantee covers loans granted to finance investments destined to strengthen the competitive position of the business in foreign markets: establishment of joint ventures, mergers, acquisitions, capital increases in foreign companies, construction of production facilities, investments in research and development.

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

execution of projects abroad.

The Investment and Working Capital guarantees allow the business to leave the lines of credit available from banks unaltered, as far as the guaranteed part is concerned.

Since 2009, SACE has been working with the European Investment Bank (EIB) in supporting Italian businesses and their foreign subsidiaries, which invest in infrastructures, in the procurement of energy, environmental sustainability and research and development, both in the European Union and surrounding countries, as well as in developing countries. In 2012, SACE's support allowed the EIB to grant loans in support of Italian companies totalling 800 million euros. The partnership between SACE and the EIB was also extended to the benefit of Italian banks which, through the EIB's provision, were able to finance Italian SME projects at competitive rates. In 2012, the SACE guarantee allowed financing to be concluded for an overall amount equal to approximately 280 million euros.

The "Export Banca" scheme enables SACE to support Italian businesses in the process of internationalisation. This scheme allows access to new lines of credit aimed at supporting investment projects abroad; financing can be supplied to the debtor by the banking system, through the Cassa Depositi e Prestiti or directly by the Cassa Depositi e Prestiti. In both cases SACE's guarantee is in place. During the course of 2012, thanks to "Export Banca", SACE promoted the internationalisation of Italian businesses, allowing the implementation of projects with a total value of 1 billion euros, with a guaranteed share of 400 million euros.

PROTECTING FOREIGN INVESTMENTS

SACE supports the international development of the Italian System, not only by facilitating access to financing but also by protecting direct investments in countries where there is great potential but where political conditions are difficult.

The Investments policy allows Italian businesses and banks which invest abroad, both directly and through associate companies or subsidiaries, to concentrate on business risks and business development, by protecting them against political risks. The policy protects both overseas investments (equity), and shareholder loans. For financial institutions, the cover means that the country ceilings do not have to be used and it has "zero impact" on capital absorption. The firm or bank that chooses the Investments policy can limit or compensate for losses or the non-payment of sums due in relation to the investment (for example, dividends, profits, repayment of a shareholder's loan), as a result of the following:

- war and civil disorder
- currency restrictions
- direct or indirect expropriation
- termination of contracts agreed with local public counterparties.

For equity investments of less than 5 million euros, this product is available online at the ExportPlus portal.

*IN BRAZIL WITH SIRIO SISTEMI ELETTRONICI
SACE guaranteed a loan of 300,000 euros granted to Sirio Sistemi Elettronici, a Tuscan company which produces control systems for the oil & gas and power generation industries, to upgrade its Brazilian subsidiary.*



We support growth in Italy

Competitiveness within Italy and its industrial fabric also depends on the efficiency of infrastructure and the diversification of energy sources: strategic factors for both the internationalisation of businesses and the capacity to attract foreign investment in Italy.

Large infrastructure projects are also capable of mobilising huge amounts of capital and, at the same time, generating business opportunities for domestic firms, with positive repercussions on employment and GDP.

Since 2008, SACE has thus been supporting the development of infrastructure projects and sources of renewable energy in Italy by means of a dedicated team.

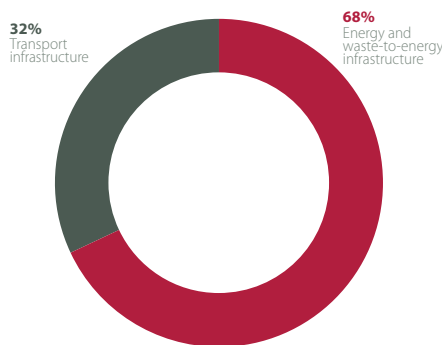
In 2012, SACE issued guarantees amounting to 1.4

billion euros, supporting projects with an overall value of 3.6 billion euros, 94% of which supported infrastructure projects, whilst the remaining 6% supported projects in the renewable energy sector.

In its four years of operations in this field, SACE's intervention, equal to 3.5 billion euros guaranteed concentrated 68% on energy and infrastructure waste-to-energy projects and the remaining 32% on transport infrastructure.

These operations facilitated the building, extension and safety mitigation measures of more than 1,000 km of motorways and the construction of waste-to-energy and wind farms and photovoltaic plants, with a total installed capacity of more than 473 megawatts.

Volumes guaranteed by SACE in strategic infrastructures and renewable energy (2008-2012)



3.5 billion

euros in operations guaranteed for infrastructures and renewable energy over five years

473 megawatts

in power generation from renewable sources



Enrico Lucciola Senior Underwriter - Corporate and Investment Finance, SACE

FINANCE FOR INFRASTRUCTURES AND RENEWABLE ENERGY

SACE guarantees the financing of nationwide projects in sectors that are key to the Italian economy through its Investments guarantee. The financing, guaranteed by SACE, is dedicated, among other things, to investments in:

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

With the aim of providing easier access to credit for operators involved in the construction of large infrastructure projects, energy provision, environmental sustainability and research and development, SACE can guarantee investments, in addition to commercial banks and the European Investment Bank.

Under the scope of these operations, the SACE guarantee has enabled the EIB to provide financing for a total amount of 800 million euros, to support projects for the development of the Italian motorway system, the treatment of urban waste and the diversification of gas provision sources.

1,012 km

of motorways built, extended or made safe in Italy, thanks to financing guaranteed by SACE

We support companies in bids and contracts

SACE helps Italian companies in bidding for contracts or acquiring contracts and work orders in Italy and abroad. Guarantees covering the contractual or legal obligations of Italian contractors are issued directly by SACE or through accredited financial intermediaries. In 2012, SACE granted 599 million euros to Italian companies directly or through counter-securities, primarily in the field of exports or projects abroad in the sectors of infrastructure and construction (32%), aeronautics and shipping (28%) and electricity (20%). Italian businesses showed a strong

interest in the Middle East and North Africa: specifically, the foreign countries which benefited most from SACE guarantees were Qatar, Tunisia and Algeria. Through its network of insurance offices, agencies and brokers, SACE BT issued surety bonds for 2.5 billion euros, almost exclusively for projects carried out in Italy. The Group has supported more than 18,000 businesses, mainly SMEs, through its wide range of surety bonds and construction risk coverage products, and a portfolio of 43,000 guarantees.



WINNING CONTRACTS AND WORK ORDERS

It is increasingly common for companies taking part in tenders or undertaking projects and supplying services to be required to provide sureties to guarantee compliance with the terms of the contract. The SACE Group offers an extensive range of guarantees covering contractual obligations directly in Italy and abroad. These include:

- bid bonds, to guarantee bids for contracts and the signing of contract documents if awarded
- performance bonds, to guarantee the performance of all contractual obligations undertaken by the contractor upon signing the contract
- advance payment bonds, to guarantee the refund of advance payments made to the company for the execution of the contract

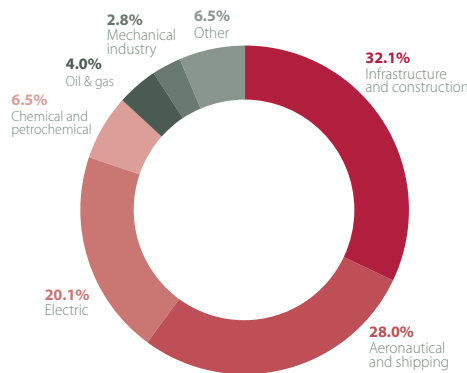
- maintenance bonds, to guarantee the proper functioning of the product/system supplied
- money retention bonds, to guarantee the refund of retention money paid in advance of the basis of the progress of works.

SACE also issues counter-security for financial intermediaries that give such guarantees.

To simplify the request for cover and to speed up response times, SACE offers banks the Online Contractual guarantee at the ExportPlus portal, for a maximum amount of 2.5 million euros and a repayment period of up to 5 years.

The surety bonds granted to Italian companies are covered by reinsurance agreements and counter-securities underwritten by SACE with leading foreign operators. Companies with operations in American markets also have the benefit of partnerships, specifically with Chartis, Liberty Mutual,

New sureties issued by SACE by industry sector (2012)



3.1 billion

euros in surety bonds issued

18,400

businesses supported with construction risk coverage and surety bonds

43,000

transactions concluded in the surety bond and construction risk sectors



GERMANY. Berlin.

Dario Barigelli, SACE

IN GERMANY WITH PRYSMIAN POWERLINK

SACE guaranteed a milestone payment bond for 8.4 million euros issued to Prysmian Powerlink for the construction of electrical connections from the North Sea offshore wind farms to the Buttet transformer station in Germany.

Travelers and Zurich. In North Africa and the Middle East, SACE's operations are extended by collaboration with the Europe Arab Bank, which has branches in 15 countries in the region.

SACE BT also issues the following for the Italian market:

- guarantees to cover urbanisation charges, to guarantee fulfilment of obligations to "perform" or to "give"
- guarantees to protect the buyers of new buildings, to ensure repayment of amounts paid by

the buyer in advance at various stages of the work.

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

- tax bonds, for the advance payment of tax credit
- custom bonds, to guarantee the payment of customs duties
- green certificate bonds, for advance payment of gains from the future sale of green certificates.

CONSTRUCTION RISK COVER

SACE BT insures risks associated with the construction of factories and civil works. This enables construction companies to take part in tenders in

compliance with current legislation, either in Italy or abroad.

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

BasiCar, the standard policy dedicated to SMEs, is available for a maximum amount of 2.5 million euros, and gives quick access to cover.

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

The EAR (Erection All Risks) policy insures against all risks arising from the construction and installation of machinery, plant and steel structures. Cover also includes inspections, tests and post-delivery damage during the guarantee or maintenance periods. For certain selected risks, SACE BT also operates in the non-motor business, providing property insurance for civil engineering works (Global Buildings policy) and third-party liability in the construction industry.

IN ITALY WITH FOPPIANI SHIPPING & LOGISTICS

SACE BT issued a surety bond for 6 million euros for Tuscany-based Foppiani Shipping & Logistics to guarantee the payment of rights to customs operations due from the Livorno Customs Agency.

We insure company sales

2012 was a particularly difficult year for the Italian industrial network. The liquidity crisis put many businesses to the test and resulted in an increase in insolvencies.

Credit insurance proved to be an effective instrument both in the prior assessment of customer insolvency and in providing support for dealing with non-payment situations, thereby becoming a strategic choice for the businesses involved.

Despite the difficulties that persist in the market, credit insurance customers have managed to consolidate relations with regular customers and take

advantage of new business opportunities, without having to worry about the associated credit risk. In 2012, SACE BT insured credit volumes of more than 22 billion euros, supporting approximately 1,850 businesses. Distribution of guarantees by industry sector shows a presence throughout the Italian business network.

Insurance company customer portfolios were mainly concentrated on the domestic market, with an increase in the export share in the second half of the year.



Serena Nicoletti Credit Assistance Manager - Credit Insurance, SACE BT

PROTECTING SALES IN ITALY AND ABROAD

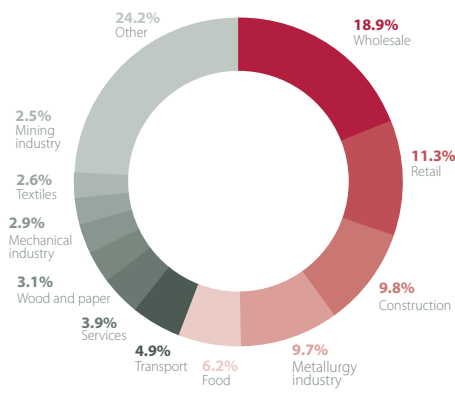
SACE BT insures companies against the risks of insolvency in connection with commercial transactions in Italy and in OECD countries, with payment deferred for up to 12 months, and offers a range of products and services to satisfy the requirements of small, medium and large-sized enterprises. SACE BT's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

The BT 360° policy is a tool designed for companies wishing to insure their entire turnover, or similar risk classes, providing access to a wide range of ancillary services: from preventive assessment of customer solvency to portfolio monitoring, compensation for losses suffered and specialist credit recovery services. Due to its flexibility, this product

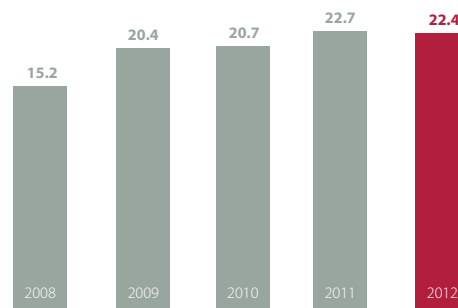
is suitable for both SMEs and large industrial groups, protecting the turnover of subsidiaries at favourable rates. Businesses can manage all the paperwork connected with the cover through the online LeOn platform, displaying the policy, submitting new applications, increasing or cancelling ceilings, handling sales notifications and checking the status of claims and credit recovery.

SACE BT's package, which is dedicated to exporters, is strengthened through the Export Development policy, the latest in the line of credit insurance products. This is a new type of product for the entire market. Available directly online, it is aimed at all Italian businesses that wish to develop or consolidate relations abroad, covering themselves against the risk of non-payment. The product allows customers to adapt their export sales guarantee requirements, identifying reference countries and customers.

SACE BT insured volumes by industry sector (2012)



SACE BT insured volumes (billion euros)



1,850
 companies insured

We improve cash flow

SACE Fct offers Italian companies an effective tool to boost their growth through short-term financing of trade receivables. The offer includes both traditional factoring products and a specific range of services for factoring receivables due from public sector companies or large corporations. In 2012, SACE Fct discounted 1.7 billion euros in receivables, a 33% increase over the previous year,

from 2,700 debtors. 57% of turnover refers to debtors in the public sector. With regard to the factoring of receivables, 39% of debtors were located in northern Italy, 37% in central Italy and 20% in the south and island regions, with the remaining 4% abroad. 83% of sellers chose non-recourse factoring solutions, while the remaining 17% opted for "with recourse" solutions.

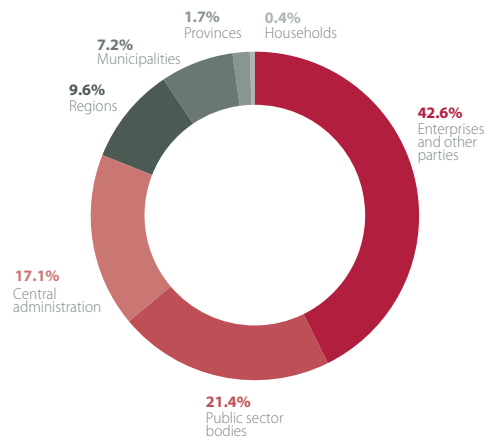


IN ITALY WITH CONSERVE ITALIA

Thanks to a Corporate Reverse Factoring agreement with SACE Fct, Conserve Italia, an Emilia-based company specialised in the production and conservation of fruit and vegetables, can offer its suppliers the ability to monetise their receivables.

Costantino Coco Senior Account Manager - Modena, SACE Fct

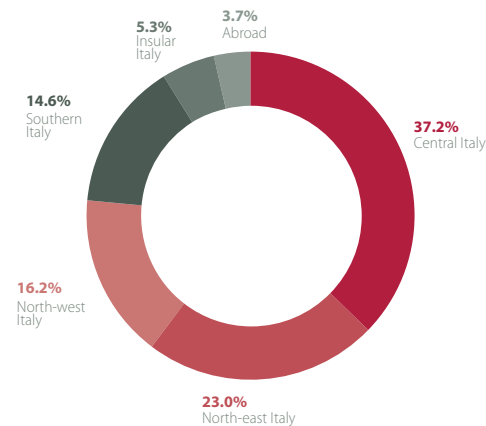
SACE Fct turnover by industrial sector (2012)



2,700

active debtors

SACE Fct turnover by debtor geographic area (2012)



1.7 billion

discounted receivables

DISCOUNTING RECEIVABLES

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

The offer includes traditional factoring products, such as with recourse and non-recourse factoring, featuring credit management and the provision of advances to the seller. If the borrower fails to pay, the two products differ through the right of recourse to the customer.

With Maturity Factoring, in addition to all the conventional factoring services, SACE Fct undertakes to pay the nominal value of each invoice on or within a few days of the payment term.

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

IMPROVING PAYMENTS

Delayed payments by public sector companies can put a great strain on businesses, especially on SMEs. Through Reverse Factoring, SACE Fct offers a "guaranteed payment" system which involves discounting invoices to suppliers with credit certification from the debtor.

SACE Fct has signed collaboration agreements with major Italian banks (CariChieti, Cariparma, Carispezia and FriulAdria), added to the existing distribution agreement with Poste Italiane, allowing suppliers to public sector companies easier access to factoring services, to support liquidity requirements and to improve cash flow management. The Reverse Factoring scheme can also be applied to large Italian companies to improve the payment flows for their suppliers and to support the supply chain.



Winning combinations

STRATEGY AND RESULTS

Report on operations

STRATEGY

In 2012, SACE operated in a difficult macroeconomic context that gradually worsened, due to problems in the countries surrounding the euro zone and to the difficulties of financial intermediaries in offering liquidity to businesses.

In this particularly complex situation for supporting exports, SACE did, however, manage to confirm the targets of its Industrial Plan, thanks the strengthening of its partnership with the Cassa Depositi e Prestiti, under the scope of the Export Banca programme and with the European Investment Bank, supporting infrastructure projects and SMEs.

In 2012, as in recent years, SACE reaffirmed its focus on the central importance of the client, expanding its territorial presence both in Italy (through the opening of the Brescia office and SACE Point in Ancona and Pescara) and internationally (through the opening of the Mumbai office), and through the consolidation of existing offices and the creation of

a specific management department to assist coordinating operations in the area.

Supporting businesses has also involved targeted initiatives, with a specific focus on small and medium-sized businesses.

Over the coming months SACE will continue to implement the guidelines of the 2011-2013 Industrial Plan, in a macroeconomic context featuring improved prospects, especially in the second part of the year, although levels of uncertainty and volatility remain particularly high. The transfer of ownership of SACE to Cassa Depositi e Prestiti, completed at the end of 2012, will also make it possible to implement further industrial synergies to support the Country System and, specifically, Italian exports.

SACE BT, the product company specialising in credit insurance, surety bonds and protection from construction risks, suffered from the difficult economic conditions in 2012. The increase in insolvencies had a significant impact on the financial result of the company which, in order to combat the worsening



Roberto Allara Commercial Director, SACE BT

Antonio Romeo Sales Director, SACE Fct

A GROWING COMMITMENT

Since 2004, the year SACE became a joint stock company, until today, it has gradually extended the scope of its activities. The business model was completely redesigned, offering an extensive range of "360 degree" services for businesses, such as financial guarantees, credit insurance, surety bonds and factoring alongside its traditional focus on exports.

economic situations, adopted even more prudent risk assumption, pricing and contract management policies.

SACE SRV, which specialises in the acquisition of commercial information for the evaluation of counterparty risk, credit recovery and economic analysis and research in Italy and developed countries, continues its captive role for Group Companies and is also starting to offer its services abroad.

2012 was the third year that SACE Fct was fully operational. As the group's factoring company, its business was focused on factoring receivables

claimed by suppliers from public sector companies and large private companies, through traditional and reverse factoring solutions. SACE Fct established important collaborations on many levels, from strengthening the distribution partnership with Poste Italiane to signing agreements with trade associations, to the development of relations with major banks and factoring companies for pooling operations. During the year, SACE Fct was also included in the special register of financial intermediaries set out in Article 107 of the Consolidated Banking Act.

OPERATING RESULT

SACE posted a consolidated net profit of 167.9 million euros, an increase of 20.4% compared with the figure of 139.5 million euros for 2011.

The operating result for the Parent Company SACE stood at 255.1 million euros, an increase of 38.6%. The net result of the subsidiary SACE BT, a loss of 21.3 million euros, is attributable to the significant increase in insolvencies recorded in the period, as a result of which risk containment and mitigation actions had already been taken in the first half of 2012. These included a greater selectivity in risk assumption activities, opening four risk monitoring offices in the country and an in-depth analysis of the underwriting process. The result consolidates the positive contribution of SACE SRV, which recorded a net net profit of 1.3 million euros (+26%).

The subsidiary SACE Fct closed its third year of operation with a profit of 8.3 million euro, a 25.6% increase compared with 2011.

euros, down by 14.1% on the previous year. Of this sum, 359.1 million euros were derived from direct operations and 21 million euros from indirect operations (active reinsurance).

SACE's activities generated 299.3 million euros in gross premiums, a decline of 10.9% compared with 2011. The products which made the greatest contribution to the generation of premiums are the Buyer Credit policy (45.0%), followed by Financial Guarantees (31.9%) and the Supplier Credit policy (5.8%).

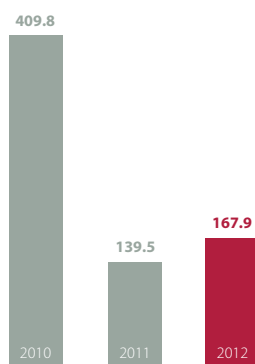
SACE BT totalled 82.9 million euros in gross premiums, recording a decrease of 21.8% compared with the previous financial year, due to the application of a new accounting criterion for premium instalments required by the existing regulations and the adoption of prudent risk assumption and management policies. The Credit insurance activities made a greater contribution to premiums, with 39.4 million euros from direct operations (-31.6%), added to which are premiums from the Surety Bonds business line standing at 29.5 million euros (-7.5%), and the Other Property Damage business line, equal to 11.1 million euros (-18.8%). The factoring business handled by SACE Fct recorded operating income of 46.4 million euros, more than double the figure of 21.2 million euros for the previous year. Of this sum, 78% represented net interest income, with the remaining 22% deriving from net fees and commissions.

REVENUES

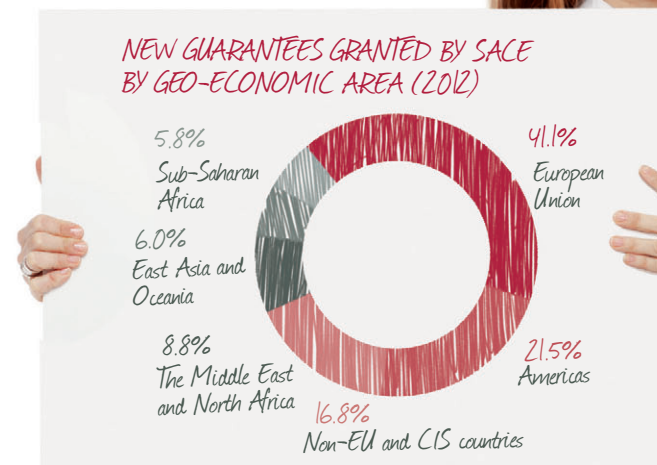
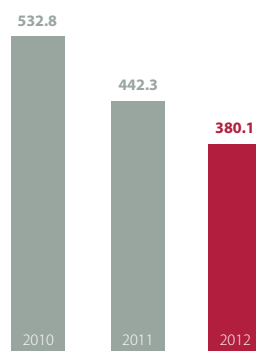
The insurance business generated 89.1% of the group's revenues, with the remaining 10.9% produced by factoring activities.

Consolidated gross premiums were at 380.1 million

Net profit (million euros)



Gross premiums (million euros)

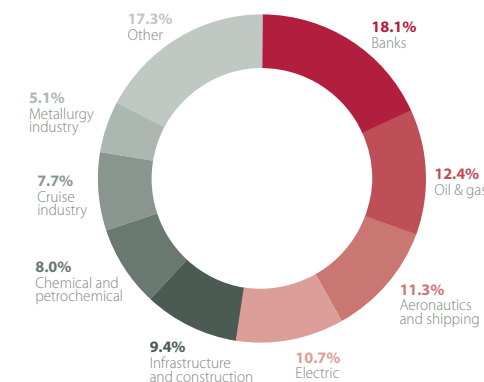


Daisy Bastoni Senior Controller - Planning, Budget and Reporting, SACE

VOLUMES

SACE provided new guarantees worth 8.5 billion euros, a decline of 18% over the previous year, but better than forecast in the Industrial Plan. New commitments pertained mainly to the European Union (41.1%), Latin America (21.5%) and non-EU and CIS countries (16.8%). The banking sector generated the largest share, accounting for 18.1% of new guarantees, followed by oil & gas (12.4%), aeronautics and shipping (11.3%) and electric (10.7%). In the Credit business line SACE BT provided insurance coverage of 22.4 billion euros, essentially in line with the 2011 result. Of this sum, 77.4% pertained to Italy, 17.1% to OECD countries and 5.5% to other countries. The largest sectors for this line of

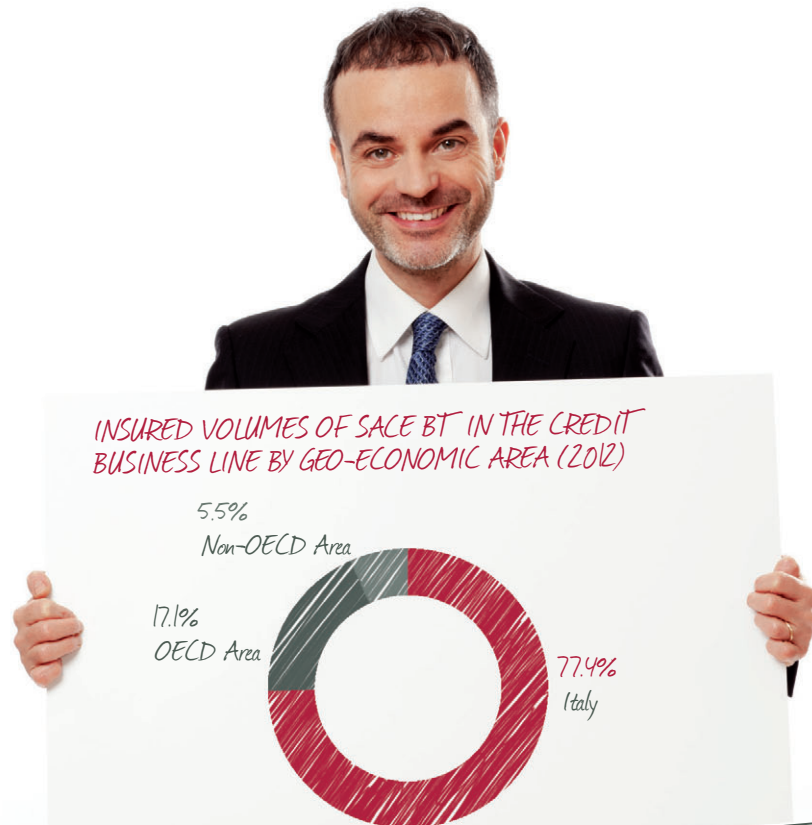
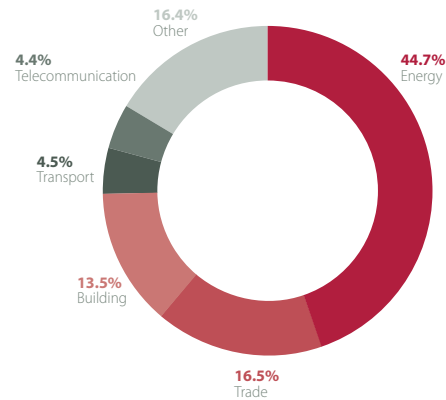
New guarantees granted by SACE by sector (2012)



business were wholesale trade, which generated 18.9% of volumes, retail trade (11.3%), construction (9.8%) and the food industry (6.2%). The transactions covered by SACE BT in the Surety Bonds business line amounted to 2.5 billion euros, an increase of 16%.

SACE Fct generated turnover of 1.7 billion euros, a 32.9% increase. Non-recourse factoring operations accounted for 83.3% of the total, with the share of "with recourse" operations on the increase. The sectors featuring most prominently in factoring activities were energy (44.7%), commercial services (16.5%), construction (13.5%) and transportations (4.5%). Taking into consideration the sector to which the debtor belongs, the counterparties come mainly under the scope of public sector companies (57% of the total).

SACE Fct turnover by industrial sector of the seller (2012)



Valerio Coati Administration Director, SACE BT

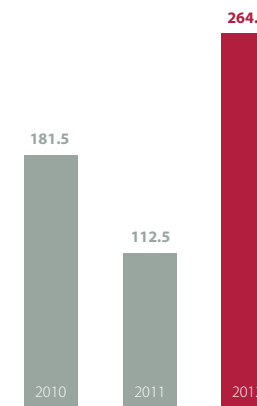
CLAIMS

Claims totalling 264.9 million euros were settled during the year, more than double the amount of the previous year (112.5 million euros).

SACE settled claims of 197.4 million euros, a significant increase compared with the 55.1 million euros settled in 2011. This increase is due primarily to the sums paid in relation to existing cover on transactions concluded by Italian companies with Iranian buyers, which were experiencing difficulties in meeting payments as a result of sanctions imposed by the UN and the EU.

SACE BT settled claims of 67.7 million euros, up 19.2%. The Credit business line saw a 25% increase in non-collection reports, ascribable in particular to retail trade (22.9%), construction (21.9%) and wholesale trade (19.9%). The Surety Bonds business line saw a slight increase in the number of non-collection reports compared with 2011, equal to 3% in light of a reduction in the average cost per claim, which resulted in a decrease of 37%, compared with the previous year for the overall expense of claims. The number of non-collection reports in the Other Property Damage business line also fell by 50%.

Claims settled (million euros)



RECOVERIES

Political and commercial credit recovery activities generated a positive effect on the income statement on a consolidated level, amounting to 156 million euros.

SACE sovereign credit recovery amounted to 125 million euros, of which the main contribution came from Iraq and Egypt. As far as SACE commercial recovery is concerned, it amounted to 15.8 million euros, mainly attributable to the settlement agreement signed with a Mexican company.

SACE BT recovery, net of legal expenses, totalled 4.5 million euros, a decline of 33%. Recovery dynamics were related to the performance of claims by individual sector; during the year there was an increase of recovery related to the Credit business line as a result of the increased amount of practical work and a decrease in recovery in the Surety Bonds business line.

REINSURANCE

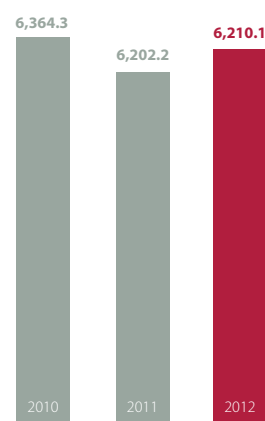
The reinsurance policy adopted by SACE, aimed at maintaining and improving technical equilibrium, involves market counterparties with high ratings and international scope.

SACE signed 23 reinsurance agreements with other export credit companies. Specifically, in 2012 SACE concluded a cooperation agreement with EXIAR – the newly formed Russian export credit agency for investments controlled by the Russian development bank Vnesheconombank – aimed at strengthening commercial and investment opportunities abroad in the respective reference markets and in CIS countries. SACE was also chosen by EXIAR as its advisor and will provide consulting services and a technical training programme, centring on products, processes and risk management and assessment.

SACE BT has continued with its strategy of rationalising its reinsurance structure, launching a process to determine the requirements which led to the following actions:

- lower proportional assignment for Credit and Surety Bonds business lines
- acquisition of less capacity for excess claims cover for Credit and Surety Bonds business lines
- greater capacity per risk and per event, for excess claims cover for the Other Property Damage business line.

Shareholders' equity (million euros)



FINANCIAL INVESTMENTS (million euros)

Type of investment	2012	2011	Change
Bond	4,973.6	5,653.1	-12.0%
Monetary investments	2,147.0	1,219.3	76.1%
UCITS investments	621.9	601.9	3.3%
Equities	40.5	28.9	40.1%
Total	7,783.0	7,503.2	3.7%

SHAREHOLDERS' EQUITY AND TECHNICAL PROVISIONS

Shareholders' equity as at 31 December 2012 was 6.2 billion euros, essentially the same as the previous year. The share capital, fully paid up, was 4.3 billion euros. The technical provisions, consisting of premium and claims provisions, amounted to 2.6 billion euros (+13%).

FINANCIAL INVESTMENTS

Consolidated financial investments stood at 7.8 billion euros at the end of 2012, up 3.7% compared with the previous year.

The portfolio was composed of 63.9% bonds, 8% bond and UCITS equity and 0.5% equities, with the remaining 27.6% in monetary instruments. Financial management had the goal of optimising the capital structure, improving capital adequacy and balancing the risks assumed through insurance activities.

CONSOLIDATED BALANCE SHEET

ASSETS - thousand euros	2012	2011	2010
Intangible assets	14,600	15,776	16,502
Tangible assets	69,761	70,656	79,273
Reinsurer share of technical provisions	106,305	104,042	99,717
Investments	7,466,153	7,667,327	7,915,266
Receivables	972,121	992,550	841,939
Other assets	265,474	250,006	285,519
Cash and cash equivalents	502,871	78,299	84,368
Total assets	9,397,285	9,178,656	9,322,584

LIABILITIES - thousand euros	2012	2011	2010
Shareholders' equity	6,210,100	6,202,168	6,364,342
Provisions	43,757	46,525	76,060
Technical provisions	2,589,707	2,342,117	2,214,794
Financial liabilities	133,228	170,639	188,441
Payables	110,267	182,775	193,447
Other liabilities	310,226	234,432	285,500
Total shareholders' equity and liabilities	9,397,285	9,178,656	9,322,584

CONSOLIDATED INCOME STATEMENT

thousand euros	2012	2011	2010
Gross premiums	380,124	442,292	532,843
Change in premium reserve	91,338	(99,467)	93,580
Outward reinsurance premiums earned	(34,738)	(42,293)	(35,466)
Net premiums	436,724	300,533	590,957
Income and charges on fair-value financial instruments	28,974	(572,503)	(205,703)
Income from other financial instruments and investment property	123,448	209,792	196,670
Other income	463,580	509,596	399,378
Total income and charges	1,052,726	447,418	981,302
Claims paid and change in technical provisions	485,615	(23,748)	51,189
Reinsurer share	(27,045)	(22,271)	(13,488)
Net charges on claims	458,570	(46,019)	37,701
Charges on equity interests in subsidiaries, affiliates and joint ventures	-	-	359
Charges on other financial instruments and investment property	23,382	5,810	1,085
Administrative expenses	100,718	97,186	97,840
Other costs	199,518	179,194	231,830
Total costs and charges	782,188	236,171	368,815
Profit before taxes	270,538	167,933	612,487
Income taxes	102,605	71,727	202,663
Net profit for the year	167,933	139,520	409,824

Risk management

RISK MANAGEMENT POLICIES

Risk management is the identification, measurement and control of risks, key elements in the economic assessment of a company's assets and liabilities, using the best possible asset liability management techniques. Risk management is fully integrated with decision-making processes with the aim of improving risks (risk adjusted performance). Risk management processes are defined according to the specific nature of the group's business lines and in compliance with reference standards. These standards include three pillars:

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

SACE and its product companies manage the following types of significant risks:

- technical risk, i.e. underwriting risk and credit risk. The former refers to the risk of loss or write-down in the value of liabilities due to inadequate assumptions on the subject of pricing and establishing reserves, and the latter to the risk of default and migration of creditworthiness of

a counterparty. Both risks are managed by the adoption of prudent pricing and reserve policies defined using best market practices, underwriting criteria, monitoring techniques and active portfolio management

- market risk, from market operations involving financial instruments, currencies and goods, controlled through asset liability management and kept within preset limit by adopting asset allocation guidelines and quantitative risk measurement models (Market VaR)
- operational risk, namely the risk of suffering losses from inadequacy or failure in procedures, human resources and internal systems, or from external events. SACE and SACE BT regularly carry out qualitative evaluations of potential risk factors (risk self-assessment), tracking and logging effective operating losses through the loss data collection process. These data represent the input process for measuring and managing operating risks in line with the principles drawn from the reference standards. For the purpose of a more accurate overall risk management, SACE Fct will also be implementing loss data collection and self-assessment systems
- liquidity risk, namely the risk that the company will not be able to liquidate investments and other assets to manage its own financial commitments at maturity. There are no significant liquidity risks for SACE and SACE BT because all the instruments held in the trading portfolio hedging technical reserves derive from securities traded on regulated markets; in addition, the



Giovanni Vitale Risk Analyst - Risk Management, SACE

lower average life of the investments ensures a rapid turnaround. In this context, SACE Fct is in the process of defining a specific policy for the management of liquidity risk, in compliance with the prudential regulatory reference framework

- concentration risk, resulting from exposure to counterparties, groups of connected counterparties in the same economic sector or those which carry out the same activities or belong to the same geographic area
 - interest rate risk, specific to the operations of SACE Fct and which relates to activities other than those allocated in the trading portfolio.
- The following risks are identified and, where necessary, measured and mitigated through suitable management processes:
- reputational risk, i.e. the risk of deterioration of the company's image and an increase in conflict

with the insured, due also to poor quality services, placement of inadequate products or the behaviour of the sales network. This risk is greatly mitigated by existing safeguards with regard to internal control, compliance and risk management, as well as specific internal procedures designed to regulate the group's operations

- risk associated with belonging to the group (risk of "infection"), following relations between SACE and its product companies, concerns the risk that difficult situations arising in one entity within the group could result in negative effects on solvency across the company, and a risk of conflict of interest
- risk of non-compliance with standards, namely the risk of incurring judicial or administrative sanctions, suffering losses or reputational damage as the result of failure to comply with laws,

¹Underwriting risk pertains to SACE SpA and SACE BT.

regulations or provisions of the supervisory authorities, or self-regulation standards (by-laws, codes of conduct, corporate governance codes). Also refers to the risk resulting from unfavourable changes in the regulatory framework and case law and doctrines.

THE ROLE OF RISK MANAGEMENT

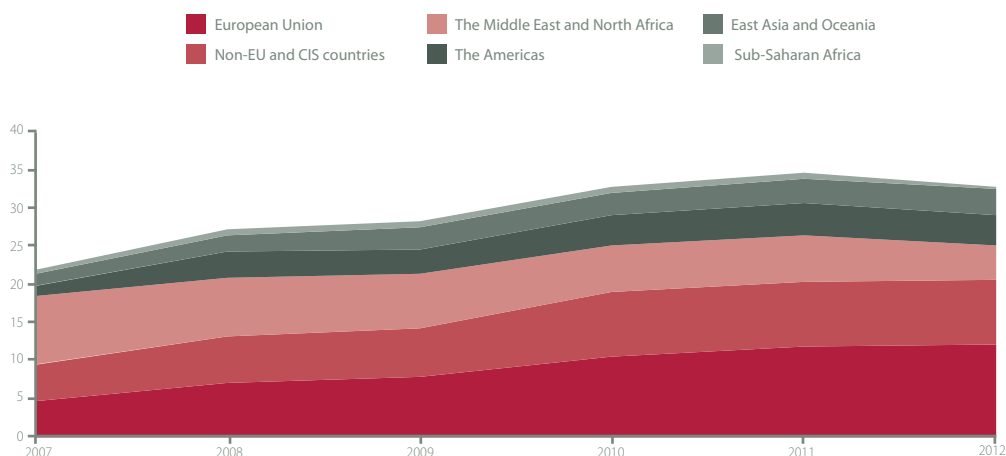
Risk management activities are carried out by a single organisational structure which contributes to strategic choices and the Group's managerial and financial stability through an integrated process. This structure also defines the methodologies and instruments for identifying, measuring and controlling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

- it proposes methodologies, develops risk measurement and control and internal capital models and systems, suggesting related provisions, also through value-at-risk scoring systems and

portfolio scoring, with regard to specific sector legislation

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

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



operations managers

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

SACE'S RISK PORTFOLIO

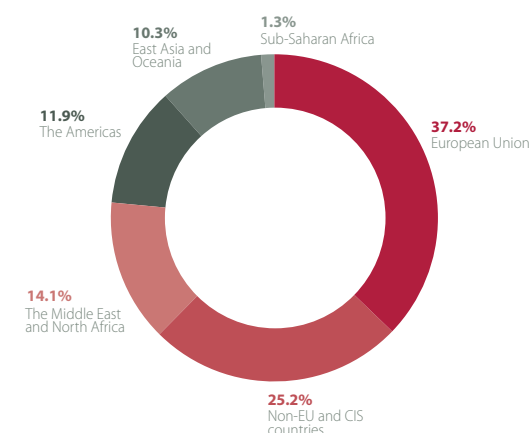
The total exposure of SACE, calculated as the total loans and outstanding guarantees, principal and interest, stands at 32.9 million euros, a decrease of 4.9% compared with the end of 2011. This goes against the trend of results for previous year-ends. This phenomenon is a direct consequence of a decrease in the guarantee portfolio (which represents 97.7% of overall exposure), which was reduced by 5.1%.

The analysis by geo-economic area shows greater exposure in European Union countries (37.2%, compared with 34.5% in 2011), specifically Italy, which remains in first place in terms of concentration with an almost unchanged weighting. Exposure has increased in non-EU countries and the Commonwealth

of Independent States (from 24.2% to 25.2%), as well as in East Asia and Oceania (from 9.7% to 10.3%). Exposure has decreased in both Sub-Saharan Africa (from 1.8% to 1.3%) and the Middle East and North Africa (from 17.7% to 14.1%). Exposure in the Americas remains essentially the same (12.1% compared with 11.9%).

The outstanding guarantees portfolio in principal recorded an increase in the top ten countries which went up from 68.8% at the end of 2011 to 71.4%.

Total exposure of SACE by geo-economic area as at 31 December 2012



TOTAL EXPOSURE OF SACE (million euros)

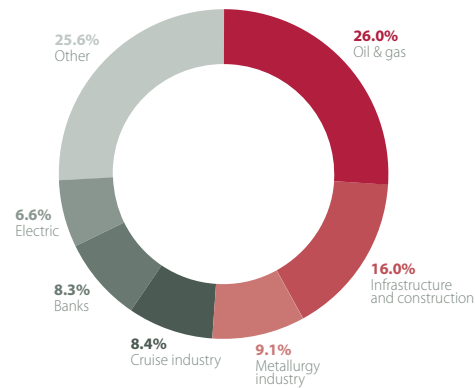
Portfolio	2012	2011	Change
Outstanding guarantees	32,193.2	33,928.1	-5.1%
share capital	27,531.7	28,884.9	-4.7%
share interest	4,661.4	5,043.2	-7.6%
Loans	744.1	717.8	3.7%
Total exposure	32,937.3	34,645.9	-4.9%

As far as the composition of the portfolio by type of risk is concerned, a 4.3% drop was recorded in exposure to political risk and a significant fall in exposure to sovereign risk (-21.9%), as a result of certain transactions which generated claims, and ancillary risks (-47%), due to the natural expiry of certain significant undue calling of guarantees. Private risks represent 86.5% of the portfolio; a growing figure compared to the 84.5% of last year which confirms the trend of a gradual increase in the incidence of private risk recorded in recent years in light of a significant fall in the weighting of political risks and sovereign risks, which went from 43.9% in 2005 to 12.7% in 2012.

The analysis by sector continues to record a strong concentration, with the top five sectors representing 67.6% of the portfolio. The largest sector still remains oil & gas, accounting for 26% of the total,

followed by infrastructures and construction (16%), metallurgy (9.1%), the cruise industry (8.4%) and banking (8.3%).

SACE guarantee portfolio by industrial sector as at 31 December 2012



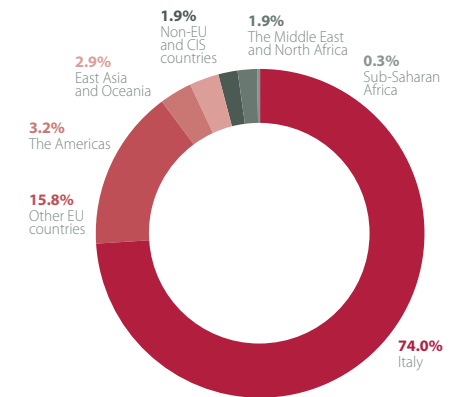
SACE BT'S RISK PORTFOLIO

The total exposure of SACE BT at 31 December 2012 stood at 38.5 billion euros, a slight fall (-0.9%) compared with the end of 2011.

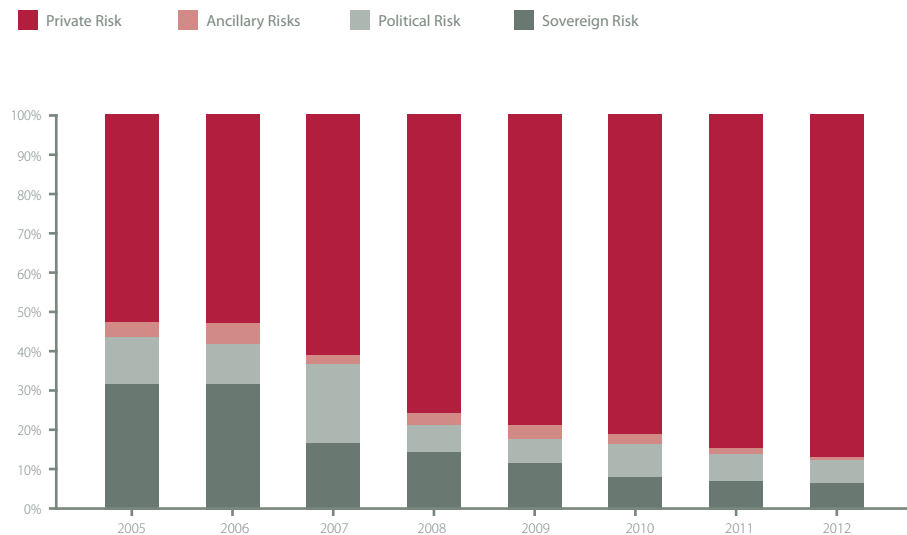
Exposure in the Credit insurance business line – defined taking into consideration existing exposures net of policy excess – is equal to 13.2 billion euros, down 15.2%. Existing exposures were down (-21.9%) as were debtors (-20.2%); the average exposure per debtor stands at 75,000 euros. The portfolio is mainly concentrated in European Union countries (89.8%), with Italy alone representing 74%. Wholesale trade, metallurgy and retail trade are the three main industrial sectors, with exposure, respectively, of 22%, 10.9% and 10%.

Exposure in the Surety Bonds business line, in other words the amount of insured capital, stands at 7.3 billion euros, a fall of 3.0% compared with 2011.

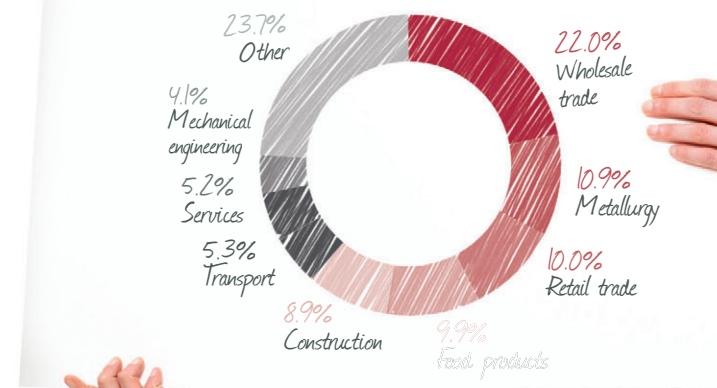
Exposure of SACE BT in the Credit business line by geo-economic area as at 31 December 2012



SACE guarantee portfolio performance by type of risk (2005-2012)



EXPOSURE OF SACE BT IN THE CREDIT BUSINESS LINE BY SECTOR AS AT 31 DECEMBER 2012

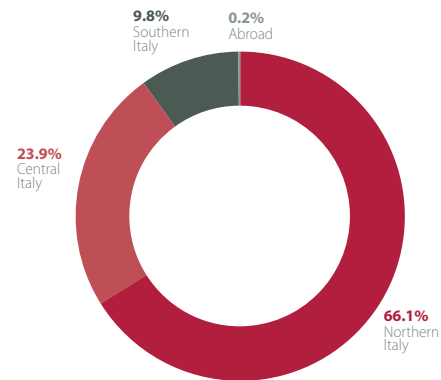


Michael Riedl Risk Analyst - Risk Management, SACE BT

Guarantees related to contracts represent 66% of existing risks, followed by tax repayments and refunds (30.4%). The portfolio, which comprises more than 37,000 contracts, is concentrated in northern Italy (66.1%) and the central regions (23.9%).

The exposure of the Other Property Damage business line is equal to 18 billion euros, up 14.3% since 2011. Effective exposure – defined net of deductibles, excesses and indemnity limits – stands at 13.7 billion euros, essentially unchanged compared with 2011. The existing number of policies is 5,738. Contracts relating to Construction All Risk and Erection All Risk type policies account for 58.8% of the portfolio, with Decennial Liability policies making up the remaining 41.2%.

Exposure of SACE BT in the Surety Bonds business line by geo-economic area as at 31 December 2012



The distribution of the total amount of credits by industrial sector of the seller shows a concentration in the energy sector equal to 47.3%, followed by the transport (13.9%), construction (11.3%) and trade (5.9%) sectors.

The analysis by geographic area of the seller shows a strong concentration in central Italy (61.9%), although this figure is lower than in 2011 (72.5%). At the same time, there was an increase in the north-west Italy (where the weighting went from 11% to the current 15.8%), southern Italy (from 10% to 13.5%) and north-east Italy (from 5% to 8%).

Taking into consideration the sector to which the debtor belongs, the total amount of credits shows a strong concentration of counterparties in the public sector (73.2%). Compared with the previous year end, there has been an increase in the weighting of public sector bodies (from 12% to 19%) and a decrease in debtors in the central government sector (from 31% to 25.1%).

The distribution of the total amount of credits by geographic area of the debtor shows a concentration in central Italy, due mainly to the specific location of central government.

TOTAL EXPOSURE OF SACE BT BY BUSINESS LINE (million euros)

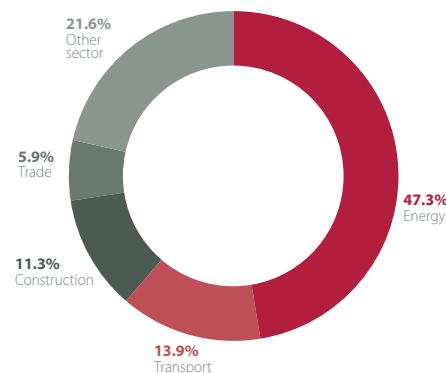
Portfolio	2012	2011	Change
Credit insurance	13,207.8	15,579.3	-15.2%
Surety Bonds	7,255.6	7,478.9	-3%
Other Property Damage	17,991.1	15,737.9	14.3%
Total	38,454.6	38,796.1	-0.9%

SACE FCT'S RISK PORTFOLIO

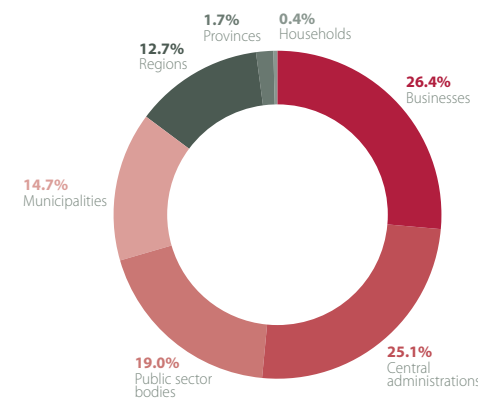
SACE Fct's total amount of credits, in other words the total amount of receivables acquired net of receivables collected and credit notes, stands at 1.2 billion euros, a slight increase (+1.2%) compared with the end of 2011.

The total amount of credits refers mainly to "without recourse" operations, which represent 89.7% of the total portfolio. Credit transactions with recourse make up the remaining 10.3%, an increase compared with the figure of 7.7% in the previous year.

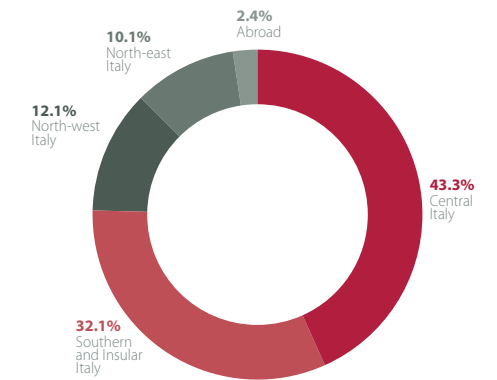
SACE Fct total amount of credits by seller industrial sector at 31 December 2012



SACE Fct total amount of credits by sector of the debtor (2012)



SACE Fct total amount of credits by debtor geographic area as at 31 December 2012



SACE FCT TOTAL AMOUNT OF CREDITS BY PRODUCT TYPE (million euros)

Product	2012	2011	Change
Non-recourse factoring	1,107.4	1,126.2	-1.7%
Recourse factoring	127.2	93.4	36.2%
Total	1,234.6	1,219.6	1.2%

From left to right: *Giacomo Larocca* Budget and Reporting Manager, SACE BT *Elena Cimmino* Senior Analyst - Procurement, SACE
Cristina Spizzichini Internal Auditor, SACE *Matteo Mancini* Senior Analyst - Information Technology, SACE *Giovanni Abbadia* Controller - Planning, Budget
and Reporting, SACE *Irma Coppola* Credit Risk Analyst - Credits, SACE Fct *Simona Valtaggio* Assistant to International Relations and Network, SACE
Elisa Morici Underwriter - Restructuring and Portfolio Management, SACE *Andrea Mazzotti* Senior Underwriter - Corporate and Investment Finance, SACE



**Creators
of value**

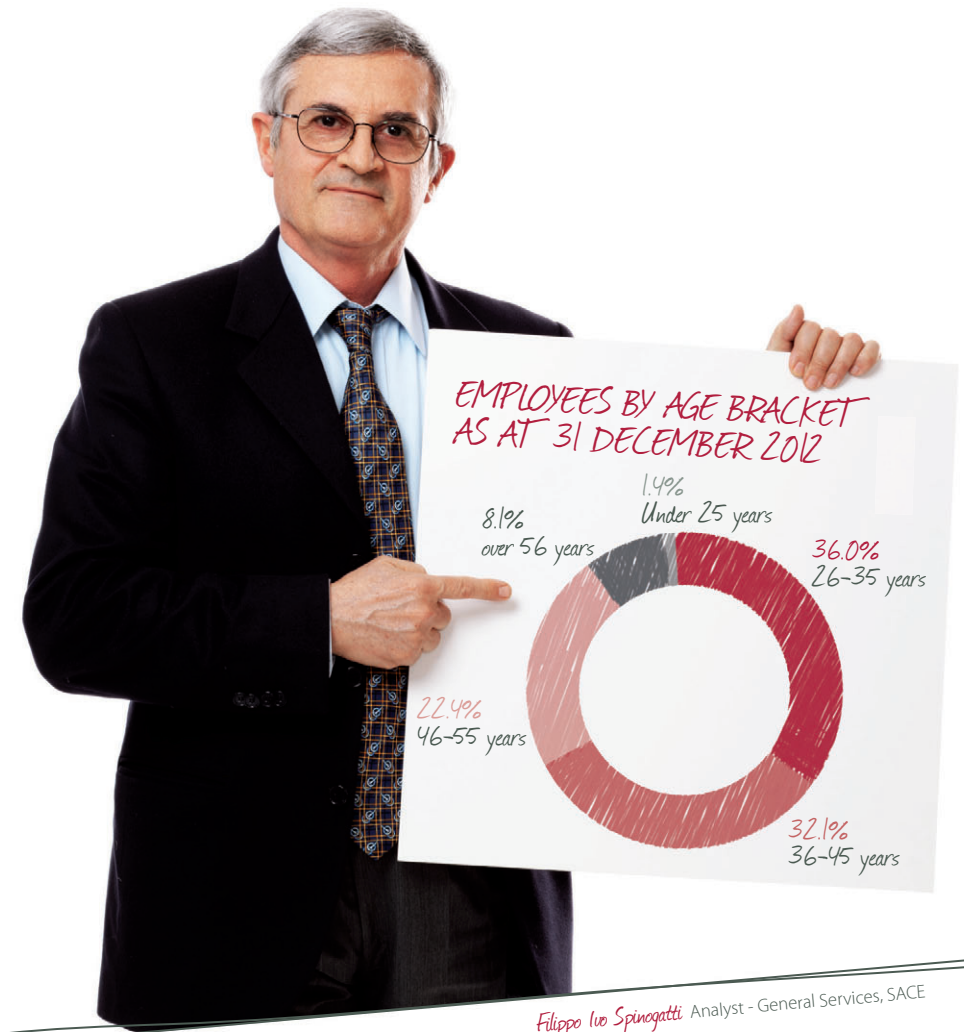
SACE: WHO WE ARE

SACE: who we are

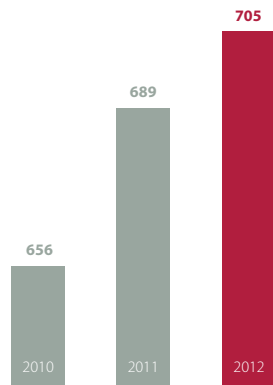
We are working towards a single goal: supporting competitiveness and the growth of Italian companies. We do this passionately and professionally, guided by the values and principles in the SACE Code of Ethics. Each one of us contributes to the creation of value for our customers, who see in us a capable and reliable partner whom they can turn to in order to find new and innovative solutions to help them grow. In order to be a winning team, we value our talents and reinforce a sense of corporate identity. The centrality of people, professional development, their health and safety in the workplace and a balance between working and private life: these are the keys to our success.

OUR PEOPLE, OUR STRENGTH

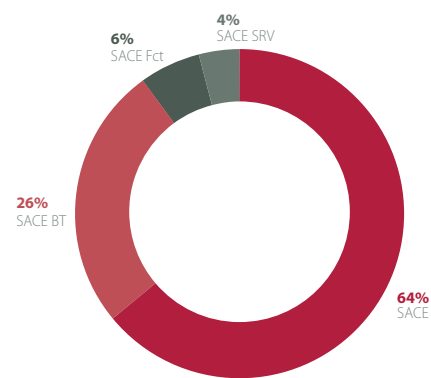
Our people are our driving force: an expanding, young and dynamic group, with strong roots in the area but a fiercely international outlook. At 31 December 2012, the group included 705 people, a 2.3% increase compared with the previous year. Of these, 64% work for SACE, and the remaining 36% work in subsidiaries: 183 people in SACE BT, 42 in SACE Fct and 29 in SACE SRV. 74% of employees work at the head office in Rome, while the remaining 26% are based in regional offices in Italy and in other countries: 170 people in



Number of employees



Employees by company as at 31 December 2012



Italy and 11 abroad. 5% of the workforce are foreign nationals. 65% of our employees are graduates and 70% are below the age of 45. There are 331 men and 374 women, accounting for 53% of the workforce and 30% of management positions. Of these, 11 are senior managers and 116 middle managers. In 2012, 47 new employees were

recruited, while 31 people left the group. Of the new employees, 36 are below the age of 35 (77%) and 21 are women (45%). In 2012 we offered 47 internships, and 17 out of the 35 people with internships expiring in the year were assigned various types of contracts (49% of the total).

OUR VALUES

PEOPLE. OUR STRONG POINT

- We guarantee equal opportunities in an open and welcoming environment
- We reward merit, initiative and individual skills
- We consider every contribution vital and we encourage new suggestions
- We promote professional development
- We support maximum safety in the workplace

CUSTOMERS. A CONSTANT COMMITMENT

- Our customers' risks become our risks
- We provide accurate, precise and exhaustive information

THE SEARCH FOR INNOVATION. OUR FUTURE

- We anticipate solutions
- We develop products for the markets of tomorrow

THE CREATION OF VALUE. A CONTRIBUTION FOR ALL

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

ETHICS. SHARED BEHAVIOUR

- Correctness, impartiality, loyalty, honesty and transparency are the principles we work by



Vincenzo Caputi Account Manager - Rome, SACE Fct

Dario Barigelli Press Officer - Communications, SACE

Valentina Chianini Assistant to Director General, SACE SRV

TALENTS TO DEVELOP

We pay particular attention to selection because we know how much the quality of our people counts and makes a difference. People who are enthusiastic,

creative and determined, with a sound academic education and an excellent knowledge of English: these are the qualities we are looking for. Not just those who are experts in the industry, but also young new graduates with excellent academic skills,

a background in economics and finance and international training. We believe in young people and their abilities. We take part in the main job fairs in Italy in order to raise awareness of the group's activities and to meet potential candidates. We collaborate

with leading universities and postgraduate schools to exchange skills and facilitate the selection of the most deserving new employees.

65% graduates

In 2012, we took part in the "Bocconi Merit Awards" programme, sponsoring one of the 70 scholarships awarded to the most deserving students in the first year of specialist degree courses.

We facilitate integration into the group by making the best possible match between the specific needs of our individual businesses and the particular characteristics of each individual person. We want people who bring added value, professionals who use their skills in harmony with colleagues.

We have a strong leaning towards internationalisation and we want our people to have an in-depth knowledge, not only of English, but also of all languages useful to their professional development in SACE. We offer employees the opportunity of taking language courses in various ways, including

study periods abroad.

To promote both the professional development of each person and the contribution of new ideas, we encourage job rotation between the various group business areas and offices, in Italy and abroad. Similarly, we have launched technical cooperation programmes throughout the world, promoting the development of an international mentality and an exchange of useful experience to help the business grow.

SACE invests heavily in training, offering employees excellent paths for growth which will accompany them throughout their career. The process of induction into the company is gradual and takes place both through training on the job and dedicated training programmes. We also include induction plans,

training dedicated to new hires developed with the aim of accelerating their integration into the group and promoting greater technical and operational knowledge of SACE.

In 2012, SACE delivered a total of 26,607 hours of training to staff through the various channels available, both in the classroom and online. This was an increase of 75% compared with the previous year and an average of 38 hours training per person.

Added to this are the internal workshops organised by SACE Training & Advisory (T&A), our unit dedicated to training services and specialist consultancy services, which in 2012 delivered 2,331 hours of training in the classroom and online.

of women and fostering an international outlook, dialogue between different generations and the full integration of people of different abilities, are taking us in that direction.

We are aware of just how difficult it is to look after a family whilst working. To be close to the needs of our colleagues who are parents and to help them, we have made arrangements with summer camps for young people and have opened the doors of the company to their children. For very young children "Kids in the office" days are a new way for them to get to know the working environment of their parents through play and numerous familiarisation activities.

For university-age children there are "Teens in the office" days, offering practical tips and suggestions on how to take the first steps in the world of work. Disabled people are fully integrated into the working environment by the provision of special equipment. We believe that cultural diversity is an asset. We encourage the development of an international outlook by promoting training activities abroad for Italian staff and in Italy for international personnel. We encourage inter-generational dialogue and the transfer of skills between senior and junior colleagues, thanks to initiatives aimed at strengthening corporate identity such as job rotation.

DIVERSITY TO BE INTEGRATED

We make the most of diversity, a source of richness and opportunities for growth. We prevent any form of discrimination and guarantee equal opportunities, inspired by the principle of "equality in diversity". We manage diversity through integration policies and promote an open-minded outlook on the world, inspired by the values of our Code of Ethics. Our work-life balance programme and the many initiatives to support parenting, enhancing the role

Female representation in SACE: 53% of employees 30% of senior managers

VALORE "D"
SACE, as a supporting partner, takes an active role in Valore D, the foremost association for large businesses created in Italy to support female leadership in companies. Its mission is to increase the representation of female talent at top levels of Italian companies and to enhance participation in business dynamics through concrete actions.



Stefano Bisogni Underwriter - Restructuring and Portfolio Management, SACE
Stefania Casalvieri Analyst - Sales Channels Management, SACE BT

WORK-LIFE BALANCE

With awareness that social responsibility is on the minds of the people who work with us, we launched an extensive work-life balance programme some time ago to help employees reconcile their working life with their private life. It involves an extensive range of initiatives dedicated to improving the quality of life in the workplace, home-work mobility and the health and well-being of employees.

We created the "Teleworking from home" project for our colleagues who need to spend more time at home due to personal or family commitments. This gives them the option of working from home for several days a week or for limited periods of time, keeping in touch with the office by telephone and email.

We have a mobility manager to examine employee's needs and issues in relation to daily commuting and to develop initiatives that allow savings to be made in the time and money spent on travelling, whilst also mitigating the impact of the business on local traffic. As part of this programme, we contribute towards the purchase of annual season tickets for local public transport in Rome and Milan, and we have set up the bike point service, which makes company bicycles available to employees so that they can negotiate traffic independently and easily

whilst protecting the environment. We have also provided a parking area for employee bicycles. We offer traffic information services in Rome, including a terminal, updated in real time, on bus waiting times. We promote the car sharing scheme in the Municipality of Rome at discounted rates and encourage videoconferencing.

Managing various small chores and errands can very often disrupt the day's routine, eating into precious time at work and in one's private life. The "Happy Manager" project offers our employees useful everyday services to help them manage daily chores as quickly and efficiently as possible: from handling administrative formalities to tax advice, from laundry services to tailoring. In 2012 we received an award for this initiative through a special mention under the international Family-Work Prize, promoted by the Lombardy Region.

We are interested in the health of our employees, offering insurance cover and the option of seasonal flu vaccinations and cancer screening for those over the age of 45. We organise courses for employees, in conjunction with the Red Cross, on how to dislodge obstructions from babies' airways and first aid.

The entire system for the protection of employee health and safety also provides for staff to be given specific training on the relevant legislation, the

organisation of first-aid and fire-fighting teams and the stationing of appropriate medical staff at the various sites.

In the conviction that lifestyle is an integral part of the business culture, we have made a fitness area available to our staff at the Rome offices. During the course of 2012, we continued to promote the "SACE in shape" initiative, organising meetings

with a nutritionist, the distribution of organic fruit with zero food miles in public areas and an anti-smoking campaign.

This global and integrated approach to the well-being of our people substantially improves our daily life, strengthening our motivation and sense of belonging, all to the benefit of the quality of our work.



Alice Cetroni Analyst - Sales Development, SACE BT

SMART WORKING AWARDS

For its enthusiastic commitment to improving the efficiency and quality of the work of its employees, SACE received an award under the Smart Working Awards initiative, promoted by the Polytechnic of Milan School of Management, which rewards businesses that have been outstanding in their capacity to redesign work space and methods.

THE CREATION OF VALUE. A CONTRIBUTION FOR ALL

Respecting the environment and caring for society are the two principles which have always inspired SACE when taking on new challenges in the world, and they are also the guidelines of many environmental awareness-raising initiatives which our employees have been involved in for many years. We promote a culture of sustainability in the company, not only paying particular attention to the quality of life of our employees but also supporting the community and safeguarding future generations. Openness towards society and integration with the environment and surrounding communities are a positive way of fostering the growth of ethical and responsible values and of strengthening the sense of belonging to the company and its identity.

In 2012, our employees took part in "Earth Hour", a worldwide event on environmental sustainability. It is very important for us to promote an environmentally friendly culture and to adopt responsible behaviour in everyday life through awareness and information campaigns. We actively protect the environment through actions aimed at achieving greater energy efficiency, reducing consumption and strengthening the waste recycling system on

company premises. We also support various initiatives to benefit the community and we involve our people in proactive participation in important social and voluntary projects.

Since 2008, we have supported the activities of the non-profit association Dynamo Camp, a recreational therapy summer camp structured specifically for children aged from 7 to 17 with serious cancers or other chronic illnesses who are currently in therapy or in post-operative convalescence.

This year, twelve people from SACE chose to take part as volunteers in the Dynamo Camp activities, offering their time, enthusiasm and commitment for the sole purpose of putting a smile on the faces of the children hosted by the association. This year, we have also continued our shared journey with the Meyer Children's Hospital in Florence to support important projects for the benefit of young patients and their families. As a "Friend of Meyer" we have contributed to the purchase of new equipment to improve the hospital's technological resources. Thanks to this partnership, hospitality projects for the children and their families have been implemented as well as scientific research projects to allow young researchers to enter into collaborative partnerships with the top international paediatric treatment centres.

We have also contributed to the research grants of the Fondazione Umberto Veronesi and have become a "Corporate Golden Donor" of the Fondo



Linda Lippi Assistant to the Chairman, SACE

DROPS OF SOLIDARITY

SACE promotes various initiatives to promote blood donation, as a gesture of awareness and solidarity, organising dedicated days each year on company premises. Thanks to the excellent response in 2012, we collected 123 bags of blood for the Bambino Gesù Children's Hospital in Rome and Avis in Milan.

Ambiente Italiano (Fai), an association which aims to protect Italian artistic and environmental heritage.

An unmissable event in 2012 was the "Race for the Cure" which allowed us to help in cancer research: our employees and their families took part in the event, sharing sporting events and values. As always, we organised blood donation days at the company in conjunction with the Bambino Gesù Children's Hospital in Rome and Avis in Milan.

New in 2012 was "SACE for UNICEF: a "Pigotta for

life", which at Christmas allowed us to donate a Pigotta – the UNICEF rag doll, handmade by volunteers – to each employee's child who was born in the year.

Through this initiative we contributed by providing operations to African children, in order to reduce infant mortality in the first five years of life.

These are just some of the actions, large and small, that help to maintain a keen awareness among our employees towards a culture of responsibility, sharing and participation.

 AUSTRALIA. Sydney.

Edoardo Li Castri, SACE



Reference points

CORPORATE GOVERNANCE



Corporate governance

CORPORATE STRUCTURE

SACE is a limited company wholly owned by Cassa Depositi e Prestiti (since 9 November 2012).

SACE itself wholly owns:

- SACE BT, a limited company operating in the Credit, Surety Bonds and Construction business lines
- SACE Fct, a limited company operating in the factoring sector.

SACE BT is the sole shareholder of SACE SRV, a company specialising in credit recovery and the acquisition and management of commercial information. Relations between SACE and its direct or indirect subsidiaries are defined by a body of principles and rules which ensure unity of business vision, coherence and consistency of behaviour. With the aim of ensuring healthy and prudent management, SACE exercises control and coordination activities for its direct subsidiaries, whilst allowing them autonomy in conducting their economic and managerial operations.

LEGISLATIVE BACKGROUND

SACE carries out its activities with the guarantee of the Italian Government, in accordance with Legislative Decree 143/1998, to which the Interministerial Committee for Economic Planning (CIPE) Resolution 62/2007, which identifies insurable risks in support

of exporting companies, should be added; Finance Act 2007 (Law 296/2006), which extended SACE's operations to the foreign subsidiaries and associated companies of Italian businesses and to operations of strategic relevance for the Italian economy in relation to the key areas of internationalisation, economic security and the activation of production and employment processes; the "Anticrisis Decree" (Decree-Law 185/2008), which allowed SACE to intervene in the market to facilitate the collection of credits owed to companies by the Public Administration; and lastly, Decree-Law 78/2009, which set up the Export Banca system to enhance synergies between SACE, Cassa Depositi e Prestiti, Simest and Abi. The export credit activities are also regulated by the Treaty on the Functioning of the European Union, EU Directive 29/1998 and by the Arrangement on Officially Supported Export Credits ("Consensus") signed within the OECD, with the key aim of preventing public support for exports being used as a subsidy, or distortion of the competition. Furthermore, SACE respects the principles established by the Berne Union, an international body that brings together export credit companies and agencies to support investment.

SACE BT, set up in 2004, is authorised to conduct insurance activities and is subject to the control of the Institute for the Supervision of Insurance (IVASS). SACE Fct, set up in 2009, is registered on the general list and special list of Financial Intermediaries stipulated by Articles 106 and 107 of the Consolidated Banking Act and is subject to regulation by the Bank of Italy.



Lorenzo Adinolfi Senior Legal - Corporate Affairs, SACE

CODE OF ETHICS AND THE ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL

The corporate governance system defines the methods and rules for the management and control of the company.

Legality and transparency are the principles which SACE follows in defining its own model of corporate governance, through the adoption of a system of prevention and control. This system consists of the Code of Ethics and the Organisational, Management and Control Model for the prevention of offences identified by Legislative Decree 231/2001.

The Code of Ethics establishes the values and guiding principles that must be adhered to by the

directors, auditors, accountants, executives, employees, contractors and third parties with whom SACE conducts business.

The Organisational, Management and Control Model sets out the following objectives:

- to exonerate SACE from administrative liability in the event of any offences being committed by persons belonging to the Company, or acting in its name or on its behalf
- to improve the corporate governance system
- to emphasise that SACE does not tolerate unlawful behaviour of any kind, since this would be contrary to the ethical principles to which the Company intends to adhere
- to provide a structured and organic system of prevention and control with the aim of preventing offences linked to its business activity and reducing, in particular, the risk of illegal conduct

- to raise awareness among those who operate in the name and on behalf of SACE in “areas of risk activity” by spreading the knowledge that any breach of the provisions of the Model may constitute an offence liable to criminal and administrative sanctions, including sanctions against SACE itself
- to inform all those who operate in the name, on behalf or in the interests of SACE, in any capacity, that any breach of the prescriptions contained in the document will result in the imposition of appropriate sanctions, including termination of employment.

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

INTERNAL AUDITING

The Internal Auditing division carries out, for SACE and its subsidiaries, independent and objective activities of monitoring and assessing the risk management, control and governance systems. This activity aims to assure the reliability and integrity of accounting, financial and operating information, the efficacy and efficiency of the operations, the protection of assets and compliance with laws, regulations and contracts.

The mandate of the Internal Auditing division, which is approved by the Board of Directors, formally sets out the responsibilities of the division and the methods used to inform Senior Management of both the results of the activities undertaken and the annual Internal Auditing plan, a document that identifies the audit priorities in line with the Company's goals.

These activities are carried out in conformity with external reference regulations, the international standards established by the Institute of Internal Auditors and with market best practice.

COMPLIANCE

Compliance activities allow the evolution of regulations to be monitored on a continuous and systematic basis, assessing the impact on processes and internal procedures and indicating suitable actions to be taken in order to ensure their correct application.

The scope of these activities includes assessing the risk of non-compliance with laws, regulations or self-regulatory norms and monitoring reputational risk, namely the risk of suffering losses due to a negative perception of the corporate image by stakeholders.

In coordination with the competent corporate structures, the Compliance division promotes ethical values and spreads the principles of conformity, transparency and fairness in dealings with customers.

CORPORATE BODIES AND COMMITTEES

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

The Board of Directors (the “Board”) shall consist of five members and is vested with the widest powers of administration of the Company, within the limits of the law and the Company by-laws.

The Board is charged with the management of the Company and the performance of all of the operations required to attain the company's business purpose. The Board assesses the adequacy of the organisational, administrative and accounting structure of SACE, whose actual performance it constantly monitors, and examines the strategic, industrial and financial plans. It plays a fundamental role in the internal control system, for which it has ultimate responsibility, by identifying, evaluating and controlling the most significant business risks.

The Board of Statutory Auditors supervises compliance with the law and the Company by-laws, observance of correct administrative principles,



Anna Maria Virguliti Business Applications Manager - Information Technology, SACE

the adequacy of the organisational, administrative and accounting structure and its correct operation. The Chairman of the Board of Directors is the legal representative of SACE.

The Chief Executive Officer (CEO) directs the management of the Company, carries out all acts in compliance with the general guidelines established by the Board of Directors and is the legal representative of the Company and an authorised signatory in matters concerning third parties subject to the powers delegated to him.

The Remuneration Committee carries out analyses and detailed studies concerning remuneration criteria and formulates assessments on the suitability of remuneration policies and plans and on their implications for hiring and risk management.

The Steering Committee examines and shares strategies and goals at group level, approves and

monitors business operational plans and examines themes and problems concerning aspects of a managerial and operational nature.

The Operations Committee reviews significant transactions and assesses their eligibility against the guidelines for managing the overall risk position.

The Investments Committee defines corporate strategies on financial management.

The Major Risks Committee examines those operations which entail significant exposure and also aims to improve overall portfolio quality, to prevent the deterioration of liabilities and to make recovery processes more effective.

The Commercial Synergies and Products Committee oversees the development of new products and commercial synergies between SACE and its subsidiaries and evaluates opportunities to develop new business initiatives.

Directors and control bodies

BOARD OF DIRECTORS¹

Giovanni Castellaneta	<i>Chairman</i>
Alessandro Castellano ²	<i>CEO</i>
Ludovico Maria Gilberti	
Carlo Monticelli	
Gianmaria Sparma	

BOARD OF STATUTORY AUDITORS¹

Marcello Cosconati	<i>Chairman</i>
Guido Marchese	
Leonardo Quagliata	
Carlo Pontesilli ³	
Alessandra D'Onofrio ³	

DEPUTY CHIEF PUBLIC PROSECUTOR⁴

Antonio Frittella

INDEPENDENT AUDITORS⁵

PricewaterhouseCoopers

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

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

³ - Auxiliary members

⁴ - In office since 1 January 2010

⁵ - Mandate given for the three-year period 2010-2012 by the Shareholders' Meeting held on 15 June 2010

Glossary

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

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

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

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

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

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

Credit insurance: operations relating to credits with a term of less than 24 months and subject to regulation by IVASS.

ECA: Export credit agency.

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

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

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

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

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

Insured volumes (of SACE): guarantees decided during the period in question.

Insured volumes (of SACE BT): insured volumes in the Credit and Surety Bonds business lines during the period in question.

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

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

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

Outstanding commitment (of SACE): total capital amount of the outstanding guarantees in existence on the date concerned.

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

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

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

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

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

Premium reserve: technical reserve constituted by the share of gross premiums issued that does not pertain to the financial year in question (unearned premium reserve), since it relates to risks extending into the following year and by the additional provision intended to cover any higher expenses for current risks (provision for unexpired risks).

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

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

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

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

Total exposure (of SACE): sum of the outstanding liabilities in share capital and interest (net reinsurance and coverage) and of performing loans.

Turnover (of SACE Fct): amount of receivables assigned to the factoring company during the period in question.

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

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€ 3 million
Guarantee



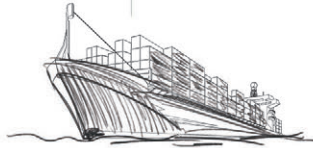
*Commercial
development of
toy manufacturer*

\$ 33.2 million
Surety bond



*Rebuilding
the World
Trade Center*

€ 30 million
Guarantee



*Merchant vessel
construction*



€ 0.1 million
Confirmation
of letter of credit

*Supply
of audiovisual
broadcasting
equipment*



€ 100 million
Guarantee

*GSM and UMTS
network extension*

€ 2.2 million
Guarantee



*Supply
of fitness
equipment*

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€ 400 million
Guarantee

*Construction
of cruise ships*