COMUNICATO STAMPA

# FITCH CONFERMA RATING A- DI SACE

Roma, 24 febbraio 2016 – L'agenzia di rating Fitch ha comunicato oggi di aver confermato il rating di SACE Spa ad A- con outlook stabile. Di seguito il comunicato stampa emesso da Fitch.

**Fitch Ratings | PRESS RELEASE**

Fitch Affirms SACE S.p.A at 'A-'/Stable

Milan/London/Paris -24 February 2016

Fitch Ratings has affirmed SACE S.p.A.'s Long-term local and foreign Issuer Default Ratings (IDR) at 'A-' with Stable Outlook, its Short-term foreign currency IDR at 'F2' and the 'BBB' long term local currency rating on its EUR0.5bn (XS1182150950) subordinated notes.

The affirmation reflects SACE's strong capitalisation and prudent reserve policy against its portfolio of nearly EUR40bn of guarantees. The ratings also reflect Fitch's expectations of healthy profitability over the medium term despite potential losses due to political and/or economic instability in oil-producing countries, the Middle East and North Africa.

The subordinated notes' rating reflects interest deferral features, at the issuer's option, as well as below-average recovery prospects due to the subordination of the principal to unsubordinated and dated subordinated obligations.

**KEY RATING DRIVERS**

SACE's ratings are determined by a combination of the public finance and insurance criteria, with the latter providing the calibration of capitalisation, asset quality and financial performance ratios against median guidelines per rating category.

Although premiums underwritten do not have a direct financial subsidy component, SACE's insurance policies benefit from a non-first demand guarantee from the national government underpinning the company's developmental functions. SACE's IDR is one notch above that of Italy (BBB+/Stable) and CDP (BBB+/Stable), the company's indirect and direct owners, respectively. SACE is vulnerable to changes in the credit quality of Italy's public sector, which accounts for about 50% of its investment securities/liquid assets.

With equity and technical reserves at close to EUR4.5bn and EUR3bn, respectively, Fitch considers SACE to be adequately covered against both tail and operational risks stemming from outstanding guarantees of non-marketable risks. Moreover, the amortising structure of claims with an average duration of about five years mitigates the risk of a sudden need for shareholder support for liquidity or equity injections, while re-insurance, which SACE has resorted to since 2015, limits concentration risk stemming from large projects of national interest.

SACE continues to perform in line with Fitch's expectations, with insurance premiums rebounding towards EUR400m, as recovery of infrastructure investment drives annual volumes of guarantees granted to above EUR10bn. While declining premiums are putting pressure on short-term insurance revenues, increased underwriting of political/sovereign risks in 2016-2018 mitigates the severity of loss claims over time in light of traditionally high recovery prospects. With proceeds from investing and hedging portfolio offsetting spikes in claims Fitch expects SACE's net profit to remain around 5% of equity over the medium term. Fitch expects SACE to have posted net income of about EUR350m in 2015, boosted by returns on investment and hedging activities.

SACE's financial debt leverage is low. The company issued a subordinated bond with perpetual features in 2015 to bolster its capitalisation ahead of an equity reduction but is unlikely to borrow again as long as its liquidity buffer remains at nearly 50% of its balance sheet. Fitch expects SACE's balance sheet to hover around EUR8bn over the medium term with a significant portion of liquid assets available to absorb possible losses from insurance and hedging activities.

**RATING SENSITIVITIES**

An unexpected decline in insurance underwriting or renewed pressures on the quality of the securities portfolio may lead to a downgrade. Lower capitalisation that is not commensurate with the 'A' rating category could also lead to a downgrade.

Changes to SACE's IDR would result in a corresponding change to the subordinated notes' rating.

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