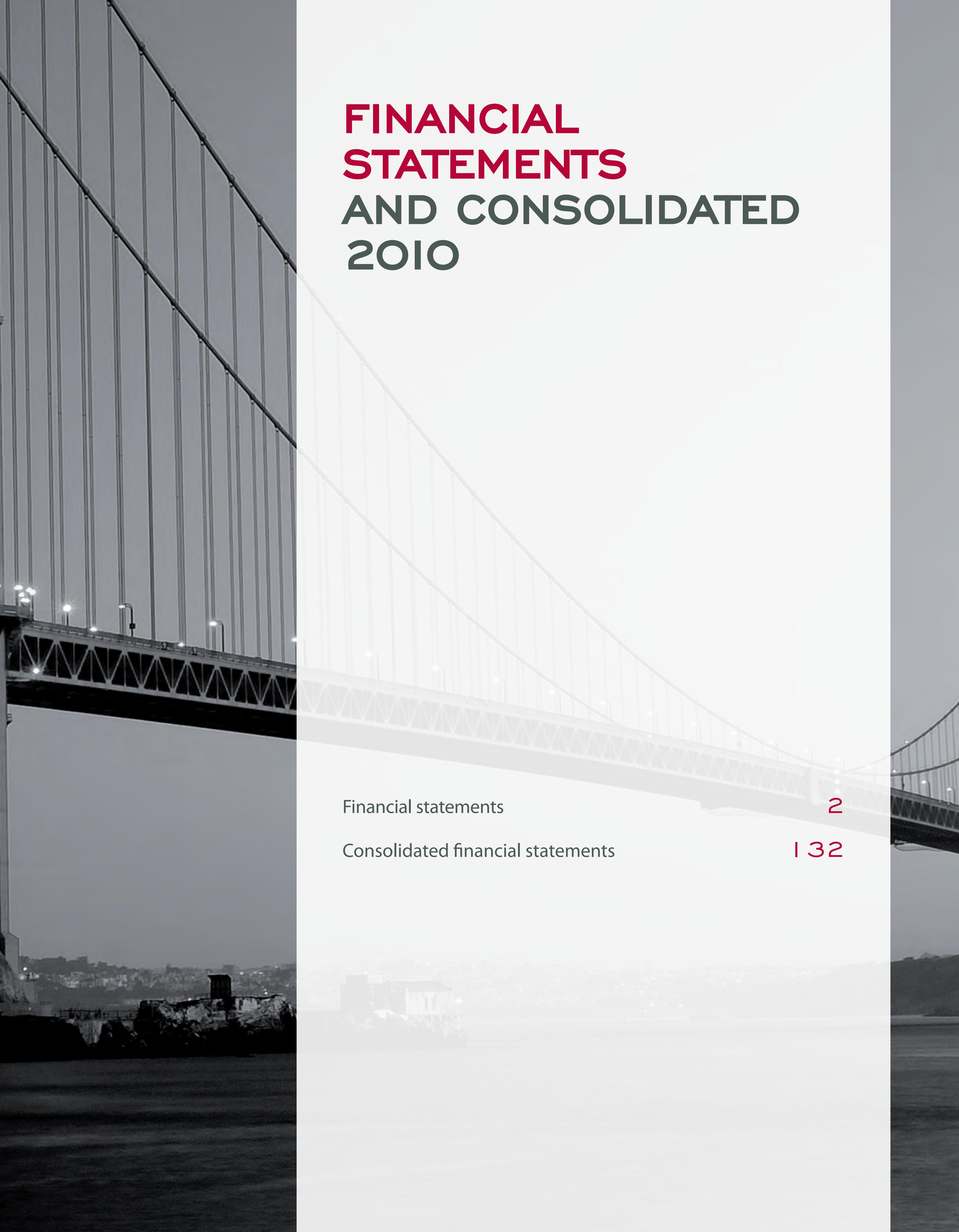
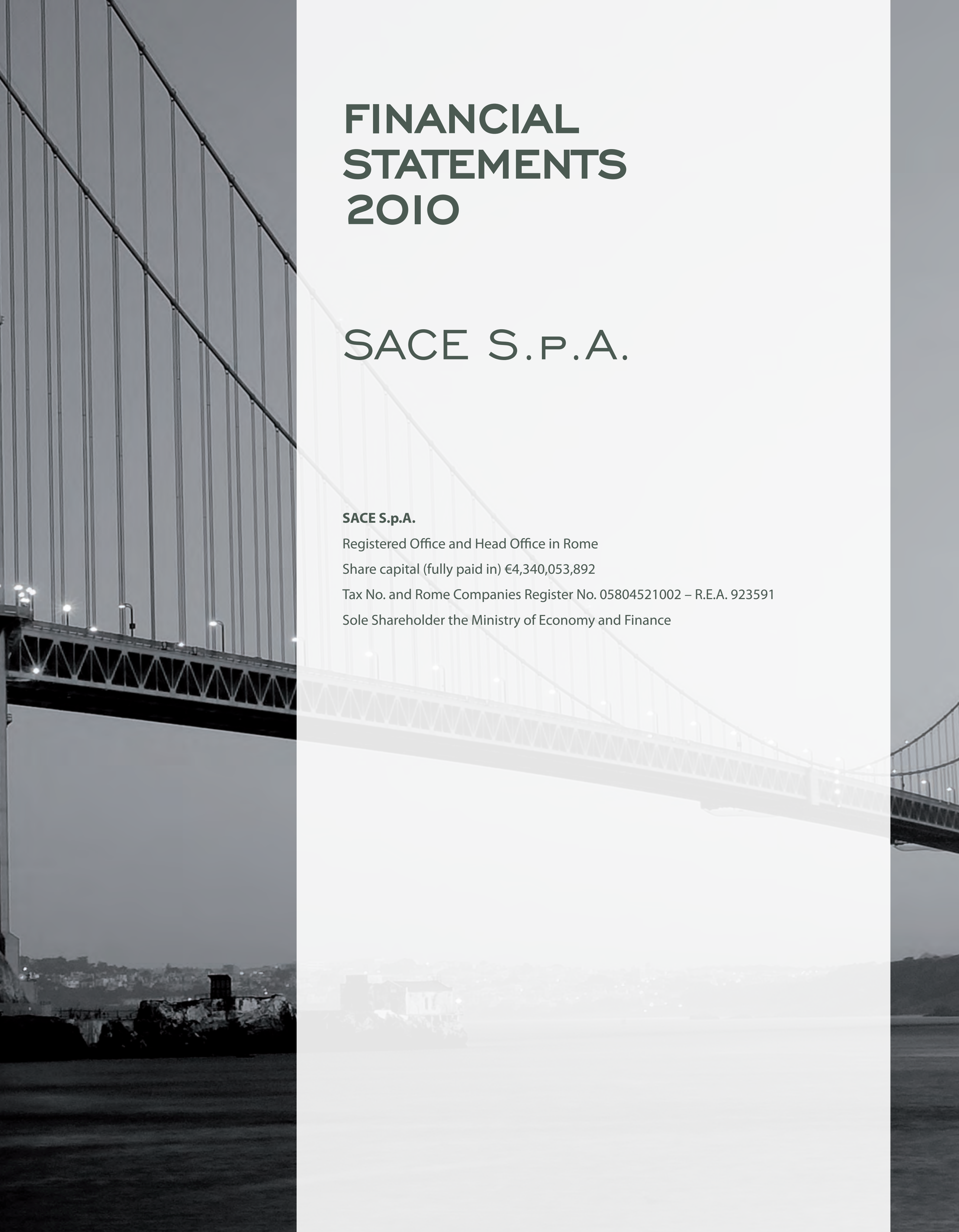
SACE

COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS 2010



FINANCIAL STATEMENTS AND CONSOLIDATED 2010



FINANCIAL STATEMENTS 2010

SACE S.p.A.

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Registered Office and Head Office in Rome

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

Tax No. and Rome Companies Register No. 05804521002 – R.E.A. 923591

Sole Shareholder the Ministry of Economy and Finance

Company officers and boards

BOARD OF DIRECTORS

Chairman

Giovanni CASTELLANETA

CEO (*)

Alessandro CASTELLANO

Directors

Ludovico Maria GILBERTI
Carlo MONTICELLI
Gian Maria SPARMA

BOARD OF STATUTORY AUDITORS

Chairman

Marcello COSCONATI

Standing Auditors Guido MARCHESE
Leonardo QUAGLIATA

Alternate Auditors Carlo PONTESILLI

Standing Delegate of the Court of Auditors

Antonio FRITTELLA

External Auditors (**)

PRICEWATERHOUSECOOPERS S.p.A.

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

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1. THE ECONOMIC SCENARIO

Growth and fiscal policies

Global economic recovery gained momentum in 2010. World GDP, in terms of purchasing power parity, increased by around 5% after the recession of 2009. However, recovery proceeded at different speeds in the advanced and emerging markets, with growth in the latter more than four percentage points higher (+7.1%). Economic growth in industrialised countries fell below potential and continued to be held back by weak private demand. High unemployment rates and fiscal adjustments affected household spending; investments struggled to recover. In the euro-zone worsening public finances led to the adoption of extraordinary measures, some under the auspices of the IMF, to rescue the economies of Greece and then Ireland. The European Financial Stability Facility was approved to avert the risk of countries in greatest difficulty refinancing their public debts. This reduced the risk premiums on government bonds issued by such countries, which nonetheless remained high. The United States has postponed fiscal adjustment until 2012 and is expected to cut spending by over one thousand billion dollars in ten years.

Interest rates, inflation and exchange rates

The advanced economies continued to pursue accommodating monetary policies, with interest rates remaining at record low levels, apart from a few exceptions. The main central banks continued to adopt non-conventional monetary policies. In particular, the ECB bought government bonds in the secondary market to help countries in crisis and in November the Federal Reserve decided to purchase $600 billion of longer term US Treasury bonds until the end of 1H11. Credit availability improved, but remained restricted; the impact of post-crisis deleveraging continued to be felt. Loans to non-financial corporations returned to positive growth, but remained sluggish. This was due to the increase in non-performing bank loans and subsequent adoption of stricter selection criteria. The emerging markets offered a different picture. with brisk growth and increases in energy and other commodity prices triggering inflation. This led to a rise in interest rates and a surge in capital inflows from abroad. The weak dollar and an exchange rate system that is not entirely flexible resulted in the appreciation of free-floating currencies, making exports from the relative countries less competitive. Some of these imposed capital controls to limit incoming cash flows.

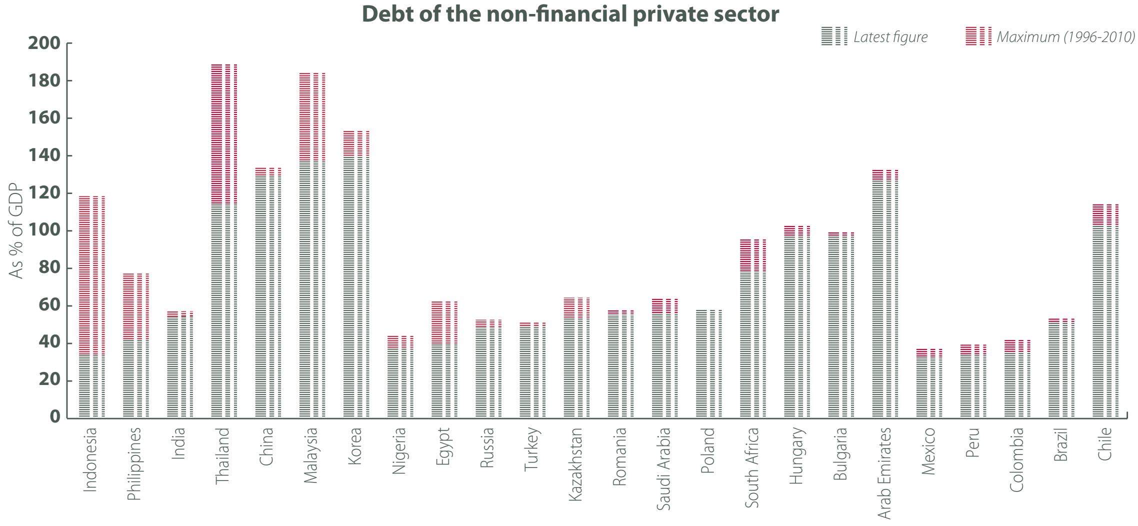
World trade, Italian exports and export credit

International trade made a significant contribution to global recovery. Volumes rose by around 12% in 2010, making up for the decline in 2009 and returning to the record levels seen in April 2008. The emerging markets drove world demand, while imports by industrialised countries continued to fall short of pre-crisis levels. In terms of quantity, Italian exports of goods increased at a rate of almost 10%. Foreign sales to emerging Asia, especially China, the Mercosur countries and Turkey, recorded the briskest growth. Among the advanced markets, there was appreciable growth in exports to Germany, the United States and the UK. Despite slower than average growth rates, the capital goods sector, which accounts for the most significant weight of Italian exports and typically requires medium and long-term payments, continued to fuel the demand for export credit insurance. Exports to higher-risk countries are clearly an important driving force in this sector. The technical account of the export credit business stayed in positive territory, despite the rise in claims paid. Operators have grown more aware of the importance of export credit insurance as a means of enhancing the competitiveness of the financial packages that accompany the commercial offering. All this while the so-called liquidity risk premium on loans remained high. The shortage of liquid funds generated by the financial crisis has persisted longer than would normally be expected and is also affecting the costs of bank funding in the trade finance sector.

Changes in country risk

Country risk began to improve after rising sharply in 2009. This was the case not only in markets where the recession had a limited impact, such as Brazil, but also in those that were left reeling by the economic crisis. The latter include a number of countries sustained by the IMF that have benefited from a more healthy international financial situation and the effects of macroeconomic adjustments. However, the level of country risk remains high in some and has even risen in others. As sovereign and bank risk are now practically one and the same, country risk has become an issue in some countries of Western Europe where it was previously considered a thing of the past. With the sudden outbreak of unrest that started in Tunisia towards the end of the year political risk has also re-emerged as an important issue in North Africa and the Middle East. There is also some concern about the situation in the emerging markets, where capital inflows have been used to sustain the rising debt of non-financial companies with respect to GDP. This variable is once again approaching the record levels seen in 1996, especially in some countries of Asia and Latin America. Although this will not necessarily lead to an increase in risk levels, it means greater caution is needed in dealings with countries with weak private sectors.

Debt of the non-financial private sector



Source: BIS, IFS and IMF calculations

Growth, performance by sector and insolvency rates in Italy

The Italian economy returned to growth in 2010 at a rate of 1.2% in real terms. Exports and investments made the biggest contribution at a time when consumer spending continued to feel the effects of a weak employment market. Growth in investments was sustained by the tax incentives in force throughout the first half of the year; it was however hampered by reduced use of productive capacity and uncertaintity of demand. Recovery was gradual, with industry improving more briskly than services, with the exception of the construction sector where value added continued to decline. It will be some time before production volumes return to pre-crisis levels. Industrial production increased by 5.3%. Although about 12% higher than in March 2009, business in this sector was still 17% short of the peak levels reached at the beginning of 2008. Production increased in all manufacturing sectors, with the exception of mineral products. Mechanical engineering, electrical appliances, metal and metal products and chemicals all enjoyed above-average growth. Consumer goods, especially long-term goods, grew at a slower pace. However, the return to positive economic growth has not reversed the trend in insolvencies, which are estimated to have risen again in 2010 (+8%), albeit much more slowly than in 2009. The increase in default rates was also reflected in a rise in the number of claims in connection with internationalisation guarantees. Non-performing bank loans increased in 2010. Lending was high in the textiles and clothing and electronics sectors. Loans to non-financial enterprises gradually started to increase.

The outlook for 2011

The most probable outlook is for economic recovery to continue in 2011, albeit at a slightly slower pace. In particular, growth in international trade is expected to slow down as the effects of the statistical comparisons that, to some extent, influenced results in 2010 draw to an end. Private demand in advanced markets will also increase but will still not reach pre-crisis levels, also in view of the time it will take for unemployment rates to fall. According to the preliminary findings of surveys conducted in Italy by Banca d'Italia, companies that had already implemented restructuring processes prior to the crisis will recover more quickly. The emerging markets will continue to enjoy robust growth but will also need to adopt effective monetary policies to avoid the risk of their economies overheating. The financial situation is expected to continue to improve. In this scenario, the risk of a downturn is linked to high commodity prices, reforms affecting the banking system, the weakness of public finances in countries with the highest debt levels and difficulties facing the euro-zone's southernmost members.

2. STRATEGY

Despite profound changes in the global economy and financial markets, SACE confirmed its role by responding to the growing demand by companies for insurance cover. As the liquidity crisis persists, Italian enterprises have increased their demand for export credit and internationalisation insurance products to expand their businesses abroad. This rise in demand enabled SACE to achieve and exceed its 2008-2010 industrial plan targets.

The company was prepared for the upswing in demand, having upgraded its national and international sales network in recent years. With a well-established network of regional offices in Italy, SACE is now better equipped to meet its customers' needs and has been able to gain a better understanding of local entrepreneurial, banking and corporate activity. These offices, and the establishment of partnerships and agreements with local banks, have brought SACE closer to the small and medium-sized enterprises located throughout Italy. SACE has also strengthened its presence abroad in regions of strategic importance for Italy. In 2010 it opened new offices in Istanbul and Bucharest, the former a hub for the Middle East, the latter for Eastern Europe. SACE also entered into more new partnerships with leading international banks such as the African Trade Insurance Agency (ATI) and European Investment Bank (EIB). The agreement with the EIB enabled SACE to back major internationalisation projects of Italian enterprises and investments of strategic importance for the country's economy, especially in sectors such as R&D, renewable energy and infrastructure.

In 2010 SACE defined its strategies for the next three years. These are set out in the 2011-2013 industrial plan, approved in December. The guidelines of the plan reflect the uncertain outlook for the global economy and the forecast for two-tier growth, with significant differences between the emerging and mature markets. The plan confirms SACE's support for Italian exports of goods and services and projects of strategic importance for the Italian economy, as well as the "Export Banca" system, launched with the support of Cassa Depositi e Prestiti. The plan also envisages business expansion and broadening of the customer base, particularly with regard to small and medium-sized enterprises, by exploiting the improved national and international sales network and more efficient coordination of the group's product offering.

3. REPORT ON OPERATIONS

3.1. Share structure and share capital

All shares in SACE are allocated by law to the Ministry of Economy and Finance. At year-end, the share capital amounted to €4,340,053,892 and consisted of 1,000,000 shares with a par value of €4,340.05.

3.2. Net profit for the year

The financial statements at 31 December 2010 closed with a net profit of €366.7 million. The main operating and financial data that contributed to determining the result for the year (highlights) and the main profit and loss items are set forth below.

HIGHLIGHTS

(in € million)	**2010**	**2009**	**Change**
Gross premiums	442.0	334.6	32%
Claims	107.3	95.6	12%
Technical provisions (gross)	2,447.7	2,465.1	-0.7%
Investments (including bank current accounts)	7,796.5	7,861.7	-1%
Shareholders' equity	5,830.9	5,827.5	0%
Gross profit	543.9	570.2	-5%
Net profit	366.7	393.0	-7%
Guarantees approved	10,444.2	11,077.1	-6%

PROFIT & LOSS ACCOUNT

(in € million)	**2010**	**2009**
Gross premiums	442.0	334.6
Outward reinsurance premiums	(2.4)	(4.9)
Change in the provision for unearned premiums	68.9	(186.5)
Net premium income	508.5	143.2
Claims incurred	(107.3)	(95.6)
Change in recoveries	165.9	67.1
Change in the provision for claims outstanding	1.0	(78.0)
Claims incurred. net of recoveries	59.7	(106.5)
Change in the equalisation reserve	(52.8)	(39.6)
Investment return transferred from the non-technical account	13.4	169.2
Premium refunds and profit sharing	(18.0)	(6.0)
Operating expenses	(57.5)	(52.1)
Other technical income and charges	2.7	(0.6)
BALANCE ON THE TECHNICAL ACCOUNT	**456.1**	**107.6**
Financial and other income	986.1	1,278.1
Investment management and financial charges	(885.5)	(655.0)
Investment return transferred to the technical account	(13.4)	(169.2)
INCOME FROM ORDINARY OPERATIONS	**87.3**	**454.0**
Extraordinary income	2.6	10.2
Extraordinary charges	(2.0)	(1.6)
BALANCE ON THE NON-TECHNICAL ACCOUNT	**87.8**	**462.7**
PROFIT BEFORE TAXES	**543.9**	**570.2**
Tax	(177.2)	(177.2)
NET PROFIT	**366.7**	**393.0**

In 2010 SACE posted a net profit of €366.7 million, 7% lower than the €393.0 million reported in 2009.

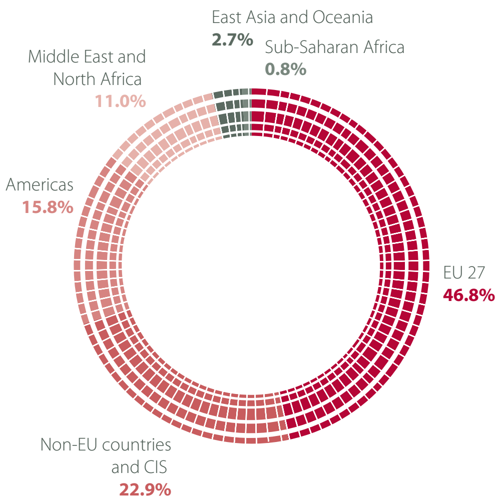
The main components of the result are discussed below:

- gross premiums, for a total of €442.0 million, increased by 32% over the previous year;
- the change in the provision for unearned premiums was positive and amounted to €68.9 million;
- there was a y/y increase in claims incurred which amounted to €107.3 million (+12%) due to the rise in requests for settlement during the year;
- management of subrogation credits generated capital gains (change in recoveries) of €165.9 million, up on the previous year's result (€67.1 million);
- operating expenses (€57.5 million) increased compared to 2009 (€52.1 million) reflecting the higher cost of salaries due to the addition of 28 more employees.
- the non-technical account (before extraordinary items) showed a positive balance of €87.3 million, falling with respect to the end of 2009 (€454 million).

3.3. Volumes

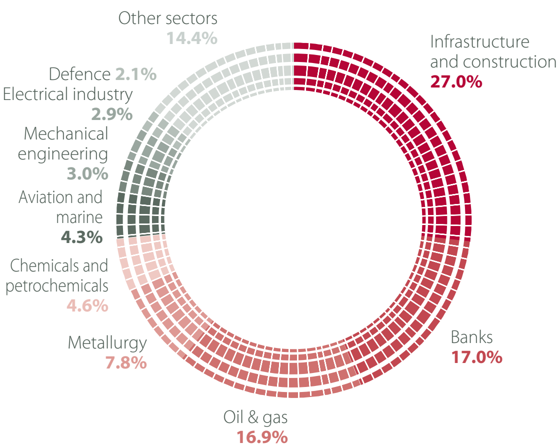
The value of guarantees approved in 2010 (in terms of principal and interest) amounted to €9,636.2[1] million. New commitments were mainly directed towards the EU (46.8%), non-EU and CIS countries (22.9%) and the Americas (15.8%).

Commitments approved in 2010 by geo-economic area



The main industrial sectors involved were infrastructure and construction (27.0%), banking (17.0%) and oil and gas (16.9%).

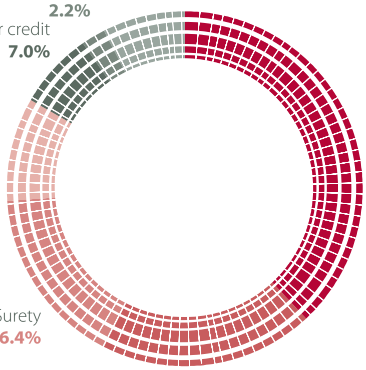
Commitments approved in 2010 by sector



The commitments approved were generated mainly by the buyer credit policy (38.0%), financial guarantees (19.5%) and surety bonds (16.4%).

1. Guarantees approved, shown in the "highlights" table, also include €808.0 million for subscriptions of bond issues.

Commitments approved in 2010 by product



3.4. Changes in the insurance portfolio: Internationalisation guarantees

In 2010 SACE issued 311 new guarantees for a total lending volume of €319 million and an exposure of €208 million. In detail, around 83% of the guarantees were issued to SMEs and the remainder to corporations with a turnover of between €50 and €250 million. The average unitary turnover of guaranteed enterprises was €26 million of which around 47% deriving from exports. Of the 311 loans guaranteed by SACE in 2010, 268 were granted for a total amount of €277 million.

Internationalisation Guarantees: FY 2010

	Total portfolio	SME portfolio
Number of guarantees issued	311	259
Average turnover	€ 26 million	€ 15 million
Average % of export turnover	47%	50%
Loans approved	€ 319 million	€ 205 million
Loans granted	€ 277 million	€ 174 million
Exposure approved (K + I)	€ 208 million	€ 132 million

The portfolio accumulated in 2010 was mainly concentrated in the regions of central and northern Italy: 34% of guarantees were issued to companies based in Emilia Romagna. 21% to companies based in Veneto, 11% to companies in Lombardy and 10% to those in Piedmont. The projects guaranteed were mainly directed towards the EU (58%), Asia (15%) and the USA (10%).

The main industrial sectors involved were mechanical engineering (31%), trade (13%) and chemicals (9%). The loans guaranteed by SACE were primarily used to purchase, upgrade or renew plant and machinery (22%), for investments abroad (19%) and to cover start-up and expansion costs (10%).

Claims paid in 2010 amounted to €20 million. This was slightly higher than in the previous year (€19 million) but fell sharply in the last two quarters. In 2010, 214 companies benefitted from the suspension of payments on capital pursuant to the ABI joint announcement of 3 August 2009, for a total of €37 million.

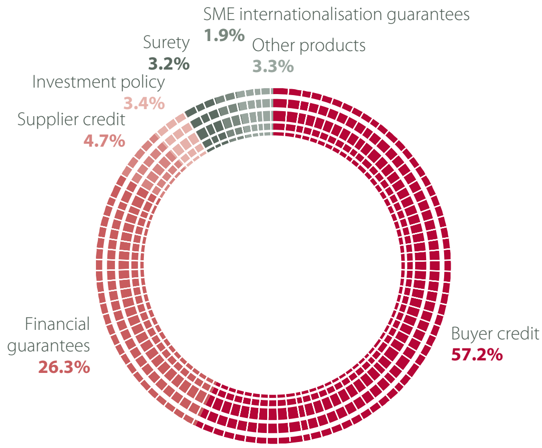
This product continued to be exposed to the effects of the global crisis, with returns undermined by high default rates. Under agreements with client banks, this product was restructured in 2010 to restore positive returns without affecting support for SMEs at a time when recovery could be an opportunity for growth and thus improved creditworthiness.

As at 31 December 2010 SACE's exposure in relation to the portfolios accumulated between 2005 and 2010 amounted to €496 million (+2% compared with 2009).

3.5. Premiums

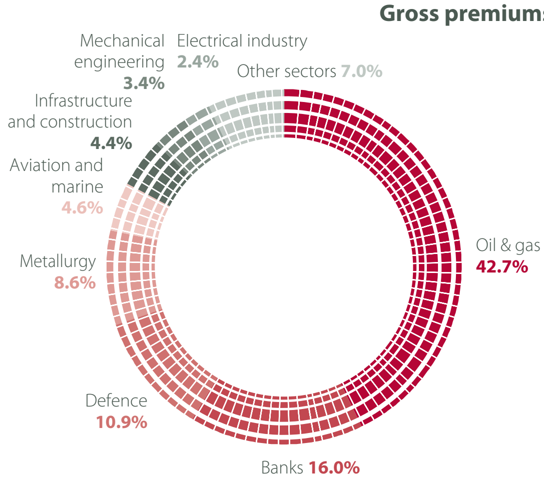
In 2010, gross premiums amounted to €442.0 million and were generated for €435.1 million by direct business and for €6.9 million by indirect business (reinsurance provided). Compared with 2009 there was an increase of 32% in this item, mainly spurred by the investment policy (+90%), financial guarantees (+49.6%) and buyer credit policies (+41%).

Gross premiums by product



The industrial sectors that accounted for most of the new business premiums were oil and gas (42.7%), banking (16.0%), and defence (10.9%).

Gross premiums by industrial sector



3.6. Claims

Claims paid during 2010 (€107.3 million) were higher than in the previous year (€95.6 million). The general rise in default rates affected all sectors of SACE's business. While the effects of the global crisis were still being felt in all sectors, the ceramics, textiles and automotive sectors continued to be hit hardest. Around 65% of the amounts paid concerned claims that occurred in 2009 relating to the banking sector in CIS countries.

3.7. Recoveries

The cash flow from sovereign credit recoveries amounted to around €100 million, with two countries, Egypt and Angola, accounting for 46%. In 2010 Angola, Belarus and Lebanon completed repayment of their debts with SACE under the terms of the relative agreements. SACE also signed debt restructuring agreements with Equatorial Guinea and the Seychelles.

As regards trade recoveries, the total amount collected due to SACE in 2010 amounted to some €65.6 million. This figure also includes the carrying value of the securities received following the BTA Bank (Kazakhstan) debt restructuring.

3.8. Risk portfolio

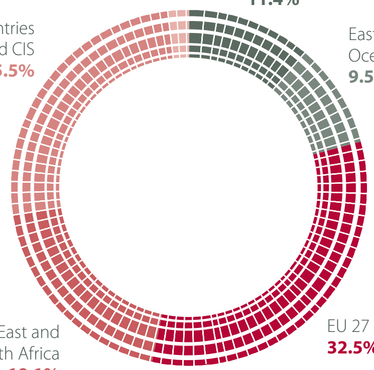
Total exposure, calculated as the sum of performing credits and outstanding guarantees (principal and interest) amounted to €32.8 billion. Total exposure continued its upward trend, rising by 16%; in terms of principal only, the guarantee portfolio increased by 18.5%. The credit portfolio, which accounts for 1.7% of total exposure, showed an 11% increase in sovereign credits, due to the upward adjustment of Iraqi credits and write-down of Egyptian receivables; trade receivables remained more or less stable.

Total exposure of SACE

(in € million)	2010	2009	Change
Portfolio			
Outstanding guarantees	32,202.6	27,762.2	16.0%
principal	27,249.5	22,992.4	18.5%
interest	4,953.2	4,769.7	3.8%
Performing credits	571.3	519.4	10.0%
TOTAL EXPOSURE	**32,774.0**	**28,281.5**	**15.9%**

With regard to the breakdown by geo-economic area, the highest exposure was towards EU countries (32.5% in relation to 28.4% in 2009), in particular towards Italy, which remained in top place in terms of concentration. Exposure towards non-EU countries and CIS member states also rose (+14%) mainly due to the increase in commitments towards Russia. Exposure in the Middle East and North Africa fell by 22.5%. It also dropped by 11% in Asia and the Pacific region. Levels of exposure in America and Sub-Saharan Africa were more or less unchanged.

Total exposure by geo-economic area (%)



The portfolio of outstanding guarantees in principal increased compared to 2009: the share of the biggest country rose from 17.9% to 23.1%, while that of the first five countries climbed from 51% to 53%.

The concentration of sovereign risk and ancillary risk guarantees in the guarantee portfolio (in principal) fell, respectively, by 17% and 18%, as shown in the table. Private sector risk rose by 22% and political risk by 61%, the latter due to investments abroad.

Exposure by type of risk

(in € million)	2010	2009	Change
Type of risk			
Sovereign	2,348.3	2,842.9	-17.4%
Political	2,335.1	1,450.0	61.0%
Private sector risk	22,013.5	18,027.8	22.1%
Ancillary	552.5	671.7	-17.8%
TOTAL	**27,249.5**	**22,992.4**	**18.5%**

In the private sector portfolio, there was an overall increase in exposure, particularly to corporate risk in the surety and credit insurance business (which rose, respectively, by 43.5% and 31%) and to bank risk (+35.2%).

Private sector risk

(in € million)	2010	2009	Change
Type of risk			
Corporate - credit business	6,856.9	5,228.8	31.1%
Banking	1,919.2	1,419.9	35.2%
Aviation (Asset Based)	430.9	379.9	13.4%
Corporate with collateral	2,390.2	2,219.2	7.7%
Project Finance	4,553.5	4,135.2	10.1%
Structured Finance	1,515.4	1,615.3	- 6.2%
Corporate - surety business	4,347.5	3,029.4	43.5%
TOTAL	**22,013.5**	**18,027.8**	**22.1%**

In terms of exposure by industrial sector, concentration remained high in the first five sectors, which account for 69%

of the total private sector portfolio. Oil and gas continued to be the biggest sector, representing 22%.

3.9. Technical provisions

The provision for unearned premiums, in the amount of €1,720.2 million, was determined according to the credit metrics method, calculating – on the entire portfolio - the forecast loss until run off.

The total value is calcualted as the sum of:

- The provision for premium instalments, amounting to €1,205.4 million, calculated as the portion of outstanding risk on the basis of the gross premiums written. The provision is calculated on a pro rata temporis basis;
- The provision for unexpired risks, equal to €514.8 million.

Previous trends in the composition of the provision for unearned premiums (in the two components listed above) show an increase in the weight of the provision for premium instalments with respect to the provision for unexpired risks.

The provision for claims outstanding, amounting to €252.2 million, was determined according to a prudent estimation on the basis of an objective analysis of each claim.

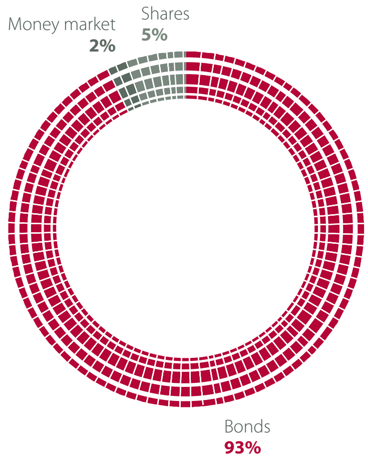
The equalisation provision for credit insurance business amounted to €475.2 million.

3.10. Investments

The purpose of financial management is not to maximise returns but to improve balance sheet structure and counterbalance the risks inherent in the insurance portfolio. SACE's investment policy is based on prudential asset management and stability of cash flows achieved through investments in highly liquid instruments with a limited risk profile.

In 2010 the yield on overall management of the investment portfolio was 0.80%, calculated on an average invested amount of €7,532.80 million (slightly more than at the end of 2009). Total assets at year-end were in line with those managed at the end of 2009 and consisted of the following: 92.8% invested in bonds, 5.2% in shares and 2% in money market instruments.

Breakdown of the investment portfolio by asset class



The non-current portfolio, equal to €1,741.5 million, consisted entirely of bonds. 91.7% were government bonds of which 83.7% issued by the Republic of Italy. Duration was 5.68 years, slightly higher than the previous year due to the fact that bonds in the portfolio involving significant amounts came to maturity. The average portfolio rating of A+ reflected a one-notch reduction compared to the end of 2009. This was due to the downgrading of some sovereign issuers.

90.4% of the trading portfolio consisted of bonds, 6.9% of shares and 2.7% of money market instruments for a total of €5,238.4 million, 5% less than in 2009. Bond duration was 0.39 years, consistent with investment liquidity guidelines and expected interest rates. The portfolio had an average rating of A, up one notch compared to the end of 2009.

3.11 Reinsurance, relations with other ECAs and international organisations

SACE's reinsurance policy, steered towards maintaining and improving technical balance, is based on relationships with international market operators with top ratings. To date SACE has signed 22 reinsurance agreements with other ECAs. In 2010 SACE sealed new reinsurance agreements with the ATI (African Trade Insurance Agency) and two new cooperation agreements with Indonesia Eximbank and Inter-American Development Bank (IDB).

3.12. Research and Development

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

3.13. Risk management

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

The company implements its risk management system in accordance with the applicable legal requirements[2].
Under the applicable regulations there are two main types of risk:

2. ISVAP Regulation No. 20 of 26 March 2008

- **Technical risk:** meaning **underwriting risk** and **credit risk.** The former refers to the risk of loss or adverse change in the value of insurance liabilities due to inadequate pricing and provisioning assumptions; the latter is the risk of default or the downgrading of counterparties' credit rating. Both risks are managed by adopting prudent pricing and provisioning strategies, which are defined according to market best practice, and through prudent underwriting policies, permanent monitoring and active portfolio management
- **Market risk:** the risk of losses due to adverse changes in market prices of financial instruments, currencies and commodities. This type of risk is managed using asset-liability management techniques and kept within previously defined limits by adopting guidelines on asset allocation and market VaR models.

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

- **Liquidity risk**: all the securities in the portfolios used to cover technical reserves are traded in regulated markets and the short average life of the investments guarantees their rapid turnover. This type of risk is therefore not significant.
- **Operational risk**: SACE conducts periodical self-assessments of potential operational risk factors and uses a loss data collection process to measure and record its actual operating losses. These data represent the input of the process for measuring and controlling operational risks in accordance with current regulations.
- **Reputation risk**: the risk of damage to the company's image and conflict with policyholders, due to the provision of services that are not up to standard, inadequacy of policies or lack of customer satisfaction with the sales network. As far as SACE is concerned this risk is mainly associated with damage to the company's image as a result of non-alignment of procedures and contract forms with Italian and EU requirements, and any sanctions resulting from such non-compliance. This risk is notably mitigated by the existing internal control and risk management systems implemented, for example, by the risk management, auditing and compliance departments, and by adopting specific internal procedures directed towards regulating all operations performed by SACE.
- **Strategic risk:** the current and prospective impact on earnings or capital arising from ineffective changes in activities or inappropriate business plans, improper implementation of decisions or failure to respond to changes in the competitive environment.
- **Risk associated with performance of interests and reinsurance:** the risk of loss of value of the controlling interests in SACE BT, SACE Fct and the ATI (African Trade Insurance Agency) and of losses in connection with the subscription of reinsurance contracts with subsidiaries; this risk is minitaged through constant monitoring of subsidiaries and the adoption of risk management policies at group level.

The risk management division:

- Proposes methods, develops models and risk measurement and monitoring systems, also adopting Value at Risk (VaR) and portfolio scoring methods in accordance with current supervisory requirements;
- implements the procedures for measurement and integrated control of the risk/return ratio and the creation of value by individual risk taking units and monitors correct allocation of economic capital, in line with the related company guidelines;

- assists with defining the operational autonomy of company offices, reporting any breaches of the limits to the board of directors, top management and the offices concerned;
- ensures the measurement and integrated control of overall risk exposure by defining the procedures for identifying, assessing, monitoring and reporting risks, including scenario analysis and stress tests;
- supports the corporate offices involved in calculating provisions;
- issues periodic reports on changes in the risks assumed and the presence of any anomalous situations and exceeding of limits, and submits these to the board of directors, top management and office supervisors;
- monitors activities aimed at optimising capital structure, managing reserves and liquidity (ALM);
- cooperates with other internal and external control functions and bodies, to which it sends periodical reports.

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

- the management committee: examines and shares the strategies and objectives of SACE and of other group companies; validates and monitors business plans, investigates key issues regarding management and operational guidance of SACE and of group companies;
- the risk committee: examines underwriting, indemnities, restructuring and other significant operations and assesses their permissibility compatibly with the risk management guidelines drawn up by the risk management division;
- the product business development and policy committee: examines, draws up and modifies policies relating to existing and new products (commercial, risk/yield, organisational, legal aspects, etc), assessing their all-round impact on company business. Assesses the advisability of developing business/commercial actions/opportunities and domestic/international development plans according to strategic guidelines provided by top management;
- the board of directors: approves strategies, procedures, management policies and organisational aspects.

3.14. Human resources

As at 31 December 2010, there were 429 employees on the payroll. During the year, 44 people were hired and 16 left the company

Distribution of staff by grade

Grade	No.	Distribution
Senior managers	26	6.1%
Managers	194	45.2%
Clerical staff	209	48.7%
TOTAL	**429**	**100%**

Over the years, the personnel recruitment and management policies adopted have resulted in a reduction of average age (which is currently 40.05) and an increase in the average level of education. Most new resources hold a degree, have attended post-graduate specialisation courses and have an excellent command of the English language as certified by internationally recognised tests (e.g. TOEFL, TOEIC).

Distribution of staff by age group

Age group	Distribution	Change
Under 40	50.05%	1.28%
Between 41 and 50	27.15%	-6.45%
Between 51 and 60	22.2%	4.71%
Over 60	0.6%	-21.05%

Distribution of staff by qualification

Qualification	Distribution	Change
Degree	59.5%	2.3%
Secondary school certificate/other	40.5%	-3.2%

Average gross pay, net of amounts paid by INPS, was €58 thousand per employee. The 8% reduction on the previous year reflected an increase in indemnifiable amounts and leaving incentives which resulted in a long-term reduction in average pay. The average cost of labour per employee fell by 6% to around €86 thousand. The company implements training programmes to strengthen the specific technical skills required by the various business areas, develop the managerial ability and leadership qualities needed to manage complexity and change and support knowledge creation and sharing. In 2010 SACE provided training schemes for all employees. These included languages (General and Business English) and managerial courses (People Management, Public Speaking, Meeting Skills, etc.), in addition to the courses required by law (e.g. Italian Legislative Decrees 231/01, 196/2003 and 81/08).

3.15. Litigation

At 31 December 2010, the company was party to 35 lawsuits, most of which relating to insurance commitments assumed prior to 1998. In particular, the company was defendant in 26 lawsuits, amounting potentially to around €96.0 million, and plaintiff in 9 lawsuits, for around €201 million.

3.16. Corporate governance and organisational model under Legislative Decree 231/01

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

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

The supervisory body is charged with overseeing the application, appropriateness and implementation of the model and must act within its authority to investigate any violations of the code of conduct. Having voluntarily adopted

ISVAP Regulation No. 20 of 26 March 2008 concerning internal control systems, risk management, compliance and outsourcing of insurance company activities and with a view to complying with best market practices, SACE has adopted the appropriate rules, procedures and structures aimed at ensuring correct functioning and good performance, efficacy and efficiency of company procedures, adequate risk monitoring, reliability and integrity of accounting and financial data, safeguarding of the company's assets and compliance with laws, supervisory regulations and internal procedures.

The internal auditing department assists with the assessment of the company's governance, control and risk management procedures and helps to improve these.

The compliance division monitors the risk of application of judicial or administrative sanctions, loss of assets or damage to its reputation as a result of any breach of laws, rules or self-regulatory measures.

The risk management division detects, measures, assesses and monitors the risks to which the company is exposed.

3.17 Social and cultural commitments

Since 2008 SACE has supported the work of Dynamo Camp, a non-profit organisation that runs free recreational therapy summer camps catering especially to children suffering from serious chronic conditions. SACE's contribution in 2010 will fund 33 summer camps in Italy in 2011 for children suffering from leukaemia.

In 2010 SACE, in parthership with an Italian art publishing company, published the catalogue of works by Elisa Sighicelli, a promising Italian contemporary artist.

3.18 Subsidiary companies

The SACE BT subsidiary closed the year with a loss of €4.8 million; the SACE Fct subsidiary reported a profit of €144 thousand at the end of its second year of business.

As part of its business operations, the company has never engaged in any transactions with its subsidiaries that are atypical or outside its normal scope of business. All intra-group transactions are settled at arm's length and regarded the following:

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

3.19 Other information

Domestic consolidated tax scheme

In 2008, the company submitted its notification of adhesion to the national consolidated tax scheme pursuant to art. 117 et. seq. of Italian Presidential Decree No. 917 of 22 December 1986 for the three-year period 2008 – 2010 in order to establish a single tax basis for IRES with its SACE BT S.p.A. and SACE Servizi S.r.l. subsidiaries for the related three-year period. In 2009 this option was also extended to include the subsidiary SACE Fct S.p.A. (for the three-year period 2009-2011).

3.20. Main events in early 2010 and business outlook

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

4. Proposed allocation of net profit

The shareholder is asked to approve the financial statements as at 31 December 2010 and the allocation of the net profit of €366,719,606 as follows:

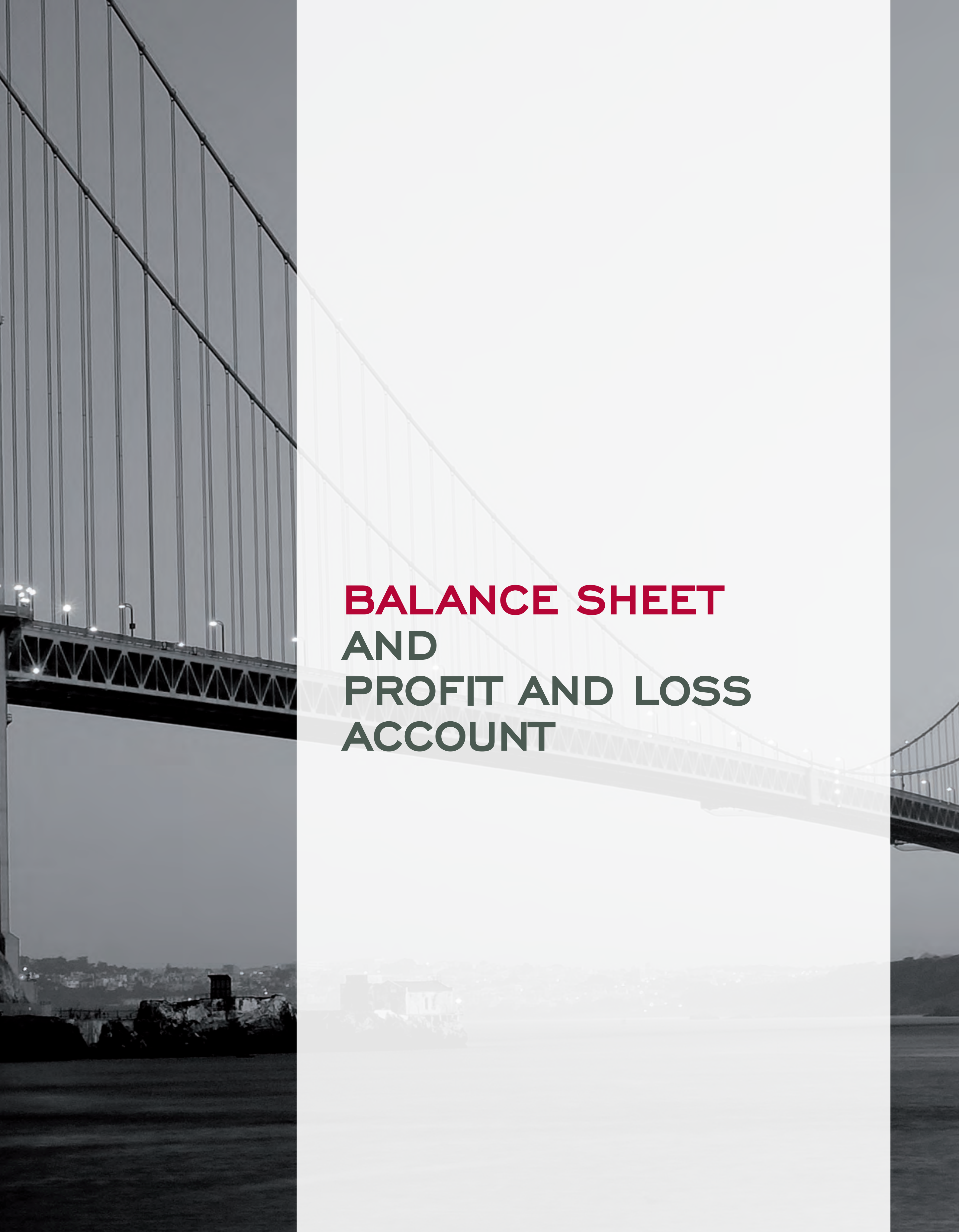
Euro	366,719,606	Net profit
Euro	18,335,980	to the legal reserve as required by article 2430 of the Italian Civil Code
Euro	348,383,626	according to resolutions to be passed by the shareholders' meeting

Rome, 4 April 2011

on behalf of the board of directors

CEO

Alessandro Castellano



BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Annex I

Company	**SACE S.p.A.**	
Subscribed capital	Eur 4,340,053,892	Paid Eur 4,340,053,892
Registered offices	ROME	

FINANCIAL STATEMENTS Balance Sheet

FY 2010

(Value in €)

BALANCE SHEET
ASSETS

							Current year	
A. SUBSCRIBED CAPITAL UNPAID							1	
of which called-up capital			2	0				
B. INTANGIBLE ASSETS								
1. Acquisition commissions to be amortised								
a) life business	3	0						
b) non-life business	4	0	5	0				
2. Other acquisition costs			6	0				
3. Start-up and expansion costs			7	0				
4. Goodwill			8	0				
5. Other multi-year assets			9	423,411			10	423,411
C. INVESTMENTS								
I - Land and buildings								
1. Property used for own activities			11	66,569,870				
2. Property used by third parties			12	1,575,381				
3. Other properties			13	0				
4. Other property rights			14	0				
5. Construction in progress and payments on account			15	0	16	68,145,251		
II - Investments in group companies and other companies in which significant interest is held								
1. Shares and interests in								
a) controlling companies	17	0						
b) subsidiary companies	18	158,752,853						
c) affiliated companies	19	0						
d) associated companies	20	7,125,190						
e) other companies	21		22	165,878,043				
2. Debt securities issued by:								
a) controlling companies	23	0						
b) subsidiary companies	24	0						
c) affiliated companies	25	0						
d) associated companies	26	0						
e) other companies	27	0	28	0				
3. Loans to:								
a) controlling companies	29	0						
b) subsidiary companies	30	617,600,000						
c) affiliated companies	31	0						
d) associated companies	32	0						
e) other companies	33	0	34	617,600,000	35	783,478,043		
to be carried forward								423,411

						Previous year	
						181	
		182	0				
183	0						
184	0	185	0				
		186	0				
		187					
		188					
		189	648,023			190	648,023
		191	67,460,311				
		192	1,380,385				
		193	0				
		194	0				
		195	0	196	68,840,695		
197	0						
198	163,363,716						
199	0						
200	6,886,104						
201		202	170,249,820				
203	0						
204	0						
205	0						
206	0						
207	0	208	0				
209	0						
210	0						
211	0						
212	0						
213	0	214	0	215	170,249,820		
			to be carried forward				648,023

BALANCE SHEET
ASSETS

				Current year
carried forward				423,411
C. INVESTMENTS (continued)				
III - Other financial investments				
1. Shares and interests				
a) Listed shares	36 18,749,986			
b) Unlisted shares	37 0			
c) Interests	38 0	39 18,749,986		
2. Shares in common investment funds		40 1,146,602,224		
3. Debt securities and other fixed-income securities				
a) listed	41 5,143,582,897			
b) unlisted	42 143,396,102			
c) convertible debentures	43 0	44 5,286,978,999		
4. Loans				
a) mortgage loans	45 7,350,851			
b) loans on policies	46 0			
c) other loans	47 0	48 7,350,851		
5. Shares in investment pools		49 0		
6. Deposits with credit institutions		50 70,000,000		
7. Other financial investments		51 337,481,342	52 6,867,163,402	
IV - Deposits with ceding companies			53 296,806	54 7,719,083,502
D. INVESTMENTS FOR THE BENEFIT OF LIFE INSURANCE POLICYHOLDERS WHO BEAR INVESTMENT RISK AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS				
I - Investments relating to contracts linked to investment funds and market indexes			55 0	
II - Investments relating to the administration of pension funds			56 0	
				57 0
D bis, REINSURERS' SHARE OF TECHNICAL PROVISIONS				
I - NON-LIFE BUSINESS				
1. Provision for unearned premiums		58 6,285,685		
2. Provision for claims outstanding		59 0		
3. Provision for profit sharing and premium refunds		60 0		
4. Other technical provisions		61 0	62 6,285,685	
II - LIFE INSURANCE BUSINESS				
1. Provisions for policy liabilities		63 0		
2. Unearned premium provision for supplementary coverage		64 0		
3. Provision for amounts payable		65 0		
4. Provision for profit sharing and premium refunds		66 0		
5. Other technical provisions		67 0		
6. Provisions for policies where the investment risk is borne by the policyholders and relating to the administration of pension funds		68 0	69 0	70 6,285,685
to be carried forward				7,725,792,598

			Previous year
	carried forward		648,023
216 34,359,478			
217 0			
218 0	219 34,359,478		
	220 968,664,164		
221 5,663,751,157			
222 141,700,750			
223 0	224 5,805,451,906		
225 7,964,259			
226 0			
227 0	228 7,964,259		
	229 0		
	230 80,000,000		
	231 4,943,711	232 6,901,383,519	
		233 176,945	234 7,140,650,979
		235 0	
		236 0	
			237 0
	238 6,548,629		
	239 0		
	240 0		
	241 0	242 6,548,629	
	243 0		
	244 0		
	245 0		
	246 0		
	247 0		
	248 0	249 0	250 6,548,629
	to be carried forward		7,147,847,631

BALANCE SHEET
ASSETS

								Current year
carried forward								7,725,792,598
E. CREDITI								
I - Receivables arising out of direct insurance business:								
1. Policyholders								
a) for premiums - current year	71	69,338,116						
b) for premiums - previous years	72	28,952	73	69,367,069				
2. Insurance intermediaries			74	0				
3. Current accounts with insurance companies			75	0				
4. Policyholders and third parties for recoveries			76	421,864,698	77	491,231,766		
II - Receivables arising out of reinsurance business:								
1. Insurance and reinsurance companies			78	119,440				
2. Reinsurance intermediaries			79		80	119,440		
III - Other debtors					81	385,587,234	82	876,938,440
F. OTHER ASSETS								
I - Tangible assets and stocks:								
1. Furniture, office equipment and internal transport vehicles			83	2,148,003				
2. Vehicles listed in public registers			84	0				
3. Equipment and appliances			85	92,285				
4. Stocks and other goods			86	104,019	87	2,344,307		
II - Cash and cash equivalents								
1. Bank and postal deposits			88	57,146,624				
2. Cheques and cash in hand			89	2,934	90	57,149,558		
III - Own shares or equity interests					91	0		
IV - Other assets								
1. Transitory reinsurance accounts receivable			92	615,231				
2. Sundry assets			93	17,340,784	94	17,956,015	95	77,449,881
G. ACCRUALS AND DEFERRALS								
1. Interests					96	55,611,265		
2. Rents					97	0		
3. Other accruals and deferrals					98	891,387	99	56,502,653
TOTALE ASSETS							100	8,736,683,572

			Previous year
	carried forward		7,147,847,631
251 90,800,087			
252 39,045	253 90,839,132		
	254 0		
	255 0		
	256 415,545,544	257 506,384,676	
	258 2,301,501		
	259	260 2,301,501	
		261 300,961,482	
			262 809,647,659
	263 2,127,463		
	264 0		
	265 165,273		
	266 130,175	267 2,422,912	
	268 664,794,952		
	269 3,351	270 664,798,303	
		271 0	
	272 170		
	273 53,822,674	274 53,822,844	
			275 721,044,058
		276 56,251,848	
		277 0	
		278 1,409,998	279 57,661,846
			280 8,736,201,195

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' EQUITY

					Current year	
A. SHAREHOLDERS' EQUITY						
I - Subscribed capital or equivalent funds			101	4,340,053,892		
II - Share premium account			102			
III - Revaluation reserve			103	9,615,916		
IV - Legal reserve			104	142,137,160		
V - Statutory reserve			105			
VI - Reserve for own shares and shares of the parent company			106			
VII - Other reserves			107	972,409,028		
VIII - Profit (loss) brought forward			108			
IX - Profit (loss) for the year			109	366,719,606		
- Advances on dividends					110	5,830,935,602
B. SUBORDINATED LIABILITIES					111	0
C. TECHNICAL PROVISIONS						
I - NON-LIFE INSURANCE BUSINESS						
1. Provision for unearned premiums	112	1,720,224,685				
2. Provision for claims outstanding	113	252,201,168				
3. Provision for profit sharing and premium refunds	114	0				
4. Other technical provisions	115	0				
5. Equalisation provision	116	475,227,660	117	2,447,653,513		
II - LIFE INSURANCE BUSINESS						
1. Provisions for policy liabilities	118	0				
2. Unearned premium provision for supplementary coverage	119	0				
3. Provision for amounts payable	120	0				
4. Provision for profit sharing and premium refunds	121	0				
	122	0	123	0	124	2,447,653,513
D. TECHNICAL PROVISIONS WHERE THE INVESTMENT RISK IS BORNE BY THE POLICYHOLDERS AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS						
I - Provisions relating to contracts linked to investment funds and market indexes			125	0		
II - Provisions relating to the administration of pension funds			126	0	127	0
to be carried forward						8,278,589,115

Previous year

	281 4,340,053,892	
	282	
	283 9,615,916	
	284 122,485,979	
	285	
	286	
	287 962,349,520	
	288	
	289 393,023,621	
		290 5,827,528,928
		291 0
292 1,789,371,633		
293 253,234,087		
294 0		
295 0		
296 422,475,209	297 2,465,080,929	
298 0		
299		
300		
301		
302	303 0	304 2,465,080,929
	305 0	
	306 0	307 0
to be carried forward		8,292,609,857

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' EQUITY

					Current year		
	carried forward						8,278,589,115
E. PROVISIONS FOR RISKS AND CHARGES							
1 Provisions for pensions and similar obligations			128	2,139,350			
2 Provision for tax			129	22,083,596			
3 Other provisions			130	72,153,718	131		96,376,664
F. DEPOSITS RECEIVED FROM REINSURERS					132		0
G. ACCOUNTS PAYABLE AND OTHER LIABILITIES							
I - Accounts payable arising out of direct insurance business:							
1. Insurance intermediaries	133	0					
2. Current accounts with insurance companies	134	0					
3. Premium deposits and premiums due to policyholders	135	55,879,691					
4. Guarantee funds in favour of policyholders	136	0	137	55,879,691			
II - Accounts payable arising out of reinsurance business:							
1. Insurance and reinsurance companies	138	120,086					
2. Reinsurance intermediaries	139	0	140	120,086			
III - Debenture loans			141	0			
IV - Amounts due to banks and credit institutions			142	571,689			
V - Loans guaranteed by mortgages			143	0			
VI - Sundry loans and other financial liabilities			144	0			
VII - Provision for severance pay			145	6,489,397			
VIII - Other accounts payable							
1. Taxes payable by policyholders	146	0					
2. Other tax liabilities	147	167,754,061					
3. Social security	148	1,176,481					
4. Sundry accounts payable	149	65,924,660	150	234,855,201			
IX - Other liabilities							
1. Deferred reinsurance items	151	314,187					
2. Commissions for premiums in course of collection	152	11,944					
3. Sundry liabilities	153	63,299,206	154	63,625,337	155		361,541,400
	to be carried forward						8,736,507,179

Previous year

carried forward		8,292,609,857
	308 2,213,994	
	309 7,872,186	
	310 80,477,338	311 90,563,518
		312 0
313 0		
314 0		
315 70,492,471		
316	317 70,492,471	
318 2,957,365		
319 0	320 2,957,365	
	321 0	
	322 933,196	
	323 0	
	324 0	
	325 6,823,253	
326 0		
327 181,070,678		
328 1,081,523		
329 52,162,639	330 234,314,840	
331 8,487		
332 86,046		
333 37,239,328	334 37,333,861	335 352,854,987
to be carried forward		8,736,028,362

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year
to be carried forward		8,736,507,179
H. ACCRUALS AND DEFERRALS		
1. Interests	156 0	
2. Rents	157 150,706	
3. Other accruals and deferrals	158 25,687	159 176,393
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		160 8,736,683,572

BALANCE SHEET
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

		Current year
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS		
I - Guarantees given		
1. Sureties		161 12,000
2. Endorsements		162 0
3. Other personal guarantees		163 0
4. Guarantees secured by mortgages		164 0
II - Guarantees received		
1. Sureties		165 4,221,215
2. Endorsements		166 0
3. Other personal guarantees		167 0
4. Guarantees secured by mortgages		168 0
III - Guarantees issued by third parties in the interest of the company		169 0
IV - Commitments		170 3,326,197,266
V - Third party assets		171 0
VI - Assets belonging to pension funds managed on behalf of third parties		172 0
VII - Securities deposited with third parties		173 6,427,994,709
VIII - Other memorandum accounts		174 0

Previous year

carried forward		8,736,028,362
	336 0	
	337 147,663	
	338 25,169	339 172,832
		340 8,736,201,195

Previous year

		341 12,000
		342 0
		343 0
		344 0
		345 4,000,746
		346 0
		347 0
		348 0
		349 0
		350 3,589,488,762
		351 0
		352 0
		353 6,890,260,758
		354 0

Annex II

Company	**SACE S.p.A.**	
Subscribed capital	Eur 4,340,053,892	Paid Eur 4,340,053,892
Registered offices	ROME	

FINANCIAL STATEMENTS	PROFIT AND LOSS ACCOUNT **FY 2010**
	(Value in €)

PROFIT AND LOSS ACCOUNT

							Current year
I. TECHNICAL ACCOUNT – NON-LIFE INSURANCE BUSINESS							
1. EARNED PREMIUMS, NET OF REINSURANCE							
a) Gross premiums written			1	441,988,057			
b) (-) Outward reinsurance premiums			2	2,384,300			
c) Change in the gross provision for unearned premiums			3	-69,146,948			
d) Change in the provisions for unearned premiums, reinsurers' share			4	262,944	5	508,487,761	
2. (+)ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT (item III. 6)					6	13,395,252	
3. OTHER TECHNICAL INCOME, NET OF REINSURANCE					7	4,244,435	
4. CLAIMS INCURRED, NET OF RECOVERIES AND REINSURANCE							
a) Claims paid							
aa) Gross amount	8	107,272,030					
bb) (-) reinsurers' share	9	0	10	107,272,030			
b) Change in recoveries, net of reinsurers' share							
aa) Gross amount	11	-165,944,195					
bb) (-) reinsurers' share	12	0	13	-165,944,195			
c) Change in the provision for claims outstanding							
aa) Gross amount	14	-1,032,919					
bb) (-) reinsurers' share	15	0	16	-1,032,919	17	-59,705,084	
5. CHANGE IN OTHER TECHNICAL PROVISIONS NET OF REINSURANCE					18	0	
6. PREMIUM REFUNDS AND PROFIT-SHARING, NET OF REINSURANCE					19	17,950,479	
7. OPERATING EXPENSES:							
a) Acquisition commissions			20	0			
b) Other acquisition costs			21	17,399,509			
c) Change in commissions and other acquisition costs to be amortised			22	0			
d) Collecting commissions			23	621,262			
e) Other administrative expenses			24	39,731,477			
f) (-) Reinsurance commissions and profit-sharing			25	238,430	26	57,513,818	
8. OTHER TECHNICAL CHARGES, NET OF REINSURANCE					27	1,535,467	
9. CHANGE IN THE EQUALISATION PROVISION					28	52,752,451	
10. BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE BUSINESS (item III. 1)					29	456,080,318	

Previous year		
	111 334,568,980	
	112 4,850,548	
	113 184,255,045	
	114 2,228,303	115 143,235,084
		116 169,152,376
		117 2,637,849
118 95,618,808		
119 0	120 95,618,808	
121 -67,140,980		
122 0	123 -67,140,980	
124 78,064,245		
125 0	126 78,064,245	
		127 106,542,073
		128 0
		129 5,956,467
	130 0	
	131 14,606,053	
	132 0	
	133 537,595	
	134 37,481,074	
	135 485,055	136 52,139,668
		137 3,268,403
		138 39,566,212
		139 107,552,487

PROFIT AND LOSS ACCOUNT

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

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

PROFIT & LOSS ACCOUNT

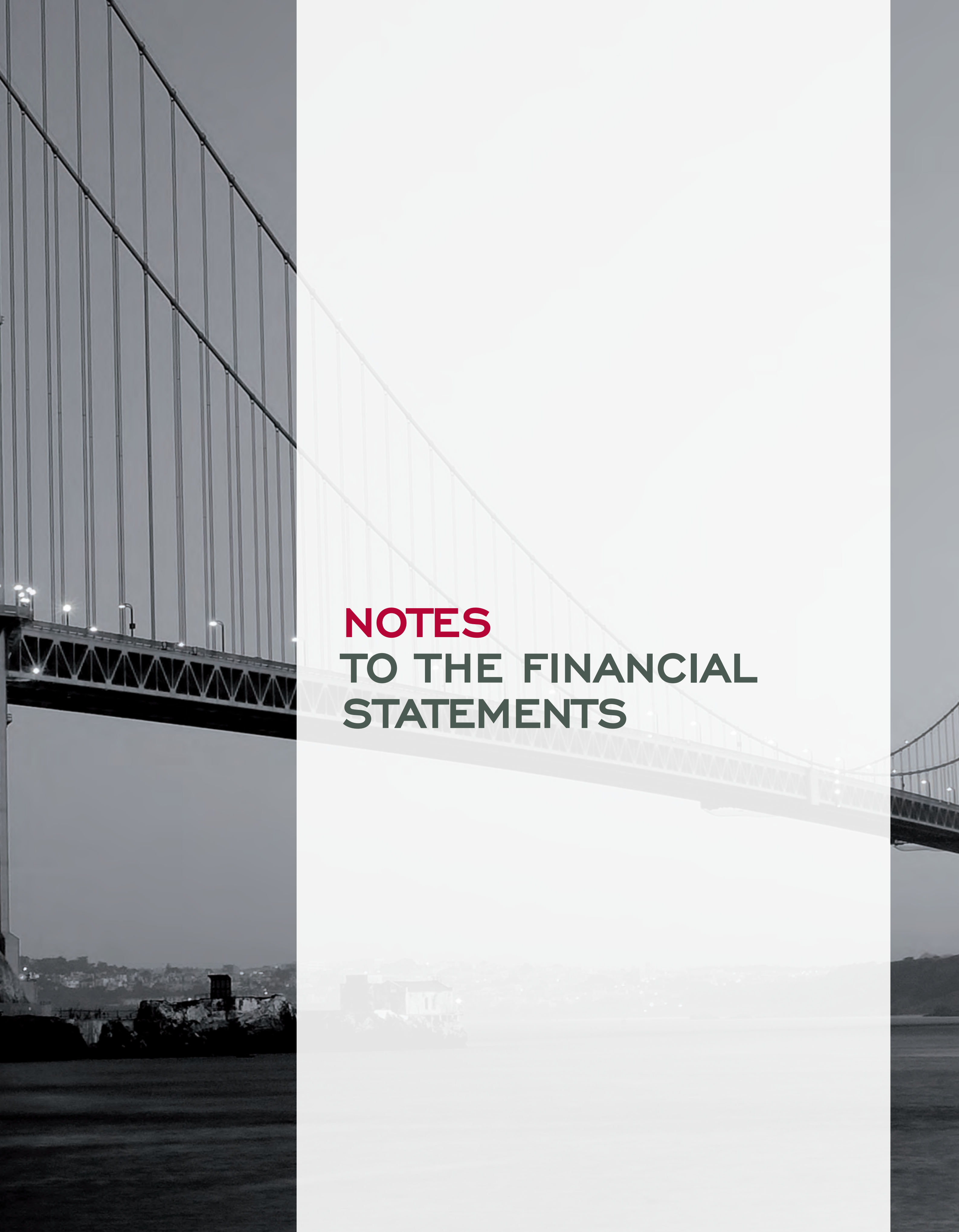
					Current year	
7. PREMIUM REFUNDS AND PROFIT-SHARING, NET OF REINSURANCE					65	0
8. OPERATING EXPENSES:						
a) Acquisition commissions			66	0		
b) Other acquisition costs			67	0		
c) Change in commissions and other acquisition costs to be amortised			68	0		
d) Collecting commissions			69	0		
e) Other administrative expenses			70	0		
f) (-) Reinsurance commissions and profit-sharing			71	0	72	0
9. INVESTMENT MANAGEMENT AND FINANCIAL CHARGES:						
a) Investment management charges, including interest			73	0		
b) Value adjustments on investments			74	0		
c) Losses on the disposal of investments			75	0	76	0
10. EXPENSES AND UNREALISED LOSSES ON INVESTMENTS TO THE BENEFIT OF POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND ON INVESTMENTS RELATING TO THE ADMINISTRATION OF PENSION FUNDS					77	0
11. OTHER TECHNICAL CHARGES, NET OF REINSURANCE					78	0
12. (-)ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-TECHNICAL ACCOUNT (item III. 4)					79	
13. BALANCE ON THE TECHNICAL ACCOUNT FOR LIFE BUSINESS (item III. 2)					80	0
III. NON-TECHNICAL ACCOUNT						
1. BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE BUSINESS (item I.10)					81	456,080,318
2. BALANCE ON THE TECHNICAL ACCOUNT FOR LIFE BUSINESS (item II. 13)					82	0
3. NON-LIFE INVESTMENT INCOME:						
a) From shares and interests			83	673,001		
(of which: from group companies)			84	0		
b) From other investments:						
aa) income from land and buildings	85	621,624				
bb) income from other investments	86	168,604,390	87	169,226,013		
(of which: from group companies)			88	1,284,325		
c) Value re-adjustments on investments			89	26,139,170		
d) Gains on the disposal of investments			90	703,314,370		
(of which: from group companies))			91	0	92	899,352,554

					Previous year	
					175	0
			176			
			177			
			178			
			179			
			180			
			181		182	0
			183			
			184			
			185		186	0
					187	0
					188	0
					189	0
					190	0
					191	107,552,487
					192	0
			193	7,968,173		
(of which: from group companies))			194	0		
	195	576,057				
	196	189,875,411	197	190,451,468		
(of which: from group companies))			198	0		
			199	97,477,970		
			200	890,371,902		
(of which: from group companies))			201	0	202	1,186,269,513

PROFIT & LOSS ACCOUNT

				Current year	
4. (+) ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE LIFE TECHNICAL ACCOUNT (item II.) 12)				93	0
5. INVESTMENT MANAGEMENT AND FINANCIAL CHARGES - NON-LIFE BUSINESS:					
a) Investment management charges, including interest		94	7,571,332		
b) Value adjustments on investments		95	255,923,513		
c) Losses on the disposal of investments		96	590,590,772	97	854,085,617
6. (-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-LIFE TECHNICAL ACCOUNT (item I.2)				98	13,395,252
7. OTHER INCOME				99	86,760,027
8. OTHER CHARGES				100	31,367,120
9. RESULT OF ORDINARY OPERATIONS				101	543,344,910
10. EXTRAORDINARY INCOME				102	2,597,077
11. EXTRAORDINARY CHARGES				103	2,013,132
12. EXTRAORDINARY PROFIT OR LOSS				104	583,946
13. PROFIT BEFORE TAXES				105	543,928,855
14. INCOME TAX FOR THE YEAR				106	177,209,249
15. NET INCOME (LOSS) FOR THE YEAR				107	366,719,606

	Current year		
		203	0
204	13,625,480		
205	177,003,365		
206	408,570,237	207	599,199,082
		208	169,152,376
		209	91,861,683
		210	55,754,017
		211	561,578,208
		212	10,217,947
		213	1,552,790
		214	8,665,157
		215	570,243,364
		216	177,219,743
		217	393,023,621



NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOREWORD

The financial statements herewith presented, comprising the schedules of the balance sheet, profit and loss account, explanatory notes and related attachments accompanied by the directors' report, have been prepared in accordance with article 6, para. 22 of Italian Legislative Decree No. 269/2003, the pertinent provisions of Legislative Decree No. 209 of 7 September 2005, Legislative Decree No. 173 of 26 May 1997, with regard to the provisions governing the annual and consolidated accounts of insurance companies, and ISVAP Regulation No. 22 of 4 April 2008, where applicable to SACE, The financial statements have been audited by PricewaterhouseCoopers S.p.A., as prescribed under articles 14 and 16 of Legislative Decree No. 39 of 27 January 2010, pursuant to the resolution of the shareholders' meeting held on 24 June 2010 whereby this firm was appointed for the period 2010-2012.

The notes to the financial statements include:
Part A - Valuation criteria
Part B - Information on the balance sheet and profit and loss account
Part C - Other information

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

PART A – VALUATION CRITERIA AND BASIS OF PRESENTATION

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

Section I – Valuation criteria

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

Intangible assets

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

Land and buildings

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

Equities

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

Investments

Pursuant to Ministerial Decree 116895 of 10 November 2004, with a view to promoting efficient management of business, and in accordance with the related resolutions of the board of directors, SACE's investments are divided into two categories: those held to maturity and those held for trading purposes. Securities held to maturity are recognised at purchase cost, adjusted by the year's portion of the positive or negative trading differences and, where applicable, written down in the case of permanent impairment. Interest and coupons matured on securities in the portfolio are recognised on an accruals basis and posted to accrued income. Trading securities are recognised at the lower of weighted average cost and realisable value at market prices. The original carrying value is restored, entirely or in part, when the reasons for the write-downs no longer apply. Any transfers of securities from one category to the other are effected on the basis of the value of the security on that date, defined according to the criteria for the category of origin. Following transfer, the securities are recognised according to the criteria of the new category. With regard to the trading securities portfolio, SACE S.p.A. has applied the same valuation criteria as in previous years, without resorting to the option permitted by Legislative Decree No. 185/08, the so-called Anti-crisis Decree converted into Law No. 2 on 28 January 2009.

Receivables

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

Receivables for premiums for the year

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

Tangible fixed assets and stocks

These items are recognised at purchase cost, increased by any directly attributable additional charges; they are written-down in the case of permanent impairments of value; depreciation is calculated on a straight-line basis over their estimated useful life. Depreciation is charged from the time the assets become available for use.

Technical provisions

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

a) Provision for unearned premiums

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

b) Provision for outstanding claims

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

c) Equalisation provision

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

Provision for pension funds and similar liabilities

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

Provisions for risks and charges

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

Provision for taxes

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

Provision for severance indemnities

The provision, net of advances paid, covers the company's liability towards its employees accrued at the end of the year. It is calculated for each individual employee on the basis of current legislation and employment contracts.

As a consequence of the reform of supplementary pension schemes, Law No. 296 of 27 December 2006:

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

Accounts payable

These items are recognised at face value.

Accruals and deferred income

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

Off-balance-sheet transactions and derivatives

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

Gross premiums written

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

Costs of personnel and general administrative expenses

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

1) personnel costs are allocated according to an analytical calculation based on the percentage weight of the costs for each resource within the specific structure;

2) general administrative expenses incurred for a specific reason are attributed directly;

3) other general expenses that are not specifically attributable are allocated on the basis of the percentages calculated using the method used to distribute personnel costs.

Items in foreign currency

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

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

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

Extraordinary income and charges

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

Income tax

The liability for income taxes is determined as the best estimate of the taxable income, calculated in accordance with the requirements of current legislation. Furthermore, for the period 2008-2010, the company, as consolidating entity, opted for the so-called "national fiscal consolidation" scheme together with the SACE BT S.p.A. and SACE Servizi S.r.l. subsidiaries. In 2009 this option was also extended to include the subsidiary SACE Fct S.p.A. (for the three-year period 2009-2011). Reference accounting principles on deferred and prepaid taxes have also been taken into account. Therefore, prepaid taxes and tax relief on losses carried forward are recognised when there is reasonable certainty of future recovery, and deferred tax liabilities are not recorded if there is little likelihood of the related charge occurring.

Exchange rates

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

Exchange rates	31/12/2010	31/12/2009	31/12/2008
US dollar	1,3362	1,4406	1,3917
GB pound	0,86075	0,8881	0,9525
Swiss franc	1,2504	1,4836	1,485

Functional currency

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

Section 2 – Adjustments and provisions for taxes

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

PART B — INFORMATION ON THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

BALANCE SHEET

(in € thousand)	**31/12/2010**	**31/12/2009**
Intangible assets	423	648
Investments	7,719,084	7,140,651
Reinsurers' share of technical provisions	6,286	6,549
Receivables	876,938	809,647
Other assets	77,450	721,044
Accruals and deferrals	56,503	57,662
BALANCE SHEET - ASSETS	**8,736,684**	**8,736,201**
Shareholders' equity:		
- Share capital	4,340,054	4,340,054
- Revaluation reserves	9,616	9,616
- Legal reserve	142,137	122,486
- Other reserves	972,409	962,350
- Profit for the year	366,720	393,024
Technical provisions	2,447,654	2,465,081
Provisions for risks and charges	96,377	90,564
Creditors and other liabilities	361,541	352,855
Accruals and deferrals	176	173
BALANCE SHEET - LIABILITIES	**8,736,684**	**8,736,201**

PROFIT & LOSS ACCOUNT

(in € thousand)	**31/12/2010**	**31/12/2009**
Non-life business technical account		
Gross premiums	441,988	334,569
Change in the provision for unearned premiums and outward reinsurance premiums	66,500	(191,334)
Net premium income	508,488	143,235
Allocated investment return transferred from the non-technical account	13,395	169,152
Change in the equalisation provision	(52,752)	(39,566)
Other technical income and charges	2,709	(631)
Claims incurred, net of recoveries	59,705	(106,542)
Premium refunds and profit sharing	(17,950)	(5,956)
Operating expenses	(57,514)	(52,140)
BALANCE ON THE NON-LIFE BUSINESS TECHNICAL ACCOUNT	**456,080**	**107,552**
Non-technical account		
Non-life investment income	899,353	1,186,269
Investment management and financial charges for non-life business	(854,086)	(599,199)
Allocated investment return transferred to the non-life technical account	(13,395)	(169,152)
Other income	86,760	91,862
Other expense	(31,367)	(55,754)
BALANCE ON THE NON-TECHNICAL ACCOUNT	**87,265**	**454,026**
INCOME FROM EXTRAORDINARY OPERATIONS	**584**	**8,665**
Income tax	(177,209)	(177,220)
PROFIT FOR THE YEAR	**366,720**	**393,024**

BALANCE SHEET – ASSETS

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

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

Table 1 (in € thousand)	**31/12/2010**	**31/12/2009**
Property rights	246	405
Brands and licences	18	19
Software	120	185
Construction in progress and payments on account	39	39
TOTAL OTHER MULTI-YEAR COSTS (ITEM B5)	**423**	**648**

Software costs (€120 thousand) mainly refer to costs for implementing and developing IT systems in connection with the ESACE project.
During the year costs relating to brands were capitalised for €2 thousand.

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

2.1 - Land and buildings - item C.I

This item (€68,145 thousand) reflects:

a. the value of the building owned by the company (€18,245 thousand), located in Piazza Poli 37/42, Rome, used in part for business purposes and in part leased to the SACE BT S.p.A. subsidiary;
b. the value of the land on which the building stands (€49,900 thousand).

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

Total investments recorded under this item amounted to €783,478 thousand at 31 December 2010 (the entire amount refers to financial fixed assets). The item includes: the investment in the SACE BT S.p.A. subsidiary, set up on 27 May 2004, the share capital of which (€100 million) is fully subscribed by SACE; the interest in SACE Fct S.p.A., set up on 24 March 2009, the share capital of which (€50 million) is fully subscribed by SACE S.p.A.; the interest in ATI (African Trade Insurance Agency) consisting of 100 shares for $9.5 million and loans granted to the SACE Fct S.p.A. subsidiary for €617,600 thousand..
Starting from 2009 shareholdings are valued by the equity method in order to provide more complete information on the state of affairs, financial and economic standing of subsidiaries and associated companies in the financial statements of the parent company. The adoption of this criterion resulted in a negative value adjustment for a total of €5,114 thousand, recorded under investment management and financial charges and a value re-adjustment for €144 thousand recorded under Income from investments. In 2010 the SACE BT subsidiary posted a loss of €4,755, while the SACE Fct subsidiary reported a €144 thousand profit.

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

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

2.2.1.c) The breakdown of changes is set forth in annex 7 to the notes.

2.3 - Other financial investments - item C.III

2.3.1 – Breakdown of financial investments according to use.

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

Table 2 (in € thousand)	**31/12/2010**	**31/12/2009**
List of government securities and bonds indicating the issuer		
Government securities issued by Austria	33,828	47,937
Government securities issued by Belgium	23,208	21,235
Government securities issued by France	45,449	45,099
Government securities issued by Germany	54,465	10,067
Government securities issued by Greece	219,220	144,880
Government securities issued by Ireland	103,048	10,269
Government securities issued by Italy	3,629,934	3,369,889
Government securities issued by the Netherlands	49,928	26,877
Government securities issued by Portugal	18,842	5,255
Government securities issued by Spain	76,400	348,638
Government securities issued by Sweden	2,998	2,994
Other listed securities	886,263	1,630,611
Other unlisted securities	143,396	141,701
TOTAL	**5,286,979**	**5,805,452**

Other listed securities mainly refer to bonds issued by Cassa Depositi e Prestiti, UBI Banca, Intesa San Paolo and BTA Bank.

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

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

Table 3 (in € thousand)	**Positivi**	**Negativi**
Description		
Issue differences	6,920	587
Trading differences	6,424	0

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

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

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

Loans include mortgages granted to employees, which amounted to €7,964 thousand at the beginning of the year. Instalments for €613 thousand were collected during the year. The balance of €7,351 refers to the outstanding capital in relation to the loans granted. The remaining amounts are not individually significant.

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

Table 4 (in € thousand)	31/12/2010	31/12/2009
Shares in common investment funds		
France	92,816	117,791
Ireland	7,160	13,445
Italy	53,485	3,181
Luxembourg	709,156	530,837
Sweden	33,568	29,980
USA	250,417	273,430
TOTAL	**1,146,602**	**968,664**

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

Table 5 (in € thousand)	31/12/2010	31/12/2009
Duration		
12 months	70,000	80,000
TOTAL	**70,000**	**80,000**

Time deposits are held with leading financial institutions.

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

Table 6 (in € thousand)	31/12/2010	31/12/2009
Description		
Receivables from leaving indemnity policyholders	4,554	4,944
Other investments	332,927	0
OTHER FINANCIAL INVESTMENTS	**337,481**	**4,944**

2.4 - Deposits with ceding companies – item C.IV

This item reflects the amount of guarantee deposits with ceding companies regulated by current treaties. The same treaties also govern the conditions and procedures for changes in such accounts. These deposits amounted to a total of €297 thousand. No write-downs were made on such deposits during the year.

Section 4 – item D bis – Reinsurers' share of technical provisions

This item consists exclusively of the provision for unearned premiums.

Table 7 (in € thousand)	31/12/2010	31/12/2009
Description		
Provision for unearned premiums	**6,286**	**6,549**

Section 5 – item E – Receivables

Table 8 (in € thousand)	31/12/2010	31/12/2009
Description		
Receivables arising out of direct insurance business - policyholders	69,367	90,839
Policyholders and third parties for recoveries (item E.I)	421,865	415,546
Insurance and reinsurance companies (item E.II)	119	2,301
Other debtors (item E.III)	385,587	300,961
TOTAL	**876,938**	**809,647**

The breakdown of this item is as follows:

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

This item comprises premiums to be collected on policies issued at the reporting date (€69,367 thousand). No impairment losses were recognised in the year on amounts receivable in connection with insurance operations for premiums. The policyholders and third parties for recoveries item (€421,865 thousand) mainly consists of subrogation credits granted by the Ministry of Economy and Finance pursuant to Legislative Decree No. 269/2003, measured at presumed realisable value and determined separately for each type of credit and counterparty.

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

Table 9 (in € thousand)	
Description	
VALUES AT 1 JANUARY 2010	**415,546**
+ Receivables matured in the year	105,009
- receivables collected in the year	94,267
- losses on receivables/write-downs	92,222
revaluations	65,574
- adjustments from item E.III and other adjustments	
+ exchange rate alignment (+/-)	22,225
VALUES AT 31 DECEMBER 2010	**421,865**

The change in the value of receivables at 31 December 2010 with respect to the previous year was essentially forged by collections for the period (€94,267 thousand), write-downs of receivables, the recovery of which has become more uncertain due to the inconclusive behaviour of foreign debtors (€12,665 thousand), write-downs of Egyptian receivables (€48,071) and value re-adjustments on receivables from Iraq and the Seychelles (respectively, for €62,525 and €3,049) to their presumed realisable value and due to the effect of valuations at year-end exchange rates for receivables expressed in currencies other than the euro (€22,225 thousand).

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

- in 2005, securitisation of the OPTIMUM debt was terminated in advance by means of a receivables retransfer agreement under which SACE re-acquired from OPTIMUM the outstanding receivables, i.e. amounts originally granted to the SPV in excess of the latter’s financial requirements;

- given the homogenous nature of such receivables compared with other non-securitised receivables stated in the accounts, in 2005, in order to provide a clear and true view of the company's financial position and in accordance with article 2423, para. 4 of the Italian Civil Code, the company decided to make an exception to the valuation criteria envisaged under article 2426, para. 1, point 9) of the Italian Civil Code. This resulted in the revaluation of the book value of the specific receivables for €104,235 thousand. Said revaluation was offset by a specific equity reserve the distribution of which is subject to effective recovery of the receivables;
- in 2010, such receivables were collected for €2,204 thousand, generating gains of €2,421 thousand. The effects on the provision pursuant to article 2423, para. 4 of the Italian Civil Code are shown in the shareholders' equity table to which reference should be made.

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

Table 10 (in € thousand)	**31/12/2010**	**31/12/2009**
Description		
Other debtors country	12,248	580
Compensatory interest on claims to be recovered	138,182	105,949
Receivables from tax authorities	181,713	140,903
Advance tax assets	48,875	45,893
Sundry receivables	4,569	7,636
OTHER DEBTORS (ITEM EIII)	**385,587**	**300,961**

Other debtors country (€12,248 thousand) comprise receivables from policyholders in relation to their exposure. The aforesaid receivables are similar, as far as their related terms and conditions of repayment are concerned, to the receivables payable by foreign countries directly to SACE and are stated at purchase price. Compensatory interest on claims to be recovered (€138,182 thousand) represents the total amount payable as at the date of the financial statements by foreign countries by way of interest under existing restructuring agreements. Receivables from the tax authorities (€181,713 thousand) mainly include: tax credits for which reimbursement has been requested which, increased by the interest due as at 31 December 2010, amounted to €838 thousand; advance payments of IRES (Corporate Income Tax) and IRAP (Regional Tax on Production Activities) for 2009 (€176,364 thousand), tax withholdings on own current accounts and on trading of securities under management for €1,373 thousand and tax withholdings transferred by subsidiaries under the consolidated tax scheme for €40 thousand. Advance tax assets (€48,875 thousand) refer to items in the profit and loss account that contribute to forming the taxable income of years other than that in which they are recognised. This item is stated net of the transfer in 2010 to profit and loss of prepaid taxes appropriated in previous tax periods due to achievement of a taxable income for IRES and IRAP. The breakdown is shown in section 21.7 of these notes.

Debtors country – breakdown by geographical area

Table 11 (in € thousand)	31/12/2010	31/12/2009
Description		
Africa	91,428	144,624
America	157,334	152,392
Asia	240,181	137,934
Europe	82,365	84,414
TOTAL	**571,308**	**519,364**

Debtors country – breakdown by foreign currency

Table 12 (in € thousand)	31/12/2010	31/12/2009
Currency		
USD	510,650	543,256
Euro	185,093	140,427
CHF	5,051	2,703
Other currencies	9	10

Section 6 – item F – Other assets

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

Table 13 (in € thousand)	2009	Variazione in aumento	Variazioni in diminuzione	2010
Description				
Furniture and machinery	2,128	684	664	2,148
Works of art	35	11	0	46
Plant	165	3	76	92
Stocks	69	0	37	32
Construction in course and advances	26	0	0	26
TOTAL	**2,423**	**698**	**777**	**2,344**

Cash and cash equivalents

Deposits with credit institutions amounted to €57,147 thousand, of which €6,950 thousand in foreign currency current accounts. At 31 December 2010 cash on hand amounted to €2.9 thousand.

6.4 – Sundry assets

Table 14 (in € thousand)	31/12/2010	31/12/2009
Description		
Capital gains on foreign exchange forward transactions	15,821	42,287
Gains on derivatives	710	10,983
Receivables from SACE Servizi	475	551
Receivables from SACE Fct	132	0
Receivables from SACE BT	203	2
TOTAL	**17,341**	**53,823**

The y/y decrease in gains on derivatives reflects the closing of these during the year.

Section 7 – Accruals and deferrals – item G

Table 15 (in € thousand)	31/12/2010	31/12/2009
Description		
for interest on government securities and bonds	55,530	55,820
for interest on other financial investments	81	431
Other accrued income	0	2
ACCRUED INCOME	**55,611**	**56,253**
Other accruals	891	1,408
PREPAID EXPENSES	**891**	**1,408**

The interest on other financial investments item (€81 thousand) reflects interest on time deposit transactions and notes. Other accruals for €891 thousand consist of €322 thousand for portions of general expenses to be attributed to subsequent years, and €569 thousand for portions of fees in connection with hedging derivatives not relevant to the year ended.

BALANCE SHEET LIABILITIES AND SHAREHOLDERS' EQUITY

Section 8 – Shareholders' equity – item A

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

Table 16 (in € thousand)	Share capital	Revaluation reserves	Legal reserve	Other reserves	Profit for the year	Total
Description						
Balance at 1 January 2009	**4,340,054**	**9,616**	**105,591**	**776,361**	**337,883**	**5,569,505**
Reduction in share capital						
Allocation of 2008 net profit:						
- Distribution of dividends					(135,000)	(135,000)
- Other allocations			16,894	185,989	(202,883)	-
Revaluation of property under Law 2/2009						
Result for 2009					393,024	393,024
Balance at 31 December 2009	**4,340,054**	**9,616**	**122,485**	**962,350**	**393,024**	**5,827,529**
Allocation of 2009 net profit:						
- Distribution of dividends					(363,313)	(363,313)
- Other allocations			19,652	10,059	(29,711)	-
Result for 2010					366,720	366,720
Balance at 31 December 2010	**4,340,054**	**9,616**	**142,137**	**972,409**	**366,720**	**5,830,936**

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

Table 17 (amounts in Euro)	Amount	Possibility of utilisation	Available portion	Summary of utilisation in the previous 3 years
Capital at 31.12.10	**4,340,053,892**			
Capital reserves:				
Revaluation reserves	9,615,916	A. B.C	9,615,916	
Retained earnings				
Legal reserve	142,137,160	B	-	
Other reserves	29,487,744	A. B	29,487,744	
Other reserves	942,921,284	A. B.C	942,921,284	
TOTAL			**982,024,944**	
not distributable (1)			29,487,744	
distributable			952,537,200	

Legend: A: for capital increase; B: to cover losses; C: for distribution to shareholders
(1) the non-distributable portion includes €25,594 thousand for the provision pursuant to article 2423, para. 4 set aside as at 31.12.2005 (€104,235 thousand) net of amounts collected during the year (€2,204 thousand in 2010, €2,306 thousand in 2009, €21,232 thousand in 2008, €17,290 thousand in 2007 and €35,608 thousand in 2006) and the remaining portion of the reserve for exchange gains (€3,894 thousand).

The share capital consists of 1 million shares for a total face value of €4,340,054 thousand, entirely attributed to the Ministry of Economy and Finance.

Section 9 – Subordinated liabilities

The company had no subordinated liabilities.

Section 10 – Technical provisions – item C.I. (annex 13)

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

Table 18 (in € thousand)	31/12/2010	31/12/2009
Provision for unearned premiums		
- Provision for premium instalments	1,205,443	987,129
- Provision for unexpired risks	514,782	802,242
TOTAL	**1,720,225**	**1,789,371**
Provision for claims outstanding		
- Provision for claims paid and direct expenses	207,524	235,519
- Provision for settlement costs	8,053	8,007
- Provision for late claims	36,624	9,708
TOTAL	**252,201**	**253,234**

The provision for unearned premiums refers for €596,183 thousand to exposure in foreign currency. The provision for claims outstanding refers for €83,430 thousand to exposure in foreign currencies. The provision for claims outstanding is deemed sufficient to cover the potential cost of unpaid claims, fully or in part, at the end of the year. The saving generated by differences between the provision set aside, payments of claims from previous years and claims settled without further action, and the amount of the provision still standing at the end of the year reflect the good level of recoveries from third party debtors. These savings confirm the adequacy of the criteria used to evaluate all foreseeable expenses.

The values for direct business and inward reinsurance are shown in the table below:

Table 19 (in € thousand)	DB 31/12/2010	IB 31/12/2010	DB 31/12/2009	IB 31/12/2009
Description				
Provision for unearned premiums				
- Provision for premium instalments	1,186,490	18,953	969,269	17,860
- Provision for unexpired risks	514,782		802,242	
CARRYING VALUE	**1,701,272**	**18,953**	**1,771,511**	**17,860**
Provision for claims outstanding				
- Provision for claims paid and direct expenses	203,228	4,296	229,494	6,025
- Provision for settlement costs	8,053	0	8,007	0
- Provision for late claims	36,624	0	9,708	0
CARRYING VALUE	**247,905**	**4,296**	**247,209**	**6,025**

The change of the provision for unexpired risks, calculated according to the credit metrics method, takes into account the global scenario and also SACE's level of exposure towards Middle East countries. The assets guarantee coverage of the technical provisions at the end of the year.

10.2 - Equalisation provision

The equalisation provision, of €475,228 thousand, increased with respect to the previous year (€52,752 thousand).

Section 12 – Provisions for risks and charges – item E

Changes in this item are reported in annex 15.

Provisions for risks and charges amounted to €96,377 thousand. These comprise €2,139 thousand for severance pay, €22,084 thousand for deferred tax liabilities and €72,154 thousand for other provisions, the main components of which are listed below:

- € 39,787 thousand which refer to litigation in course at the end of the year;
- € 21,427 thousand for agreements currently being defined with policyholders;
- € 636 thousand allocated on the basis of prudent calculations to be assigned to policyholders by way of shares due;
- € 10,304 thousand for potential estimated liabilities with policyholders, due to the non-maturity of said amounts.

Section 13 – Accounts payable and other liabilities – item G

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

Table 20 (in € thousand)	31/12/2010	31/12/2009
Description		
Premium reimbursements	1,107	5,404
Advances for premiums	989	6,512
Front-end expenses	188	234
Amounts due on recoveries	53,595	58,342
ACCOUNTS PAYABLE TO POLICYHOLDERS - ITEM G.I.3.	**55,879**	**70,492**

Amounts due on recoveries include amounts due to policyholders in respect of deductibles on recovered amounts. The change compared to the previous year is due to the payment of the amounts due made in 2010.

13.2 – Amounts due to banks and credit institutions (item G.IV)

This item comprises the amount due to the banks that are counterparties to the credit default swap transaction (€572 thousand).

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

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

Other accounts payable – item G.VIII

Table 21 (in € thousand)	31/12/2010	31/12/2009
Description		
Other tax liabilities	167,754	181,071
Social security	1,176	1,081
Sundry creditors	65,925	52,163
TOTAL	**234,855**	**234,315**

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

Sundry creditors (for a total of €65,925 thousand) mainly comprise amounts due to suppliers for €7,278 thousand against general administrative costs for the year, amounts due to employees (gross of the related contributions) for €13,211 thousand in the form of premiums, summer bonus prepayments, leaving incentives and leave due and not taken, and for €44,580 thousand to payables to banks for premiums on foreign exchange options and securities falling due the following year.

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

The information received from the ceding companies on provisional technical income for 2010 was carried forward to the technical account for the following year as deferred reinsurance items. Pursuant to article 42 of Legislative Decree 173/97, the claims outstanding provision reported in the balance sheet includes €314 thousand referring to agreements with reinsured companies.

13.8 – Sundry liabilities – item G.IX.3

This item, amounting to a total of €63,299 thousand, comprises valuation losses on portfolio derivatives used to hedge assets against exchange rate risks for €63,261 thousand and also includes €38 thousand, of which €25 thousand for amounts received from debtor countries, awaiting allocation.

Section 14 – Accrued liabilities – item H

14.1 – Separate indication of accrued liabilities for each item.

Table 22 (in € thousand)	31/12/2010	31/12/2009
Description		
Interest on loans	0	0
Accrued expenses	**0**	**0**
Deferred payments on rent income	**151**	**148**
Other accrued liabilities	**26**	**25**

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

Other accrued liabilities amounted to €26 thousand and refer to deferred payments on services rendered.

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

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

Section 15 – Assets and liabilities relating to companies in which a significant interest is held

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

Section 16 – Receivables and accounts payable

16.1 – Receivables and accounts payable are due as follows:

Of the receivables under asset items C and E, €3,462,237 thousand fall due after the end of the following year and €1,808,000 thousand after five years. The accounts payable under liability items F and G (€62,969 thousand) are due within five years.

Section 17 – Guarantees, commitments and other memorandum accounts – Items I. II. III and IV

Details of the memorandum accounts are given in annex 17.

17.1 – Breakdown of commitments

The commitments item refers to derivatives for a total of €3,326,197 thousand, details of which are given in annex 18. This amount comprises €217,033 thousand representing the notional reference capital for the credit default swap transactions for partial coverage of the insurance policies issued. The counterparties for the instruments traded were leading credit institutions with high ratings.

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

Table 23 (in € thousand)	**Expiry date**	**€**	**USD**
Type			
Exchange rate derivatives	*04.01.11*		20,000
	14.01.11		198,875
	18.01.11		366,220
	21.01.11	44	
	24.01.11	54,105	
	25.01.11		495,814
	28.01.11	115,122	
	31.01.11	79,992	102,834
	03.02.11		186,250
	14.02.11	504,096	
	22.02.11	79,114	
	24.02.11	243,666	
	31.03.11		236,577
	15.09.11	60,000	
	07.11.11	123,772	
	01.12.11	2,045	
Derivative contracts on securities	*21.01.11*		248,475
	16.03.11	358,225	
	18.03.11		85,500
Credit derivatives	*20.12.11*		60,000
	30.12.11		20,000
	20.03.12		80,000
	20.06.12		130,000

The effect of exchange rate hedging transactions on items in foreign currency that expired in the year produced a positive balance of €72,116 thousand, while the effect of valuations of existing derivatives at year-end exchange rates and items in foreign currency produced a negative balance of €50,657 thousand. These components are analysed in detail in section 22 of these notes.

PROFIT & LOSS ACCOUNT

SECTION 18 – INFORMATION ON THE NON-LIFE TECHNICAL ACCOUNT

18.1 - Gross premiums written

Gross premiums written amounted to €441,988 thousand.

In accordance with the applicable legislation, 16 resources were engaged in the provision of internationalisation guarantees and the forecast is to collect an overall premium for the equivalent of 1.81% of the loans secured at the end of the 5-year loan period.

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

18.3 – Details of the reasons for transferring the allocated investment return from the non-technical account and description of the calculation criteria used – item I.2.

Pursuant to article 55 of Legislative Decree 173/97, the allocated investment return transferred amounted to €13,395 thousand.

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

Table 24 (in € thousand)	31/12/2010	31/12/2009
Description		
Prior year premiums - direct business (+)	92	576
Prior year premiums - inward reinsurance (+)	-459	-254
Prior year premiums - ceded business (-)	0	0
Sundry technical income (+)	4,611	2,316
TOTAL	**4,244**	**2,638**

Sundry technical income mainly refers to front-end expenses for the year for €381 thousand and the other technical income arising from the management of insurance contracts for €3,738 thousand.

18.5 – Claims incurred net of recoveries and reinsurance

Table 25 (in € thousand)	DB 31/12/2010	IB 31/12/2010	Total 31/12/2010	DB 31/12/2009	IB 31/12/2009	Total 31/12/2009
Description						
Claims paid for the current year	-88,362	-2,229	-90,591	-53,218	-3	-53,221
Claims paid relating to previous years	-12,494	-0.17	-12,494	-37,000	-1,345	-38,345
Costs of claims management	-4,187	0	-4,187	-4,052	0	-4,052
Change in recoveries	164,988	315	165,303	135,953	143	136,096
Write-downs of receivables for amounts payable	-66,515	0	-66,515	-40,380	0	-40,380
Write-backs of receivables for amounts payable	98,272	0	98,272	0	0	0
Losses on amounts due	-31,116	0	-31,116	-28,575	0	-28,575
Change in the provision for claims outstanding	-696	1,729	1,033	-75,890	-2,174	-78,064
TOTAL NET CLAIMS INCURRED	**59,890**	**-185**	**59,705**	**-103,163**	**-3,379**	**-106,542**

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

The amount of the claims paid during the same year and for claims relating to previous years were completely covered by the specific provisions made.

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

Premium refunds, characterised by refunds net of reinsurance, are stated in the following table:

Table 26 (in € thousand)	31/12/2010	31/12/2009
Description		
Premium refunds net of premiums relating to the current year	17,950	5,874
Premium refunds net of premiums ceded to reinsurers	0	82
TOTAL	**17,950**	**5,956**

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

This item posted a balance at 31 December 2010 of €238 thousand referring exclusively to reinsurance commissions.

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

Table 27 (in € thousand)	31/12/2010	31/12/2009
Description		
Collection and acquisition commissions	621	538
Other acquisition costs	17,400	14,606
Other administrative expenses	39,731	37,481
Commissions and profit sharing	-238	-485
OPERATING EXPENSES	**57,514**	**52,140**

Other acquisition costs comprise reinsurance commissions and general expenses made up of personnel costs (€10,979 thousand) and other general administrative expenses (€6,421 thousand). Other administrative expenses comprise general expenses made up of costs of personnel (€35,599 thousand), other general administrative expenses (€3,504 thousand), depreciation of instrumental assets (€628 thousand). Personnel costs, a description of the relative items, the average number of employees during the year, the number of directors and statutory auditors and related remuneration are given in annex 32.

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

This item, for €1535 thousand, refers to technical cancellations of premiums due to termination of insurance contracts.

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

The change in the equalisation provision, equal to €52,752 thousand, was determined in accordance with current legislation.

Section 20 – Analysis of technical items by business and result of the non-technical account

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

Section 21 – Information on the non technical account (III)

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

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

Table 28 (in € thousand)	**31/12/2010**	**31/12/2009**
Description		
Income from shares and interests	673	7,968
Income from investments in land and buildings	622	576
Income from other investments	168,605	189,875
Value re-adjustments on investments	26,139	97,478
Gains on the disposal of investments	703,314	890,372
TOTAL	**899,353**	**1,186,269**

Income from other investments (€168,605 thousand) includes €161,759 thousand for interest on Government securities and bonds, €153 thousand for interest income on mortgages, €3,245 thousand for interest on time deposits, €540 thousand for proceeds on shares of collective investment undertakings and €1,284 thousand for interest on the loan to SACE Fct. The value re-adjustment on investments item (€26,139 thousand) refers to forward currency sales for €16,104 thousand (see also section 22 of these notes), upward adjustments on government securities, bonds and shares for €9,891 thousand and the upward adjustment on the interest in SACE Fct for €144 thousand. Gains on the disposal of investments (€703,314 thousand) include €306,674 thousand referring to forward transactions, €308,740 thousand on transactions in derivatives and €87,900 thousand for gains on the sale of securities. The breakdown of each item is detailed in annex 21.

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

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

Table 29 (in € thousand)	**31/12/2010**	**31/12/2009**
Description		
Investment management charges and other charges	7,571	13,626
Value re-adjustments on investments	255,924	177,003
Losses on the disposal of investments	590,591	408,570
TOTAL	**854,086**	**599,199**

Investment management charges and other charges mainly comprise issue differences on government securities (€587 thousand), charges on transactions in derivatives (€446 thousand), investment management charges (€2,821 thousand) and property management charges (€2,011 thousand). Value re-adjustments on investments (€255,924 thousand) refers to forward contracts on transactions in derivatives for €63,262 thousand, losses on government securities, bonds and shares (€186,853 thousand), write-downs of investments in SACE BT and ATI (€5,114 thousand) and depreciation of real estate for €695 thousand. Losses on the disposal of investments (€590,591 thousand) include €411,770 thousand referring to forward transactions, €164,402 thousand on transactions in derivatives, €14,419 thousand on the sale of securities. The breakdown of each item is detailed in annex 23.

21.3 – Breakdown of other income – item III.7

Table 30 (in € thousand)	**31/12/2010**	**31/12/2009**
Description		
Compensatory interest on premiums	85	104
Compensatory interest on receivables	10,748	20,727
Interest earned and other income	2,233	11,516
Interest earned on tax credits	560	762
Capital gains on other receivables	4,087	11,933
Profits on exchange rates	3,456	4,625
Utilisation of provisions and non-existent liabilities	15,354	37,062
Valuation gains on exchange rates	47,185	2,711
Revenues from services to affiliates	3,052	2,421
TOTAL	**86,760**	**91,861**

Compensatory interest on receivables (€10,748 thousand) represents the interest matured in the year on subrogation credit. Profits on exchange rates refer to capital gains on exchange rates on transactions in foreign currency. The reduction in interest matured during the year is related to a correlated reduction in total receivables outstanding. Gains on other receivables (€4,087 thousand) refer for €1,361 thousand to collection of compensatory interest, €2,421 thousand for recovery of receivables ex Optimum and €305 thousand for gains relating to receivables for acquired shares due to policyholders. Profits from valuation gains on exchange rates include the result of the valuation of the entries in foreign currencies at year-end exchange rates (for further details, see section 22 of these notes).

21.4 – Breakdown of other charges - item III.8 - (annex 32)

Table 31 (in € thousand)	**31/12/2010**	**31/12/2009**
Description		
Other non-technical administrative expenses	5,950	6,359
Amortisation of intangible assets	323	485
Additions to risk provisions	4,963	12,855
Exchange losses	4,889	3,405
Valuation exchange losses	11,865	17,329
Other financial charges	520	2,600
Interest payable on loans	0	2,628
Write-downs of receivables - compensatory interest	1,944	3,038
Write-down of other receivables	784	6,817
Other interest and charges on SPOT transactions	129	238
TOTAL	**31,367**	**55,754**

Exchange losses on valuation (€11,865 thousand) refer for €9,712 thousand to valuation of receivables and payables expressed in foreign currency, and €2,153 thousand for valuation losses on exchange rates, recorded with reference to the current accounts denominated in foreign currency (for more details see section 22 of these notes).

Personnel costs are listed in annex 32.

21.5 – Breakdown of extraordinary income – item III.10

Table 32 (in € thousand)	31/12/2010	31/12/2009
Description		
Sundry non-operating income	2,046	9,135
Other extraordinary income	7	11
Other financial income	544	1,072
TOTAL	**2,597**	**10,218**

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

21.6 – Breakdown of extraordinary charges – item III.11

Table 33 (in € thousand)	31/12/2010	31/12/2009
Description		
Other financial charges from previous years	101	1,247
Sundry non-operating liabilities	1,912	306
TOTAL	**2,013**	**1,553**

Sundry non-operating liabilities include reductions in value of compensatory interest for previous years and general expenditure accrued from previous years.

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

This item, totalling € 177,209 thousand, comprises the following:

a) € 142,534 thousand for IRES for the year;

b) € 24,253 thousand for IRAP for the year;

c) € 808 thousand for proceeds calculated on taxable amounts transferred by the subsidiaries participating in the consolidated tax scheme;

d) € 15,278 thousand for disclosure of deferred taxes on temporary changes during the year determined as illustrated in the table below. For the current year, prepaid IRES and IRAP for €7,921 thousand, were calculated on the basis of the reasonable certainty of generating tax liable income in the future such as to enable their recovery. As in the previous year, no prepaid taxes were recognised in relation to subrogation credit write-offs since there is no reasonable certainty as regards the recoverability of such amounts or the period in which such temporary differences will occur.

e) € 4,939 thousand corresponding to transfer to profit and loss of prepaid IRES and IRAP accrued in previous years.

f) € 1,066 thousand corresponding to transfer to profit and loss of deferred IRES and IRAP accrued in previous years.

Current taxes were calculated at the current rate of 27.5% for IRES and 4.97% for IRAP. Prepaid and deferred taxes deriving from temporary changes during the year have been determined according to current rates.

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

Table 34 (in € thousand)	Opening balance		Utilisation 2010		Change in the year		Closing balance	
	Temporary differences	Tax	Temporary differences	Tax	Temporary differences	Tax	Temporary differences	tax
IRAP								
Type of temporary differences								
Recognised in profit or loss								
Differences giving rise to advance tax assets								
Entertainment expenses	31	1	(21)	(1)			10	0
Maintenance	3,134	151	(1,255)	(62)			1,879	89
Reserve fund	16,048	774	(1,757)	(87)			14,291	687
Provision for claims outstanding	1,446	70	(130)	(6)			1,316	64
Depreciation on revaluation of property	298	14			298	14	596	28
Change in tax rates						31		31
TOTAL	**20,957**	**1,010**	**(3,163)**	**(156)**	**298**	**45**	**18,092**	**899**

	Opening balance		Utilisation 2010		Changes for the year		Closing balance	
	Temporary differences	Tax	Temporary differences	Tax	Temporary differences	Tax	Temporary differences	tax
IRES								
Type of temporary differences								
Recognised in profit or loss								
Differences giving rise to advance tax assets								
Representation expenses		8	(22)	(6)			9	2
Maintenance		2,796	(2,820)	(776)	650	179	7,995	2,199
Reserve fund		5,653	(1,757)	(483)			18,800	5,170
Provision for claims outstanding		11,796	(2,407)	(663)			40,486	11,133
Auditors' certificate		13	(49)	(14)	49	14	49	13
Potential liabilities fund		8,248	(8,040)	(2,211)	4,963	1,366	26,916	7,403
Fees paid to directors		18	(65)	(18)	19	5	19	5
Exchange rate valuation losses		13,749	4,213	1,159	9,713	2,671	63,920	17,579
Depreciation on revaluation of property		91			332	91	664	182
Valuation losses on listed shares		1,117	(1,371)	(377)	7,333	2,017	10,022	2,757
Allocation to employee premium		1,394	(5,070)	(1,394)	5,577	1,533	5,577	1,533
TOTAL	**163,209**	**44,883**	**(17,388)**	**(4,783)**	**28,636**	**7,876**	**174,457**	**47,976**
Differences giving rise to deferred tax liabilities								
Exchange rate valuation gains	27,868	7,663	(3,707)	(1,019)	55,555	15,278	79,716	21,922
Valuation gains on listed shares	759	209	(171)	(47)			588	162
TOTAL	**28,627**	**7,872**	**(3,878)**	**(1,066)**	**55,555**	**15,278**	**80,304**	**22,084**
Differences excluded from the determination of advance taxes								
Subrogation credit write-offs – pol. business	26,966						55,793	
Debt write-offs - surety business	13,414							
Subrogation credit write-offs – com. business	1,300						12,666	
Write downs of other credits - technical business	19,672						784	
TOTAL PREPAID TAXES ARISING FROM TEMPORARY DIFFERENCES		**45,893**		**(4,939)**		**7,921**		**48,875**
TOTAL DEFERRED TAXES ARISING FROM TEMPORARY DIFFERENCES		**7,872**		**(1,066)**		**15,278**		**22,084**

Section 22 – Other information in the Profit and Loss Account

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

The breakdown of personnel costs for the Italian and foreign portfolios is given in annex 32. The effect of exchange rate hedging transactions on entries in foreign currency that expired during the year generated a positive balance of €72,116 thousand, while the effect of valuations of existing derivatives at year-end exchange rates and entries in foreign currency generated a positive balance of €50,657 thousand, as shown in the table below.

Table 35 (in € thousand)	**31/12/2010**
REALISED	
Losses on forward contracts and trading	(411,770)
Gains on forward contacts and trading	306,674
Proceeds from derivatives	215,151
Charges on derivatives	(59,356)
Net realised gains (A)	**50,699**
Exchange gains	26,512
Exchange losses	(5,095)
Net realised exchange gains (B)	**21,417**
Result realised (A+B)	**72,116**

FROM VALUATION	
Valuation losses on forward contracts and derivatives	(63,261)
Valuation gains on forward contracts and derivatives	16,104
Net valuation losses (C)	**(47,157)**
Exchange gains – valuation of technical provisions	-
Exchange losses – valuation of technical provisions	(5,494)
Exchange losses– valuation of provision for unearned premiums	(33,326)
Exchange gains – valuation of receivables and payables	41,510
Exchange losses - valuation of receivables and payables	(9,713)
Exchange gains – valuation of cash and cash equivalents	5,676
Exchange losses - valuation of cash and cash equivalents	(2,153)
Net valuation exchange losses (D)	**(3,500)**
Net exchange gains from valuation (C +D)	**(50,657)**

PART C — OTHER INFORMATION

CASH FLOW STATEMENT

(in € thousand)	Anno 2010	Anno 2009
Profit (loss) for the year before tax	**543,929**	**570,243**
Changes in non-cash items	**206,706**	**369,694**
Change in the provision for unearned premiums - non-life business	(68,884)	186,483
Change in the provision for claims outstanding and other technical provisions - non-life business	51,720	117,630
Change in the general provision	(4,963)	(12,855)
Non-cash income and expense from financial instruments, investment property and equity investments	229,784	79,525
Other changes	(951)	(1,089)
Change in receivables and payables generated by operations	**(10,557)**	**286,671**
Change in receivables and payables arising from direct insurance and reinsurance business	17,335	161,131
Change in other receivables and payables	(27,892)	125,540
Tax paid	**(177,209)**	**(177,220)**
TOTAL NET CASH FLOW ARISING FROM OPERATIONS	**562,869**	**1,049,388**
Net cash flow generated/absorbed by investment property	695	695
Net cash flow generated/absorbed by financial investments	(808,792)	(738,557)
Net cash flow generated/absorbed by plant, property and equipment and intangible assets	1,254	1,206
TOTAL NET CASH FLOW ARISING FROM INVESTMENT OPERATIONS	**(806,843)**	**(736,656)**
Repayment of share capital		-
Revaluation of property	0	-
Distribution of dividends	(363,313)	(135,000)
Net cash flow generated/absorbed by other financial liabilities	(361)	(33,159)
TOTAL NET CASH FLOW ARISING FROM LOAN OPERATIONS	**(363,674)**	**(168,159)**
Effect of exchange rate differences on cash and cash equivalents		
CASH AND CASH EQUIVALENTS - OPENING BALANCE	**664,798**	**520,225**
INCREASE (REDUCTION) IN CASH AND CASH EQUIVALENTS	(607,648)	144,573
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	**57,150**	**664,798**

SACE S.p.A.

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

The legal representatives of the company

Alessandro Castellano

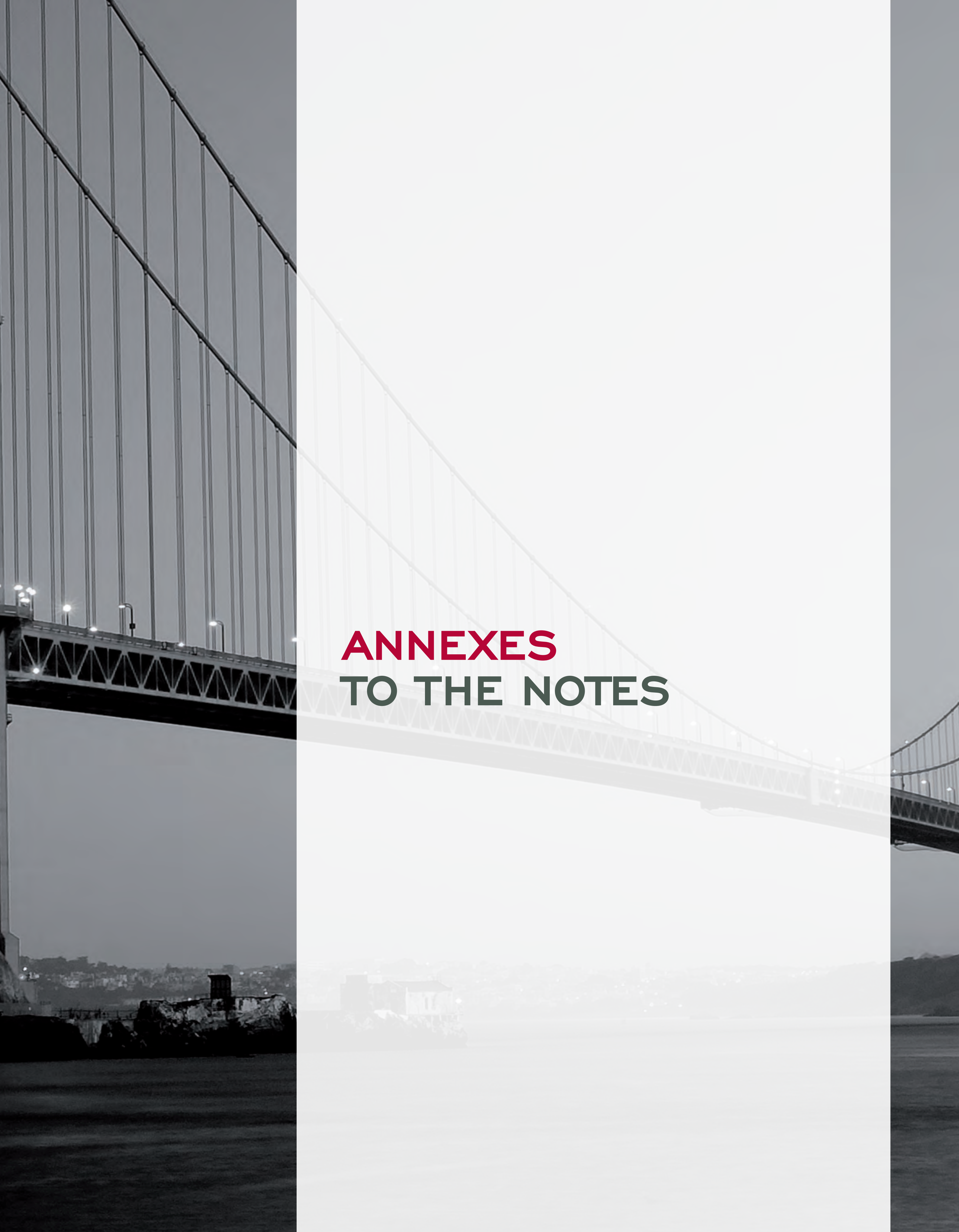
The Statutory Auditors

Marcello Cosconati

Guido Marchese

Leonardo Quagliata

Space reserved for the stamp of the registry office
to be applied at the time of filing the accounts.



ANNEXES TO THE NOTES

ANNEXES TO THE NOTES

Pursuant to Decree Law No. 173/97

DESCRIPTIONS

Annex 1	Balance sheet – non-life insurance business
Annex 3	Breakdown of the operating result between non-life and life business
Annex 4	Assets - Changes in intangible assets (item B) and land and buildings (item C.I)
Annex 5	Assets - Changes during the year in investments in group companies and companies in which significant interest is held: shares and interests (item C.II.1), bonds (item C.II.2) and loans (item C.II.3)
Annex 6	Assets – Information regarding investee companies
Annex 7	Assets - Details of investments in group companies and other companies in which significant interest is held: shares and interests
Annex 8	Assets - Breakdown of financial investments according to use: shares and interests in companies, shares in common investment funds, bonds and other fixed-income securities, participation in investment pools and other financial investments (items C:III.1, 2, 3, 5, 7)
Annex 9	Assets - Changes during the year in other long-term financial investments: shares and interests, shares in common investment funds, bonds and other fixed-income securities, participation in investment pools and other financial investments (items C:III.1, 2, 3, 5, 7)
Annex 10	Assets - Changes during the year in loans and deposits with credit institutions (items C.III.4, 6)
Annex 13	Liabilities - Changes during the year in components of the reserve for unearned premiums (item C.I.1) and the reserve for claims outstanding (item C.I.2) of the non-life branches
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Annex 16	Detailed statement of assets and liabilities relating to group companies and companies in which significant interest is held
Annex 17	Details of classes I, II, III and IV of guarantees, commitments and other memorandum accounts
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Annex 19	Summary information relating to the non-life technical account
Annex 21	Investment income (item II.2 and III.3)
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Annex 25	Non-life - Summary layout of technical account by line of business - Italian portfolio
Annex 26	Summary layout of technical accounts for all lines of business - Italian Portfolio
Annex 29	Summary layout of technical accounts for non-life and life business - Foreign portfolio
Annex 30	Relations with group companies and companies in which significant interest is held
Annex 31	Summary statement of premiums written for direct business
Annex 32	Statement of costs relating to personnel, directors and statutory auditors

The annexes to these accounts are those required under Legislative Decree 173/1997. Annexes with no entries or concerning the life business are not included.

Company	**SACE S.p.A.**	
Subscribed capital	€ 4,340,053,892	Paid € 4,340,053,892
Registered òces	Rome - Piazza Poli. 37/42	
Companies Register	Rome Reg. No. 142046/99	
Financial	**Attachments to the notes to the accounts 2010**	

(Value in €)

Company **SACE S.p.A.** Financial 2010

BALANCE SHEET
NON-LIFE INSURANCE BUSINESS ASSETS

							Current year	
A. SUBSCRIBED CAPITAL UNPAID							1	
of which called-up capital			2	0				
B. INTANGIBLE ASSETS								
1. Acquisition commissions to be amortised			4	0				
2. Other acquisition costs			6	0				
3. Start-up and expansion costs			7	0				
4. Goodwill			8	0				
5. Other multi-year costs			9	423			10	423
C. INVESTMENTS								
I - Land and buildings								
1. Property used for own activities			11	66,570				
2. Property used by third parties			12	1,575				
3. Other properties			13	0				
4. Other property rights			14	0				
5. Construction in progress and payments on account			15	0	16	68,145		
II - Investments in group companies and other companies in which significant interest is held								
1. Shares and interests in								
a) controlling companies	17	0						
b) subsidiary companies	18	158,753						
c) affiliated companies	19	0						
d) associated companies	20	7,125						
e) other companies	21		22	165,878				
2. Debt securities issued by:								
a) controlling companies	23	0						
b) subsidiary companies	24	0						
c) affiliated companies	25	0						
d) associated companies	26	0						
e) other companies	27	0	28	0				
3. Loans to:								
a) controlling companies	29	0						
b) subsidiary companies	30	617,600						
c) affiliated companies	31	0						
d) associated companies	32	0						
e) other companies	33	0	34	617,600	35	783,478		
to be carried forward								423

			Previous year
			181 0
	182 0		
	184 0		
	186 0		
	187 0		
	188 0		
	189 648		190 648
	191 67,460		
	192 1,380		
	193 0		
	194 0		
	195 0	196 68,841	
197 0			
198 163,364			
199 0			
200 6,886			
201	202 170,250		
203 0			
204 0			
205 0			
206 0			
207 0	208 0		
209 0			
210 0			
211 0			
212 0			
213 0	214 0	215	
	to be carried forward		648

BALANCE SHEET
NON-LIFE INSURANCE BUSINESS ASSETS

Current year

			carried forward					423
C. INVESTMENTS (continued)								
III - Other financial investments								
1. Shares and interests								
a) Listed shares	36	18,750						
b) Unlisted shares	37	0						
c) Interests	38	0	39	18,750				
2. Shares in common investment funds			40	1,146,602				
3. Debt securities and other fixed-income securities								
a) listed	41	5,143,583						
b) unlisted	42	143,396						
c) convertible debentures	43	0	44	5,286,979				
4. Loans								
a) mortgage loans	45	7,351						
b) loans on policies	46	0						
c) other loans	47	0	48	7,351				
5. Shares in investment pools			49	0				
6. Deposits with credit institutions			50	70,000				
7. Other financial investments			51	337,481	52	6,867,163		
IV - Deposits with ceding companies					53	297	54	7,719,084
D bis, REINSURERS' SHARE OF TECHNICAL PROVISIONS								
I - NON-LIFE BUSINESS								
1. Provision for unearned premiums			58	6,286				
2. Provision for claims outstanding			59	0				
3. Provision for profit sharing and premium refunds			60	0				
4. Other technical provisions			61	0			62	6,286
			to be carried forward					7,725,793

			Previous year
	carried forward		648
216 34,359			
217 0			
218 0	219 34,359		
	220 968,664		
221 5,663,751			
222 141,701			
223 0	224 5,805,452		
225 7,964			
226 0			
227 0	228 7,964		
	229 0		
	230 80,000		
	231 4,944	232 6,901,384	
		233 177	
			234 7,140,651
	238 6,549		
	239 0		
	240 0		
	241 0		242 6,549
	to be carried forward		7,147,848

BALANCE SHEET
NON-LIFE INSURANCE BUSINESS ASSETS

								Current year	
carried forward									7,725,793
E. RECEIVABLES									
I - Receivables arising out of direct insurance business:									
1. Policyholders									
a) for premiums - current year	71	69,338							
b) for premiums - previous years	72	29	73	69,367					
2. Insurance intermediaries			74	0					
3. Current accounts with insurance companies			75	0					
4. Policyholders and third parties for recoveries			76	421,865	77	491,232			
II - Receivables arising out of reinsurance business:									
1. Insurance and reinsurance companies			78	119					
2. Reinsurance intermediaries			79	0	80	119			
III - Other debtors					81	385,587	82		876,938
F. OTHER ASSETS									
I - Tangible fixed assets and stocks:									
1. Furniture, office equipment and internal transport vehicles			83	2,148					
2. Vehicles listed in public registers			84	0					
3. Equipment and appliances			85	92					
4. Stocks and other goods			86	104	87	2,344			
II - Cash and cash equivalents									
1. Bank and postal deposits			88	57,147					
2. Cheques and cash in hand			89	3	90	57,150			
III - Own shares or equity interests					91	0			
IV - Other assets									
1. Transitory reinsurance accounts receivable			92	615					
2. Sundry assets			93	17,341	94	17,956	95		77,450
of which connection account with life business			901	0					
G. ACCRUALS AND DEFERRALS									
1. Interests					96	55,611			
2. Rents					97	0			
3. Other accruals and deferrals					98	891	99		56,503
TOTAL ASSETS							100		8,736,684

		Previous year	
	carried forward		7,147,848
251 90,800			
252 39	253 90,839		
	254 0		
	255 0		
	256 415,546	257 506,384	
	258 2,302		
	259 0	260 2,302	
		261 300,961	262 809,648
	263 2,127		
	264 0		
	265 165		
	266 130	267 2,423	
	268 664,795		
	269 3	270 664,798	
		271 0	
	272 0		
	273 53,823	274 53,823	275 721,044
	903 0		
		276 56,252	
		277 0	
		278 1,410	279 57,662
			280 8,736,201

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

			Current year			
A. SHAREHOLDERS' EQUITY						
I - Subscribed capital or equivalent funds			101	4,340,054		
II - Share premium account			102	0		
III - Revaluation reserve			103	9,616		
IV - Legal reserve			104	142,137		
V - Statutory reserve			105	0		
VI - Reserve for own shares and shares of the parent company			106	0		
VII - Other reserves			107	972,409		
VIII - Profit (loss) brought forward			108	0		
IX - Profit (loss) for the year			109	366,720		
- Advances on dividends				0	110	5,830,936
B. SUBORDINATED LIABILITIES					111	0
C. TECHNICAL PROVISIONS						
I - NON-LIFE INSURANCE BUSINESS						
1. Provision for unearned premiums	112	1,720,225				
2. Provision for claims outstanding	113	252,201				
3. Provision for profit sharing and premium refunds	114	0				
4. Other technical provisions	115	0			117	2,447,654
5. Equalisation provision	116	475,228				
		to be carried forward				8,278,589

	Previous year	
	281 4,340,054	
	282 0	
	283 9,616	
	284 122,486	
	285 0	
	286 0	
	287 962,350	
	288 0	
	289 393,024	
	0	290 5,827,529
		291 0
292 1,789,372		
293 253,234		
294 0		
295 0		
296 422,475		297 2,465,081
to be carried forward		8,292,610

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

				Current year		
carried forward						8,278,589
E. PROVISIONS FOR RISKS AND CHARGES						
1. Provisions for pensions and similar obligations			128	2,139		
2. Provision for tax			129	22,084		
3. Other provisions			130	72,154	131	96,377
F. DEPOSITS RECEIVED FROM REINSURERS					132	0
G. ACCOUNTS PAYABLE AND OTHER LIABILITIES						
I - Accounts payable arising out of direct insurance business:						
1. Insurance intermediaries	133	0				
2. Current accounts with insurance companies	134	0				
3. Premium deposits and premiums due to policyholders	135	55,880				
	136	0	137	55,880		
II - Accounts payable arising out of reinsurance business:						
1. Insurance and reinsurance companies	138	120				
2. Reinsurance intermediaries	139	0	140	120		
III - Debenture loans			141	0		
IV - Amounts due to banks and credit institutions			142	572		
V - Loans guaranteed by mortgages			143	0		
VI - Sundry loans and other financial liabilities			144	0		
VII - Provision for severance pay			145	6,489		
VIII - Other accounts payable						
1. Taxes payable by policyholders	146	0				
2. Other tax liabilities	147	167,754				
3. Social security	148	1,176				
4. Sundry accounts payable	149	65,925	150	234,855		
IX - Other liabilities						
1. Deferred reinsurance items	151	314				
2. Commissions for premiums in course of collection	152	12				
3. Sundry liabilities	153	63,299	154	63,625	155	361,541
of which connection account with life business	902	0				
to be carried forward						8,736,507

Previous year

carried forward		8,292,610
	308 2,214	
	309 7,872	
	310 80,477	311 90,564
		312 0
313 0		
314 0		
315 70,492		
316 0	317 70,492	
318 2,957		
319 0	320 2,957	
	321 0	
	322 933	
	323 0	
	324 0	
	325 6,823	
326 0		
327 181,071		
328 1,082		
329 52,163	330 234,315	
331 8		
332 86		
333 37,239	334 37,334	335 352,855
904 0		
to be carried forward		8,736,028

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

					Current year
carried forward					8,736,507
H. ACCRUALS AND DEFERRALS					
1. Interests	156	0			
2. Rents	157	151			
3. Other accruals and deferrals	158	26		159	176
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY				160	8,736,684

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

			Current year
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS			
I - Guarantees given			
1. Sureties		161	12
2. Endorsements		162	0
3. Other personal guarantees		163	0
4. Guarantees secured by mortgages		164	0
II - Guarantees received			
1. Sureties		165	4,221
2. Endorsements		166	0
3. Other personal guarantees		167	0
4. Guarantees secured by mortgages		168	0
III - Guarantees issued by third parties in the interest of the company		169	0
IV - Commitments		170	3,326,197
V - Third party assets		171	0
VII - Securities deposited with third parties		173	6,427,995
VIII - Other memorandum accounts		174	0

	Previous year	
carried forward		8,736,028
	336 0	
	337 148	
	338 25	339 173
		340 8,736,201

	Previous year	
		341 12
		342 0
		343 0
		344 0
		345 4,001
		346 0
		347 0
		348 0
		349 0
		350 3,589,489
		351 0
		353 6,890,261
		354 0

Company **SACE S.p.A.** Financial 2010

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

		Gestione danni		Gestione vita		Totale	
Balance on the technical account		1	456,080	21		41	456,080
Investment income	+	2	899,353			42	899,353
Investment management and financial charges	-	3	854,086			43	854,086
Allocated investment return transferred to the life technical account	+			24		44	0
Allocated investment return transferred to the non-life technical account	-	5	13,395			45	13,395
Interim result		6	487,952	26		46	487,952
Other income	+	7	86,760	27		47	86,760
Other charges	-	8	31,367	28		48	31,367
Extraordinary income	+	9	2,597	29		49	2,597
Extraordinary charges	-	10	2,013	30		50	2,013
Result before tax		11	543,929	31		51	543,929
Income taxes for the year	-	12	177,209	32		52	177,209
Profit (loss) for the year		13	366,720	33		53	366,720

Company **SACE S.p.A.** Financial 2010

ASSETS - CHANGES IN INTANGIBLE ASSETS (ITEM B) AND LAND AND BUILDINGS (ITEM C.I)

			Intangible assets B		Land and buildings C.I
Gross original value	+	1	11,016	31	73,081
Increases for the year	+	2	98	32	0
due to: acquisitions or increases		3	98	33	0
upward adjustments of value		4	0	34	0
revaluations		5	0	35	0
other changes		6	0	36	0
Reductions during the year	-	7		37	0
due to: sales or reductions		8		38	0
long-term write-downs		9		39	0
other changes		10		40	0
Gross final value (a)		11	11,114	41	73,081
Amortisation:					
Initial value	+	12	10,368	42	4,240
Increases for the year	+	13	323	43	696
due to: amortisation and depreciation for the year		14		44	
other changes		15	0	45	0
Reductions in the year	-	16		46	0
due to: reductions following disposal		17		47	0
other changes		18	0	48	0
Final values of amortisation (b) (*)		19	10,691	49	4,936
Carrying value (a - b)		20	423	50	68,145
Current value		21		51	69,900
Total revaluations		22	0	52	0
Total write-downs		23	0	53	0
(*) of which amortisation and depreciation in application of tax laws only		24	0	54	0

Company **SACE S.p.A.** Financial 2010

ASSETS - CHANGES DURING THE YEAR IN INVESTMENTS IN GROUP COMPANIES AND COMPANIES IN WHICH SIGNIFICANT INTEREST IS HELD: SHARES AND INTERESTS (ITEM C.II.1), BONDS (ITEM C.II.2) AND LOANS (ITEM C.II.3)

		Shares and interests C.II.1		Bonds C.II.2		Loans C.II.3
Initial amounts	1	170,250	21	0	41	0
Increases during the year:	2	144	22	0	42	617,600
due to: acquisitions, subscriptions, issues	3		23	0	43	617,600
upward adjustments of value	4	144	24	0	44	0
revaluations	5	0				
other changes	6	0	26	0	46	0
Reductions during the year:	7	4,516	27	0	47	0
due to: sales or redemptions	8	0	28	0	48	0
write-downs	9	4,516	29	0	49	0
other changes	10		30	0	50	0
Carrying value	11	165,878	31	0	51	617,600
Current value	12	165,878	32	0	52	617,600
Total revaluations	13	0				
Total write-downs	14	4,516	34	0	54	0

Item C.II.2 includes:

Listed debt securities	61	0
Unlisted debt securities	62	0
Carrying value	63	0
of which convertible debentures	64	0

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

Financial 2010

ASSETS – INFORMATION REGARDING INVESTEE COMPANIES (*)

No.	Type	Listed or unlisted	Activity	Co. name and reg. office	Currency	Share capital		Shareholders' equity (**)	Profit or loss of the previous year (**)	Share held (5)		
						Amount	Number			Direct	Indirect	Total
	(1)	(2)	(3)			(4)	shares/interests	(4)	(4)	%	%	%
1	b	UL	1	Sace BT S.p.A	€	100,000	100,000	108,738	-4,755	100		100
2	b	UL	2	Sace Fct S.p.A	€	600,000	600,000	50,015	144	100		100
3	e	UL	1	ATI (African Trade Insurance Agency)	USD	87,591	876	91,494	-5,947	10,4		10.4

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

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

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

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

(4) Amounts in original currency

(5) Indicate the total percentage ownership

Company **SACE S.p.A.** Financial 2010

ASSETS - DETAILS OF INVESTMENTS IN GROUP COMPANIES AND OTHER COMPANIES IN WHICH SIGNIFICANT INTEREST IS HELD: SHARES AND INTERESTS

No.	Type		Name	Increases in the year			Reductions in the year			Carrying value (4)		Purchase	Value
				For purchases		Other	For sales		Other	Amount	Value	cost	value
(1)	(2)	(3)		Amount	Value	increases	Amount	Value	decreases				
1	b	D	Sace BT S.p.A						4,755	100,000	108,738	105,800	108,738
2	b	D	Sace Fct S.p.A			144				600,000	50,015	600	50,015
3	e	D	ATI (African Trade Insurance Agency)			239				100	7,125	6,886	7,125
			Totals C.II.1								165,878	113,286	165,878
	a		Controlling companies										
	b		Subsidiary companies								158,753	106,400	158,753
	c		Affiliated companies										
	d		Associated companies								7,125	6,886	7,125
	e		Other										
			Total D.I										
			Total D.II										

(1) Must be the same as that shown in annex 6

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

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

(4) Mark (*) if recognised using the net equity method (only for type b and d)

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

Financial 2010

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

I - Non-life insurance

	Long-term investment portfolio				Short-term financial assets portfolio				Total			
	Carrying value		Current value		Carrying value		Current value		Carrying value		Current value	
1. Shares and interests:	1	0	21	0	41	18,750	61	19,257	81	18,750	101	19,257
a) listed shares	2	0	22	0	42	18,750	62	19,257	82	18,750	102	19,257
b) unlisted shares	3	0	23	0	43	0	63	0	83	0	103	0
c) other interests	4	0	24	0	44	0	64	0	84	0	104	0
2. Shares of common investment funds	5	0	25	0	45	1,146,602	65	1,152,326	85	1,146,602	105	1,152,326
3. Bonds and other fixed-income securities	6	1,717,080	26	1,674,269	46	3,569,899	66	3,582,144	86	5,286,979	106	5,256,412
a1) listed government securities	7	1,574,531	27	1,524,121	47	2,682,789	67	2,682,891	87	4,257,319	107	4,207,011
a2) other listed securities	8	142,549	28	150,148	48	743,714	68	749,814	88	886,264	108	899,962
b1) unlisted government securities	9	0	29	0	49	0	69	0	89	0	109	0
b2) other unlisted securities	10	0	30	0	50	143,396	70	149,439	90	143,396		149,439
c) convertible debentures	11	0	31	0	51	0	71	0	91	0	111	0
5. Shares in investment pools	12	0	32	0	52	0	72	0	92	0	112	0
7. Other financial investments	13	337,481	33	337,481	53	0	73	0	93	337,481	113	337,481

II - Life business

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

Company **SACE S.p.A.** Financial 2010

ASSETS - CHANGES DURING THE YEAR IN OTHER LONG-TERM FINANCIAL INVESTMENTS: EQUITIES, SHARES OF COMMON INVESTMENT FUNDS, DEBT SECURITIES AND OTHER FIXED-INCOME SECURITIES, PARTICIPATION IN INVESTMENT POOLS AND OTHER FINANCIAL INVESTMENTS (ITEMS C.III.1, 2, 3, 5, 7)

		Shares and interests C.III.1		Shares in common investment funds C.III.2		Bonds and other fixed-income securities C.III.3		Participation in investment pools C.III.5		Sundry financial investments C.III.7	
Initial amounts	+	1	0	21	0	41	2,081,194	81	0	101	4,944
Increases during the year:	+	2	0	22	0	42	117,492	82	0	102	332,927
due to: purchases		3	0	23	0	43	111,068	83	0	103	332,927
upward adjustments of value		4	0	24	0	44	0	84	0	104	0
transfers from the short-term portfolio		5	0	25	0	45	0	85	0	105	0
other changes		6	0	26	0	46	6,424	86	0	106	
Reductions during the year:	-	7	0	27	0	47	481,606	87	0	107	390
due to: sales		8	0	28	0	48	0	88	0	108	
write-downs		9	0	29	0	49	0	89	0	109	0
transfers to the short-term portfolio		10	0	30	0	50	0	90	0	110	0
other changes		11	0	31	0	51	481,606	91	0	111	390
Carrying value		12	0	32	0	52	1,717,080	92	0	112	337,481
Current value		13	0	33	0	53	1,674,269	93	0	113	337,481

Company **SACE S.p.A.** Financial 2010

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

		Loans C.III.4		Deposits with credit institutions C.III.6
Initial amounts	1	7,964	21	80,000
Increases during the year:	2	0	22	1,600,609
due to: issues	3	0	23	1,600,609
upward adjustments of value	4	0	24	
other changes	5		25	
Reductions during the year:	6	613	26	1,610,609
due to: repayments	7	613	27	1,610,609
write-downs	8		28	
other changes	9		29	
Carrying value	10	7,351	30	70,000

Company **SACE S.p.A.** Financial 2010

LIABILITIES - CHANGES IN THE NON-LIFE UNEARNED PREMIUMS PROVISION (ITEM C.I.1) AND CLAIMS OUTSTANDING PROVISION (ITEM C.I.2)

Type		Current year		Previous year		Change
Provisions for unearned premiums:						
Provision for premium instalments	1	1,205,443	11	987,129	21	218,314
Provision for unexpired risks	2	514,782	12	802,242	22	-287,460
Carrying value	3	1,720,225	13	1,789,371	23	-69,146
Provisions for claims outstanding:						
Provision for refunds and direct expenses	4	207,524	14	235,519	24	-27,995
Provision for claim settlement costs	5	8,053	15	8,007	25	46
IBNR provision	6	36,624	16	9,708	26	26,916
Carrying value	7	252,201	17	253,234	27	-1,033

Company **SACE S.p.A.** Financial 2010

LIABILITIES - CHANGE IN PROVISIONS FOR RISKS AND CHARGES (ITEM E) AND FOR EMPLOYEE SEVERANCE INDEMNITIES (ITEM G.VII)

			Provision for pensions and similar		Provision for tax		Other provisions		Severance pay provision
Initial amounts	+	1	2,214	11	7,872	21	80,477	31	6,824
Sums set aside for the year	+	2		12	15,278	22	4,963	32	240
Other increases	+	3		13		23	1,409	33	
Utilisations for the year	-	4	75	14	1,066	24	10,815	34	546
Other reduction	-	5		15		25	3,880	35	29
Carrying value		6	2,139	16	22,084	26	72,154	36	6,489

Company **SACE S.p.A.** Financial 2010

DETAILED STATEMENT OF ASSETS AND LIABILITIES RELATING TO GROUP COMPANIES AND COMPANIES IN WHICH SIGNIFICANT INTEREST IS HELD

I: Assets

	Controlling companies	Subsidiaries	Affiliated companies	Associated companies	Other	Total
Shares and interests	1	2 158,753	3	4 7,125	5	6 165,878
Debt securities	7	8	9	10	11	12 0
Loans	13	14 617,600	15	16	17	18 617,600
Shares in investment pools	19	20	21	22	23	24 0
Deposits with credit institutions	25	26	27	28	29	30 0
Other financial investments	31	32	33	34	35	36 0
Deposits with ceding companies	37	38 206	39	40	41	42 206
Investments relating to contracts linked to investment funds and market indexes	43	44	45	46	47	48 0
Investments relating to the administration of pension funds	49	50	51	52	53	54 0
Receivables arising out of insurance business	55	56	57	58	59	60 0
Receivables arising out of reinsurance business	61	62 -243	63	64	65	66 -243
Other receivables	67	68 2,443	69	70	71	72 2,443
Bank and postal deposits	73	74	75	76	77	78 0
Other	79	80 475	81	82	83	84 475
TOTAL	85 0	86 **779,233**	87	88 **7,125**	89 **0**	90 **786,358**
of which subordinated assets	91 0	92 0	93	94	95 0	96 0

II: Liabilities

	Controlling companies	Subsidiaries	Affiliated companies	Associated companies	Other	Total
Subordinated liabilities	97 0	98	99 0	100 0	101 0	102 0
Deposits received from reinsurers	103 0	104	105 0	106 0	107 0	108 0
Accounts payable arising out of insurance business	109 0	110	111 0	112 0	113 0	114 0
Accounts payable arising out of reinsurance business	115 0	116	117 0	118 0	119 0	120 0
Amounts owed to credit institutions	121 0	122	123 0	124 0	125 0	126 0
Loans guaranteed by mortgages	127 0	128	129 0	130 0	131 0	132 0
Other loans and financial liabilities	133 0	134	135 0	136 0	137 0	138 0
Sundry accounts payable	139	140 1,078	141 0	142 0	143 0	144 1,078
Sundry liabilities	145	146	147 0	148 0	149 0	150 0
TOTAL	151	152 **1,078**	153 0	154 0	155 0	156 **1,078**

Company **SACE S.p.A.** Financial 2010

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

			Esercizio		Esercizio precedente
I.	Guarantees given:				
a)	sec. and endorsements in the interest of parent companies, subsidiaries and affiliates	1		31	
b)	securities and endorsements in the interest of ass. companies and other companies in which significant interest is held	2	12	32	12
c)	securities and endorsements in the interest of third parties	3	0	33	0
d)	other personal guarantees in the interest of parent companies, subsidiaries and affiliates	4		34	
e)	other personal guarantees in the interest of associated companies and other companies in which significant interest is held	5		35	
f)	other personal guarantees in the interest of third parties	6		36	
g)	guarantees secured by mortgages given for obligations of controlling companies subsidiaries and affiliates	7		37	
h)	guarantees secured by mortgages for obligations of ass. companies and other companies in which significant interest is held	8		38	
i)	guarantees secured by mortgages for obligations of third parties	9	0	39	0
l)	guarantees issued for obligations of the company	10	0	40	0
m)	assets deposited for inward reinsurance business	11	0	41	0
TOTAL		12	**12**	42	**12**
II.	Guarantees received:				
a)	by group companies, associated companies and other companies in which an interest is held		0	43	0
b)	by third parties		4,221	44	4,001
TOTAL		15	**4,221**	45	**4,001**
III.	Guarantees issued by third parties in the interest of the company:				
a)	by group companies, associated companies and other companies in which an interest is held	16	0	46	0
b)	by third parties	17	0	47	0
TOTAL		18	**0**	48	**0**
IV,	Commitments:				
a)	commitments for acquisitions with obligation to re-sell	19	0	49	0
b)	commitments for sales with obligation to buy back	20	0	50	0
c)	other commitments	21	3,326,197	51	3,589,489
TOTAL		22	**3,326,197**	52	**3,589,489**

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

Financial 2010

SCHEDULE OF LIABILITIES FOR TRANSACTIONS ON DERIVATIVES

Derivatives		Current year				Previous year			
		Purchase		Sale		Purchase		Sale	
		(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
Futures:	su azioni	1	101	21	121	41	141	61	161
	su obbligazioni	2	102	22	122	42	142	62	162
	su valute	3	103	23	123	43	143	63	163
	su tassi	4	104	24	124	44	144	64	164
	altri	5	105	25	125	45	145	65	165
Options:	su azioni	6	106	26 608,393	126 -33,227	46	146	66 352,625	166 -5,247
	su obbligazioni	7	107	27	127	47	147	67	167
	su valute	8	108	28 291,841	128 -869	48	148	68 1,035,495	168 -11,869
	su tassi	9	109	29	129	49	149	69	169
	altri	10	110	30	130	50	150	70	170
Swaps::	su valute	11	111	31 2,208,929	131 -13,343	51	151	71 2,000,063	171 26,267
	su tassi	12	112	32	132	52	152	72	172
	altri	13	113	33	133	53	153	73	173
Other transactions		14 217,033	114 283	34	134	54 201,305	154 919	74	174
TOTAL		15 217,033	115 283	35 3,109,164	135 -47,440	55 201,305	155 919	75 3,388,184	175 9,151

NB: - Only transactions on derivatives existing at the date of the accounts that involve commitments for the company must be stated.
If the contract does not correspond precisely to the figures described or if it is characterised by elements of several types, it must be stated in the closest contractual category.
Offsetting of items is not permitted except in relation to purchase/sale transactions relating to the same type of contract (same content, expiry, underlying assets, etc.).
- The value to be assigned to derivative contracts that involve or may involve the exchange of capital at term is the settlement price of these; in all other cases, the nominal value of the reference capital must be indicated.
- Contracts that envisage the swapping of two currencies must be indicated once only, referring, by convention, to the currency to be purchased. Contracts that envisage interest rate and currency swaps must be indicated only under contracts on currency.
Interest swap derivatives are classified conventionally as "purchases" or "sales" according to whether they involve the purchase or sale of the fixed rate or sale of the fixed rate for the insurance company.
(1) For derivative contracts that involve or may involve the exchange of capital at term the settlement price of these must be indicated; in all other cases the nominal value of the reference capital must be indicated.
(2) Indicate the fair value of derivative contracts;

Company **SACE S.p.A.** Financial 2010

SUMMARY INFORMATION RELATING TO THE NON-LIFE TECHNICAL ACCOUNT

	Gross premiums written	Gross premiums for the year	Gross charge for claims	Management costs	Reinsurance balance
Direct business:					
Accident and Health (lines 1 and 2)	1	2	3	4	5
Land vehicles TPL (line 10)	6	7	8	9	10
Land vehicle hulls (line 3)	11	12	13	14	15
Marine, Aviation and Transport	16	17	18	19	20
(lines 4, 5, 6, 7, 11 and 12)	21	22	23	24	25
Fire and other damage to property (lines 8 and 9)	26	27	28	29	30
General TPL (line 13)	31 435,044	32 505,283	33 -59,891	34 57,131	35 2,409
Credit and suretyship (lines 14 and 15)	36 0	37	38	39	40
Miscellaneous financial loss (line 16)	41	42	43	44	45
Legal expenses (line 17)	46	47	48	49	50
Assistance (line 18)					
Total direct insurance	51 435,044	52 505,283	53 -59,891	54 57,131	55 2,409
Inward reinsurance	56 6,894	57 5,810	58 185	59 617	60
Total Italian portfolio	61 441,938	62 511,093	63 -59,706	64 57,748	65 2,409
Foreign portfolio	66 50	67 43	68 1	69 5	70
Grand total	71 441,988	72 511,136	73 -59,705	74 57,753	75 2,409

Company **SACE S.p.A.** Financial 2010

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

		Non-life business		Life business		Total
Income from shares and interests:						
Dividends and other income from shares and interests in group companies and other companies in which significant interest is held	1		41		81	
Dividends and other income from shares and interests in other companies	2	673	42		82	673
TOTAL	3	673	43		83	673
Income from land and buildings	4	622	44		84	622
Income from other investments:						
Income from bonds of group companies and shareholdings companies in which significant interest is held	5		45		85	
Interest on loans to group companies and companies in which significant interest is held	6	1,284	46		86	
Income from shares of common investment funds	7	0	47		87	
Income from debt securities and other fixed-income securities	8	161,759	48		88	161,759
Interest on loans	9	154	49		89	154
Income from shares of investment pools	10	540	50		90	540
Interest on deposits with credit institutions	11	3,245	51		91	3,245
Income from other financial investments	12	1,621	52		92	1,621
Interest on deposits with ceding companies	13	0	53		93	0
TOTAL	14	168,604	54		94	168,604
Value re-adjustments on investments in:						
Land and buildings	15		55		95	
Shares and interests in group companies & other companies in which significant interest is held	16		56		96	
Bonds issued by group companies and companies in which significant interest is held	17		57		97	
Other shares and interests	18	127	58		98	127
Other debt securities	19	9,764	59		99	9,764
Other financial investments	20	16,248	60		100	16,248
TOTAL	21	26,139	61		101	26,139
Income from disposal of investments:						
Surplus on the sale of land and buildings	22		62		102	
Gains on shares and interests in group companies and companies in which significant interest is held	23		63		103	
Income from bonds issued by group companies and other companies in which significant interest is held	24		64		104	
Gains on other shares and interests	25	35,407	65		105	35,407
Gains on other debt securities	26	52,493	66		106	52,493
Gains on other financial investments	27	615,415	67		107	615,415
TOTAL	28	703,314	68		108	703,314
GRAND TOTAL	29	899,353	69		109	899,353

Company **SACE S.p.A.** Financial 2010

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

		Non-life business		Life business		Total
Investment management charges and other charges						
Charges referring to shares and interests	1	0	31	0	61	0
Charges referring to investments in land and buildings	2	2,011	32	0	62	2,011
Charges referring to debt securities	3	587	33	0	63	587
Charges referring to shares of common investment funds	4	0	34	0	64	0
Charges referring to shares in investment pools	5	0	35	0	65	0
Charges referring to other financial investments	6	4,973	36	0	66	4,973
Interest on deposits received from reinsurers	7	0	37	0	67	0
TOTAL	8	7,571	38	0	68	7,571
Value re-adjustments on investments referring to:						
Land and buildings	9	0	39	0	69	0
Shares and interests in group companies and companies in which significant interest is held	10	5,114	40	0	70	5,114
Debt securities issued by group companies and companies in which significant interest is held	11	0	41	0	71	0
Other shares and interests	12	69,196	42	0	72	69,196
Other debt securities	13	117,657	43	0	73	117,657
Other financial investments	14	63,956	44	0	74	63,956
TOTAL	15	255,924	45	0	75	255,924
Losses on disposal of investments						
Losses on the sale of land and buildings	16	0	46	0	76	0
Losses on shares and interests	17	342	47	0	77	342
Losses on debt securities	18	14,076	48	0	78	14,076
Losses on other financial investments	19	576,172	49	0	79	576,172
TOTAL	20	590,591	50	0	80	590,591
GRAND TOTAL	21	854,086	51	0	81	854,086

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

Financial 2010

NON-LIFE - SUMMARY LAYOUT OF TECHNICAL ACCOUNT BY LINE OF BUSINESS - ITALIAN PORTFOLIO

		Business code 01 Accident (name)		Business code 02 Health (name)		Business code 03 Motor hulls (name)		Business code 04 Hulls of railway rolling stock (name)		Business code 05 Hulls of aircraft (name)		Business code 06 Ships (name)	
Direct business gross of reinsurance													
Premiums written	+	1	0	1	0	1	0	1	0	1	0	1	0
Change in the provision for unearned premiums (+ or -)	-	2	0	2	0	2	0	2	0	2	0	2	0
Claims incurred	-	3	0	3	0	3	0	3	0	3	0	3	0
Change in sundry technical provisions (+ or -) (1)	-	4	0	4	0	4	0	4	0	4	0	4	0
Balance of other technical income and charges (+ or -)	+	5	0	5	0	5	0	5	0	5	0	5	0
Operating expense	-	6	0	6	0	6	0	6	0	6	0	6	0
Balance on the technical account for direct business (+ or -) A		7	0	7	0	7	0	7	0	7	0	7	0
Balance of reinsurance ceded (+ or -)		8	0	8	0	8	0	8	0	8	0	8	0
Net balance of indirect business (+ or -) C		9	0	9	0	9	0	9	0	9	0	9	0
Change in the equalisation provision (+ or -)		10	0	10	0	10	0	10	0	10	0	10	0
Allocated investment return transferred from the non-technical account		11	0	11	0	11	0	11	0	11	0	11	0
Balance on the technical account (+ or -) (A + B + C - D + E)		12	0	12	0	12	0	12	0	12	0	12	0

		Business code 07 Goods Transported (name)		Business code 08 Fire and Natural Forces (name)		Business code 09 Other Property Damage (name)		Business code 10 Motor TPL (name)		Business code 11 TPL aircraft (name)		Business code 12 Ships TPL (name)	
Direct business gross of reinsurance													
Premiums written	+	1	0	1	0	1	0	1	0	1	0	1	0
Change in the provision for unearned premiums (+ or -)	-	2	0	2	0	2	0	2	0	2	0	2	0
Claims incurred	-	3	0	3	0	3	0	3	0	3	0	3	0
Change in sundry technical provisions (+ or -) (1)	-	4	0	4	0	4	0	4	0	4	0	4	0
Balance of other technical income and charges (+ or -)	+	5	0	5	0	5	0	5	0	5	0	5	0
Operating expense	-	6	0	6	0	6	0	6	0	6	0	6	0
Balance on the technical account for direct business (+ or -) A		7	0	7	0	7	0	7	0	7	0	7	0
Balance of reinsurance ceded (+ or -) B		8	0	8	0	8	0	8	0	8	0	8	0
Net balance of indirect business (+ or -) C		9	0	9	0	9	0	9	0	9	0	9	0
Change in the equalisation provision (+ or -) D		10	0	10	0	10	0	10	0	10	0	10	0
Allocated investment return transferred from the non-technical account E		11	0	11	0	11	0	11	0	11	0	11	0
Balance on the technical account (+ or -) (A + B + C - D + E)		12	0	12	0	12	0	12	0	12	0	12	0

		Business code 13 Non-motor TPL (name)		Business code 14 Credit (name)		Business code 15 Surety (name)		Business code 16 Sundry Pecuniary Losses (name)		Business code 17 Legal Fees (name)		Business code 18 Assistance (name)	
Direct business gross of reinsurance													
Premiums written	+	1	0	1	-420,848	1	-14,196	1	0	1	0	1	0
Change in the provision for unearned premiums (+ or -)	-	2	0	2	-67,947	2	-2,292	2	0	2	0	2	0
Claims incurred	-	3	0	3	-57,937	3	-1,954	3	0	3	0	3	0
Change in sundry technical provisions (+ or -) (1)	-	4	0	4		4		4	0	4	0	4	0
Balance of other technical income and charges (+ or -)	+	5	0	5	14,300	5	482	5	0	5	0	5	0
Operating expense	-	6	0	6	55,267	6	1,864	6	0	6	0	6	0
Balance on the technical account for direct business (+ or -) A		7	0	7	-477,165	7	-16,096	7	0	7	0	7	0
Balance of reinsurance ceded (+ or -) B		8	0	8	2,409	8	0	8	0	8	0	8	0
Net balance of indirect business (+ or -) C		9	0	9	-4,404	9	-149	9	0	9	0	9	0
Change in the equalisation provision (+ or -) D		10	0	10	50,663	10	1,709	10	0	10	0	10	0
Allocated investment return transferred from the non-technical account E		11	0	11	-12,865	11	-434	11	0	11	0	11	0
Balance on the technical account (+ or -) (A + B + C - D + E)		12	0	12	-441,362	12	-14,969	12	0	12	0	12	0

Company **SACE S.p.A.** Financial 2010

SUMMARY LAYOUT OF TECHNICAL ACCOUNTS FOR ALL LINES OF NON-LIFE BUSINESS ITALIAN PORTFOLIO

		Risks of direct insurance				Risks of indirect insurance				Risks retained	
		Direct insurance 1		Ceded risks 2		Inwards reinsurance 3		Retrocessions 4		Total 5 = 1 - 2 + 3 - 4	
Premiums written	+	1	-435,044	11	2,384	21	-6,894	31	0	41	-439,554
Change in the provision for unearned premiums (+ or -)	-	2	-70,239	12	263	22	1,085	32	0	42	-68,892
Claims incurred	-	3	-59,891	13	0	23	185	33	0	43	-59,706
Change in sundry technical provisions (+ or -) (1)	-	4	0	14	0	24	0	34	0	44	0
Balance of other technical income and charges (+ or -)	+	5	14,782	15	0	25	456	35	0	45	15,238
Operating expense	-	6	57,131	16	-238	26	617	36	0	46	57,509
Technical balance (+ or -)		7	-493,261	17	2,409	27	-4,552	37	0	47	-495,404
Change in the equalisation provision (+ or -)	-	8	52,372							48	52,372
Allocated investment return transferred from the non-technical account	+	9	-13,299			29				49	-13,299
Balance on the technical account (+ or -)		10	-454,188	20	2,409	30	-4,552	40	0	50	-456,331

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

Company **SACE S.p.A.** Financial 2010

SUMMARY LAYOUT OF TECHNICAL ACCOUNTS FOR ALL LINES OF BUSINESS
FOREIGN PORTFOLIO

Section I: Non-life insurance

			Total lines of business
Direct business gross of reinsurance			
Premiums written		1	
Change in the provision for unearned premiums (+ or -)	-	2	
Claims incurred	-	3	
Change in sundry technical provisions (+ or -) (1)	-	4	
Balance of other technical items (+ or -)		5	
Operating expense	-	6	
Balance on the technical account for direct business (+ or -) A		7	
Balance of reinsurance ceded (+ or -) B		8	
Net balance of indirect business (+ or -) C		9	-33
Change in the equalisation provision (+ or -) **D**		10	384
Allocated investment return transferred from the non-technical account **E**		11	-97
Balance on the technical account (+ or -) (A + B + C - D + E)		12	253

Section II: Life insurance business

			Total lines of business
Direct business gross of reinsurance			
Premiums written	+	1	0
Claims incurred	-	2	0
Change in the policy liabilities provision and sundry technical provisions (+ or -) (2)	-	3	0
Balance of other technical income and charges (+ or -)	+	4	0
Operating expense	-	5	0
Investment income net of the allocation transferred to the non-technical account (3)	+	6	0
Balance of direct business gross of reinsurance (+ or -) A		7	0
Balance of reinsurance ceded (+ or -) B		8	0
Net balance of indirect business (+ or -) C		9	0
Balance on the technical account (+ or -) (A + B + C)		10	0

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

(2) Sundry technical provisions include other technical provisions and technical provisions if the investment risk is borne by the policyholders and provisions relating to the administration of pension funds.

(3) Sum of the items relating to the foreign portfolio included under items II.2, II.3, II.9, II.10 and II.12 of profit and loss

Company **SACE S.p.A.** Financial 2010

RELATIONS WITH GROUP COMPANIES AND COMPANIES IN WHICH SIGNIFICANT INTEREST IS HELD

I: Income

	Controlling companies		Subsidiaries		Affiliated companies		Associated companies		Other		Total	
Investment income												
Income from land and buildings	1	0	2	622	3	0	4	0	5	0	6	622
Dividends and other equities	7	0	8	0	9	0	10	0	11	0	12	0
Income from debt securities	13	0	14	0	15	0	16	0	17	0	18	
Interest on loans	19	0	20	0	21	0	22	0	23	0	24	0
Income from other financial investments	25	0	26	1,284	27	0	28	0	29	0	30	1,284
Interest on deposits with ceding companies	31	0	32	0	33	0	34	0	35	0	36	0
Total	37	0	38	1,906	39	0	40	0	41	0	42	1,906
Unrealised income and gains on investments for the benefit of policyholders who bear the investment risk and relating to the administration of pension funds	43	0	44	0	45	0	46	0	47	0	48	0
Other income												
Interest on credits	49	0	50	0	51	0	52	0	53	0	54	0
Recovery of administrative expenses	55	0	56	0	57	0	58	0	59	0	60	0
Other income and recoveries	61		62	3,052	63	0	64	0	65	0	66	3,052
TOTAL		0	68	3,052	69	0	70	0	71	0	72	3,052
Profits on disposal of investments (*)		0	74	0	75	0	76	0	77	0	78	0
Extraordinary income		0	80	8	81	0	82	0	83	0	84	8
GRAND TOTAL		0	86	4,966	87	0	88	0	89	0	90	4,966

II: Charges

	Controlling companies		Subsidiaries		Affiliated companies		Associated companies		Other		Total	
Charges on investments and interest charges:												
Investment charges	91		92		93		94		95		96	0
Interest on subordinated liabilities	97		98		99		100		101		102	0
Interest on deposits from reinsurers	103		104		105		106		107		108	0
Interest on debts from insurance business	109		110		111		112		113		114	0
Interest on debts from reinsurance business	115		116		117		118		119		120	0
Interest on debts towards banks and financial institutions	121		122		123		124		125		126	0
Interest on mortgages	127		128		129		130		131		132	0
Interest on other debts	133		134		135		136		137		138	0
Losses on credits	139		140		141		142		143		144	0
Administrative and third party charges	145		146		147		148		149		150	0
Other charges	151		152		153		154		155		156	0
TOTAL	157		158	0	159		160		161		162	0
Unrealised charges and losses on investments for the benefit of policyholders who bear the investment risk and relating to the administration of pension funds	163	0	164	0	165	0	166	0	167	0	168	0
Losses on disposal of investments (*)	169	0	170	0	171	0	172	0	173	0	174	0
Extraordinary charges	175	0	176	18	177	0	178	0	179	0	180	18
GRAND TOTAL	181	0	182	18	183	0	184	0	185	0	186	18

Company **SACE S.p.A.** Financial 2010

SUMMARY STATEMENT OF PREMIUMS WRITTEN FOR DIRECT BUSINESS

	Non-life business				Life business				Total			
	Establishment		F.P.S.		Establishment		F.P.S.		Establishment		F.P.S.	
Premiums written:												
in Italy	1	435,044	5	0	11	0	15	0	21	435,044	25	0
in other EU countries	2	0	6	0	12	0	16	0	22	0	26	0
in third countries	3	0	7	0	13	0	17	0	23	0	27	0
TOTAL	4	**435,044**		0	14	**0**	18	**0**	24	**435,044**	28	**0**

Company **SACE S.p.A.** Financial 2010

STATEMENT OF COSTS RELATING TO PERSONNEL, DIRECTORS AND STATUTORY AUDITORS

I: Staff costs

	Non-life business		Life business		Total	
Personnel costs:						
Italian portfolio:						
- Wages	1	32,418	31	0	61	32,418
- Social contributions	2	8,163	32	0	62	8,163
- Severance payments and other obligations	3	1,836	33	0	63	1,836
- Other staff costs	4	8,540	34	0	64	8,540
Total	5	50,957	35	0	65	50,957
Foreign portfolio:						
- Wages	6	235	36	0	66	235
- Social contributions	7	59	37	0	67	59
- Other staff costs	8	62	38	0	68	62
TOTAL	9	356	39	0	69	356
GRAND TOTAL	10	51,313	40	0	70	51,313
Costs of self-employed personnel:						
Italian portfolio	11	1,363	41	0	71	1,363
Foreign portfolio	12	10	42	0	72	10
TOTAL	13	1,373	43	0	73	1,373
TOTAL COST OF WORKFORCE		52,686	44	0	74	52,686

II: Details of items entered

	Non-life business		Life business		Total	
Investment management charges	15	1,294	45	0	75	1,294
Claims incurred	16	3,385	46	0	76	3,385
Other acquisition costs	17	11,373	47	0	77	11,373
Other administrative costs	18	36,634	48	0	78	36,634
Administrative charges and charges for third parties	19	0	49	0	79	0
	20	0	50	0	80	0
TOTAL	21	52,686	51	0	81	52,686

III: Average number of staff

	Number	
Managers	91	26
Employees	92	387
Salaried staff	93	0
Others	94	0
TOTAL	95	413

IV: Directors and auditors

	Number		Fees	
Directors	96	5	98	568
Auditors	97	3	99	60

SACE S.p.A.

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

The legal representatives of the company (*)

Alessandro Castellano

The Statutory Auditors

Marcello Cosconati

Guido Marchese

Leonardo Quagliata

Space reserved for the stamp of the registry office
to be applied at the time of filing the accounts.

(*) For foreign companies, the document must be signed by the general representative for Italy.

(**) Indicate the position of the person who signs.

Certification of the financial statements pursuant to article 13, para. 11.8 of the corporate bylaws of SACE S.p.A.

We the undersigned, Alessandro Castellano, in my capacity as Chief Executive Officer and Roberto Taricco, in my capacity as Executive Officer responsible for preparing the corporate accounts of SACE S.p.A., hereby certify:

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

of the administrative and accounting procedures used to prepare the financial statements for the year ended at 31 December 2010.

The adequacy of the administrative and accounting procedures used to prepare the financial statements for the year ended at 31 December 2010 was assessed on the basis of a process defined by SACE in accordance with generally recognised international standards.

We also hereby certify that:

- the financial statements for the year ended at 31 December 2010:
  - correspond to the results of company records and accounting entries;
  - were drawn up in accordance with article 6, para. 22 of Legislative Decree 269/2003, the applicable provisions of Legislative Decree 209 of 7 September 2005, Legislative Decree 173 of 26 May 1997 (with regard to the provisions governing the annual and consolidated accounts of insurance companies) and that to the best of our knowledge they give a true and fair view of the state of affairs, the financial standing and the operating result of the company;
- the report on operations comprises a reliable analysis of performance and operating results and of the state of affairs of the company together with the description of the main risks and uncertainties to which it is exposed.

Rome, 4 April 2011

Chief Executive Officer
Alessandro Castellano
SACE S.p.A.

Executive Officer
Roberto Taricco
SACE S.p.A.

AUDITORS' REPORT

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2010

Dear Shareholders,

This report has been drawn up by the board of statutory auditors pursuant to the provisions of art. 2429, section two of the Italian Civil Code.

During the year ended at 31 December 2010, we carried out our duties according to the principles of conduct of the board of statutory auditors as recommended by the Italian National Council of Accountants and Tax Advisers.

The financial statements for the year ended at 31 December 2010 were provided to us by the board of directors, together with the relative detailed statements and annexes and their report on operations, in accordance with the requirements of company law and legislation governing the specific area of business of SACE S.p.A.

We were not called upon to undertake a statutory audit and therefore, during the period of reference, we acted in an entirely supervisory capacity. Thus, in line with current legislation and best practice, this report consists of a single section. It is not concerned with statutory auditing activities, which are the responsibility of the independent auditors appointed for that purpose, namely PricewaterhouseCoopers S.p.A., although reference is made to their report.

Having been elected on 24 June 2010, we held 4 meetings in 2010 while the outgoing board of statutory auditors held 9, for a total of 13 meetings in 2010, producing records of these in specific minutes that were provided to senior management, we attended all the meetings of the corporate bodies and received information about operations and the most significant transactions without delay from the board of directors, company managers and the other supervisory bodies, and are satisfied that all operations approved and implemented comply with the law and the corporate bylaws, do not contradict previous decisions and are in line with the principles of correct administration, and we can reasonably state that they are consistent with the size of the company and its assets.

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

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

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

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

Operations with group companies were implemented to rationalise management and improve cost-effectiveness. The option to participate with the SACE BT S.p.A., SACE Fct S.p.A. and SACE SERVIZI S.p.A. subsidiaries in the national consolidated tax scheme was exercised in 2010 for that purpose.

We monitored the adequacy of the company’s organisational structure, also by gathering information from the respective department managers, examining the work of the independent auditors and through functional links with the boards of statutory auditors of the SACE BT S.p.A. and SACE Fct S.p.A. subsidiaries; this showed the organisational and accounting structure to be in line with the company’s needs and to be backed by efficient corporate procedures.

We worked in collaboration with the internal auditing department, which also gave rise to detailed analyses and flows of information concerning the effectiveness of corrections that had been proposed and implemented.
the information we gathered from the supervisory body concerning the adequacy of the organisational, management and control model implemented pursuant to Italian Legislative Decree No. 231 of 2001 confirmed the absence of any indications of weaknesses in the model.
functions are well distributed within the board of directors and consistent with the mandates conferred.
In that respect we made recommendations and extended our supervision to verify the effective separation of responsibilities as regards the various tasks and functions.
In accordance with the resolution of the extraordinary meeting of shareholders on 15 June 2010 – which approved, inter alia, the amendment to article 16 of the corporate bylaws concerning new requirements for statutory auditing of the accounts pursuant to Italian Legislative Decree No. 39 of 27 January 2010 – taking into account the provisions of Italian Legislative Decree No. 39 of 27 January 2010, which came into effect on 7 April 2010 and having observed (i) that the criterion adopted to select and appoint the firm of statutory audits fulfilled the requirements of the aforesaid Decree and (ii) having verified the applicability of the activities undertaken previously in connection with the selection of said firm, we submitted our reasoned proposal to the shareholders' meeting to appoint PricewaterhouseCoopers S.p.A. as the statutory auditors, since this firm had been found to be the most suitable and convenient among those presented. In relation to said proposal, the shareholders' meeting of SACE S.p.A. of 15 June 2010 resolved to appoint PricewaterhouseCoopers S.p.A. to provide statutory auditing services for the period 2010-2012 against a fee of € 168 thousand plus VAT, equal to € 56 thousand plus VAT per year.
The independent auditors did not report any irregularities in the recording and disclosure of corporate facts nor, as far as the financial statements are concerned, any discrepancies with respect to the accounting standards and valuation criteria adopted in previous years, thus confirming the compliance of those used in order to give a true and fair view of the company's assets, liabilities, costs and revenues for the year ended at 31 December 2010.
We supervised the general approach of the financial statements, their overall compliance with the law in terms of their layout and structure; we also verified compliance with the law concerning the preparation of the report on operations.
We did not receive any petitions or complaints pursuant to article 2408 of the Italian Civil Code.

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Based on the above, we have no reservations concerning the approval of the financial statements as prepared by the board of directors or their proposal to allocate the net profit amounting to € 366,719,606.00, as follows:

- € 18,335,980.00, equal to 5% of the net profit, to the legal reserve;
- € 348,383,626.00, in accordance with resolutions to be passed by the meeting of shareholders.

Rome, 12 April 2011

The board of statutory auditors
Dott. Marcello Cosconati (Chairman)
Dott. Leonardo Quagliata (Standing auditor)
Dott. Guido Marchese (Standing auditor)

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

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

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2010

1 We have audited the separate financial statements of SACE SpA – Servizi Assicurativi del Commercio Estero as at 31 December 2010. The directors of SACE SpA – Servizi Assicurativi del Commercio Estero are responsible for the preparation of these financial statements in compliance with the laws governing the criteria for their preparation. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 14 April 2010.

3 In our opinion, the separate financial statements of SACE SpA – Servizi Assicurativi del Commercio Estero as of 31 December 2010 comply with the laws governing the criteria for their preparation; accordingly, they have been prepared clearly and give a true and fair view of the financial position and of the results of operations of the Company.

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

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n. 43 dell'Albo Consob - Altri Uffici: **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 – **Bologna** Zola Predosa 40069 Via Tevere 18 Tel. 0516186211 – **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 – **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 – **Genova** 16121 Piazza Dante 7 Tel. 01029041 – **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 – **Padova** 35138 Via Vicenza 4 Tel. 049873481 – **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 – **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 – **Roma** 00154 Largo Fochetti 29 Tel. 06570251 – **Torino** 10129 Corso Montevecchio 37 Tel. 011556771 – **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 – **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 – **Verona** 37122 Corso Porta Nuova 125 Tel.0458002561

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operations is consistent with the separate financial statements of SACE SpA – Servizi Assicurativi del Commercio Estero as of 31 December 2010.

Rome, 8 April 2011

PricewaterhouseCoopers SpA

Signed by

Antonio Dogliotti
(Partner)

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

(2)

ASSOCIAZIONE PER LA CONSULENZA E LA RICERCA ATTUARIALE

ACRA

Prof. Paolo De Angelis
Dott. Paolo Nicoli
Dott. Fabio Baione
Dott. Andrea Fortunati

Partners:
Dott. Eraldo Antonini
Dott. Francesco Maria Matricardi

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

Rome, April 7th 2011

OBJECT: SACE S.P.A.
Financial Statements as at and for the year ended December 31st 2010

In accordance with my engagement, I have carried out an actuarial audit of the captions relating to the technical reserves included in the balance sheet liabilities of the financial statements of SACE S.p.A as at and for the year ended December 31st 2010, in order to express my opinion on the adequacy of the above technical reserves.

In particular I declare that SACE S.p.A. in calculating technical reserves as at December 31st 2010 has adopted:

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

In my opinion the technical reserves of SACE S.p.A. as at December 31st 20109 - taken as a whole - are adequate to describe the value of Company liabilities.

The Actuary

Signed by

(Prof. Paolo De Angelis)

Prof. PAOLO DE ANGELIS ORDINE NAZIONALE ATTUARI N° 548 ATTUARIO

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

A.C.R.A.
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CONSOLIDATED FINANCIAL STATEMENTS

SACE GROUP

SACE S.p.A.

Registered Office and Head Office in Rome

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

Tax No. and Rome Companies Register No. 05804521002 – R.E.A. 923591

Sole Shareholder the Ministry of Economy and Finance

Office holder
and supervisory bodies of the parent company

BOARD OF DIRECTORS

Chairman

Giovanni CASTELLANETA

CEO (*)

Alessandro CASTELLANO

Directors

Ludovico Maria GILBERTI
Carlo MONTICELLI
Gian Maria SPARMA

BOARD OF STATUTORY AUDITORS

Chairman

Marcello COSCONATI

Standing Auditors Guido MARCHESE
Leonardo QUAGLIATA

Alternate Auditor Carlo PONTESILLI

Standing Delegate of the Court of Auditors

Antonio FRITTELLA

External Auditors (**)

PRICEWATERHOUSECOOPERS S.p.A.

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

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1. THE ECONOMIC SCENARIO

1.1 The macroeconomic picture

World growth and public finances

Global economic recovery gained momentum in 2010. After falling in 2009, world GDP, in terms of purchasing power parity, increased by around 5%. However, recovery proceeded at different speeds in the advanced and emerging countries, with growth in the latter more than four percentage points higher (+7.1%), fuelled in particular by Asia and Latin America. With a few exceptions such as Germany, Japan, Canada and Switzerland, economic growth in industrialised countries was below potential, continuing to be held back by weak private demand. High unemployment rates and fiscal adjustments affected household spending and investments by businesses. In the euro-zone worsening public finances led to the adoption of extraordinary measures, some under the auspices of the IMF, to rescue the economies of Greece and then Ireland. The European Financial Stability Facility was launched to avert the risk of countries in greatest difficulty refinancing their public debts. This reduced the risk premiums on government bonds issued by these countries, which nonetheless remained high. The United States has postponed fiscal adjustment until 2012 and is expected to cut spending by over one thousand billion dollars over the next decade.

Monetary policy and exchange rates

The advanced economies continued to pursue accommodating monetary policies, with interest rates remaining at record low levels, apart from a few exceptions. The main central banks continued to adopt non-conventional monetary policies. Credit availability improved but remained restricted; the impact of post-crisis deleveraging continued to be felt. Loans to non-financial corporations returned to positive growth, but remained sluggish. This was due to the increase in non-performing bank loans and subsequent adoption of stricter selection criteria. The emerging markets offered a different picture, with brisk growth and increases in energy and other commodity prices triggering inflation. This led to the adoption of restrictive monetary policies, with a subsequent rise in interest rates and a surge in capital inflows from abroad. The weak dollar and an exchange rate system that is not entirely flexible resulted in the appreciation of free-floating currencies, making exports from the relative countries less competitive. Some imposed capital controls.

World trade, Italian exports and export credit

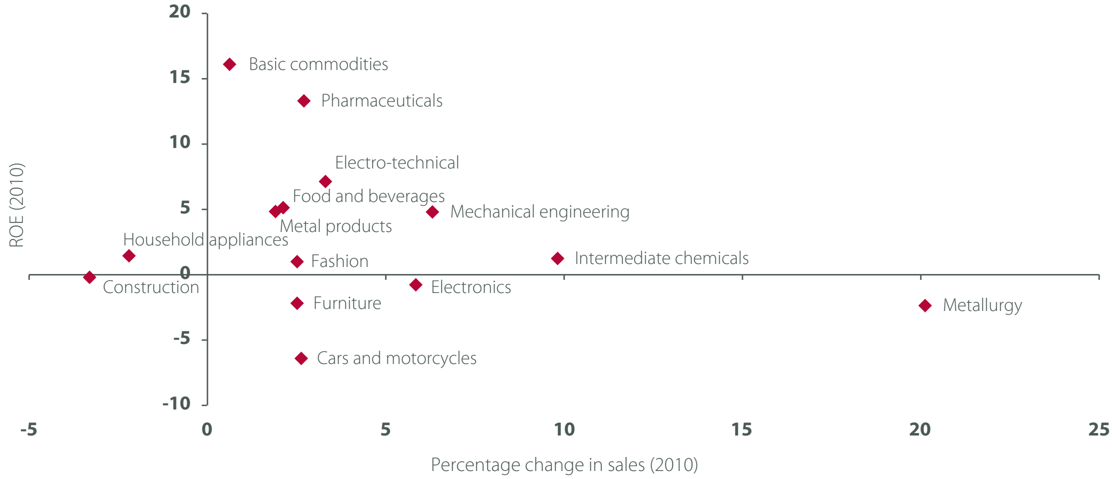
International trade made a significant contribution to global recovery. Volumes rose by around 12% in 2010, making up for the decline in 2009 and returning to the record levels seen in April 2008. The emerging markets drove world demand, while imports by industrialised countries continued to fall short of pre-crisis levels. In terms of quantity, Italian exports of goods increased at a rate of almost 10%. Foreign sales to emerging Asia, especially China, the Mercosur countries and Turkey rose the most. Among the advanced markets, there was appreciable growth in exports to Germany, the United States and the UK. Despite slower than average growth rates, the capital goods sector, which accounts for the most significant weight of Italian exports and typically requires medium and long-term payments, continued to fuel the demand for export credit insurance. Exports to higher-risk countries are clearly an important driving force in this sector. The technical account of the export credit business stayed in positive territory, despite the rise in claims paid. Operators grew more aware of the importance of export credit insurance in order to increase the competitiveness of the financial packages that accompany the commercial offering. All this while the so-called liquidity risk premium on loans remained high. The shortage of liquid funds generated by the financial crisis has continued longer than would normally be expected and is also affecting the costs of bank funding in the trade finance sector.

The Italian economy and industrial sectors

The Italian economy also returned to positive growth in 2010, with GDP rising by 1.2% in real terms. Exports and investments made the biggest contribution at a time when consumer spending continued to feel the effects of a weak employment market. Exports of goods and services grew at a brisk pace, but more slowly than imports, so that net exports contributed negatively to GDP growth. Recovery in consumer spending was much more sluggish. This was held back by unemployment, which stood at 8.6% at the end of the year with more than 2.1 million people out of work.

Industrial production increased by 5.3%; although about 12% higher than in March 2009, business in this sector was still 17% short of the peak levels reached at the beginning of 2008. In 2010 growth was mainly driven by intermediate and capital goods, while consumer goods, especially long-term goods, grew more slowly. The intermediate and consumer goods categories include some sectors of reference for credit insurance, due to the specific contracts and relative terms of payment involved. Metals and mechanical engineering reported good performance and growth in the chemicals industry continued to be robust. The wood, paper, rubber and plastics and construction materials industries reported relatively weak performance. Renewed demand, especially from international markets, enabled exporters to use up the inventories that had built up during the recession and then increase productivity and equipment usage levels. Nonetheless, usage levels remain very low. Sales by industrial enterprises enjoyed double-figure growth; however, overall the sectors with the highest growth rates also reported lower overall profits. Increases in sales thus also reflected a reduction in profit margins.

Sales and ROE by sector



Source: calculations by SACE based on Prometeia data

However, the return to positive economic growth did not reverse the trend in insolvencies, which are estimated to have risen again in 2010 (+8%), albeit much more slowly than in 2009. Moreover, the need for liquidity on the one hand and the lack of standardised lending criteria on the other had a positive impact on the demand for factoring services. Delayed payments by public sector customers are a matter of particular concern. According to the 2010 European Payment Index, in Italy the delay in payment of invoices rose from 52 days to 86 days in 2010, with an average delay of 186 days, compared to the European average of 63. This puts great strain on enterprises with a less solid financial structure that, when possible, in turn defer payments to their suppliers.

2. STRATEGY

Despite profound changes in the global economy and financial markets, the SACE group confirmed its role by responding to the growing demand by Italian enterprises for insurance cover. The group was prepared for this upswing, having upgraded its national and international sales network in recent years. SACE also entered into more new partnerships with leading international banks such as the African Trade Insurance Agency (ATI) and European Investment Bank (EIB). These agreements enabled the group to back major internationalisation projects of Italian companies and investments of strategic importance for the country's economy, especially in sectors such as R&D, renewable energy and infrastructure.

The guidelines of the industrial plan for 2011-2013, approved in December, reflect the uncertain outlook for the global economy and the forecast for growth at different speeds, with a significant gap in performance by the emerging economies and mature markets. The plan confirms SACE's support for Italian exports of goods and services and projects of strategic importance for the Italian economy, as well as the "Export Banca" system, launched with the support of Cassa Depositi e Prestiti. The plan also envisages business expansion and broadening of the customer base, particularly with regard to small and medium-sized enterprises, through an improved national and international sales network and better coordination of the group's product offering.

The results of the SACE BT subsidiary, which operates in the sector of credit insurance, surety bonds and construction risk, showed an appreciable improvement compared to the previous year as premium income held up and there was a drop in the claims rate (-55% compared to 2009). Having adopted prudent policies in terms of risk assumption, pricing and management of insurance contracts, with a negative underwriting performance, SACE BT expects to break even again in 2011.

SACE Fct, the group's factoring company, started operations in 2010. This company was set up under the government's anti-crisis measures and completes the group's product offering. Initially focused on factoring arrangements between suppliers and public sector customers, SACE Fct has already signed numerous agreements with public sector bodies and achieved good operating and financial results in its first year of activity. Business is expected to continue to do well in 2011 and the project for the company's inclusion in the Single Register of Financial Intermediaries held by Banca d'Italia will also be finalised.

3. CONSOLIDATED NET PROFIT

The main highlights of 2010 operating performance are set forth below.

(in € thousand)	**31/12/2010**	**31/12/2009**
Gross premiums	*532,843*	*430,510*
Change in technical provisions	*93,580*	*(188,218)*
Outward reinsurance premiums for the year	*(35,466)*	*(42,999)*
Net premium income	590,957	199,293
Net claims incurred	37,701	233,446
Operating expenses:	97,840	101,206
Commissions and other acquisition expenses	*32,288*	*32,936*
Investment management charges	*6,751*	*12,494*
Other administrative expenses	*58,801*	*55,776*
Income and expense on financial instruments at fair value through profit or loss	(205,703)	511,081
Income from other financial instruments and investment property	196,670	200,502
Expense relating to other financial instruments and investment property	1,307	3,556
Other income	399,378	239,859
Other expense	231,967	173,380
PRE-TAX PROFIT	**612,487**	**639,147**
Imposte	(202,663)	(179,209)
UTILE NETTO DELL'ESERCIZIO	**409,824**	**459,938**

Group interest in the net profit for the year amounted to €409.8 million. The components that contributed to determining the result for the period are set forth below:

- At €532.8 million, there was a noteworthy y/y increase in gross premiums (€430.5 million in 2009). This increase was forged by the upswing of around 40% in premium income in the parent company's credit business. The reduction in the unearned premium provision in the credit business contributed positively;
- net charges for claims, amounting to €37.7 million, returned to the levels seen in 2008. In 2009 this item was affected by the increase in claims paid in the year and the accrual to the provisions for claims outstanding

following the increase in the number of claims reported;

- operating expenses (€97.8 million) were basically in line with those for the previous year;
- non-technical management, with a positive result of €157.1 million, was lower than in 2009 due to valuation losses on investments in the portfolio.

4. INSURANCE OPERATIONS

Premiums

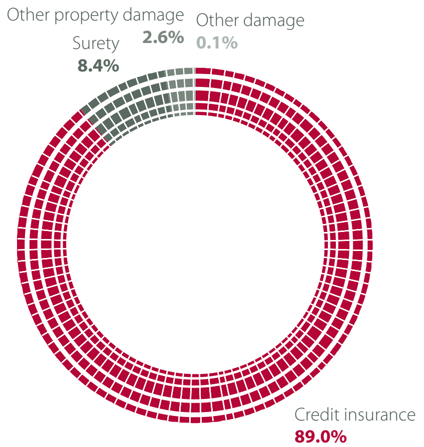
In 2010, the SACE group reported gross premiums for €532.8 million, of which €527.6 million from direct business and €5.2 million from inward reinsurance. The y/y increase in premiums was approx. 24%.

Breakdown of premiums

(in € thousand)	2010	2009	Change compared to 2009
Business			
Non-life (direct business)	527,604	421,347	25.2%
Credit insurance	*469,333*	*345,225*	*35.9%*
Surety	*44,063*	*63,350*	*-30.4%*
Other property damage	*13,492*	*11,708*	*15.2%*
Non-motor TPL	*441*	*710*	*-37.9%*
Fire	*198*	*240*	*-17.5%*
Accident	*77*	*97*	*-20.6%*
Health	*0*	*17*	*-100.0%*
Life (direct business)		5,381	-100.0%
Total Direct Business	527,604	426,728	23.6%
Total Indirect Business	5,239	3,782	38.5%
TOTAL	**532,843**	**430,510**	**23.8%**

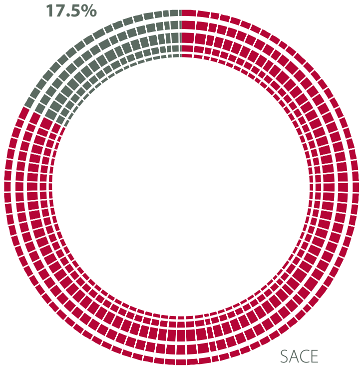
In terms of ratio of the individual classes of business to gross premiums from direct business, 89.0% of the premiums stemmed from credit insurance, 8.4 % from surety bond insurance and 2.6% from other property damage.

Details of premiums by class (direct business)



Of gross premiums from direct business, 82.5 % refer to SACE while the remaining 17.5% refer to SACE BT.

Details of premiums by group company (direct business)



Claims and recoveries

Claims paid by the parent company during 2010 (€107.3 million) were slightly higher than in the previous year (€95.6 million). There was a general rise in defaults as all sectors continued to feel the effects of the global financial crisis. The cash flow from sovereign credit recoveries amounted to around €100 million, with two countries, Egypt and Angola, accounting for 46%.
As regards commercial recoveries, these amounted to a total of some €65.6 million in 2010.

Claims paid by the subsidiary SACE BT amounted to €74.3 million. The cost of claims followed different trends according to type of business:

- in the credit insurance business there was a 28% decrease in defaults reported compared to 2009, reflecting some improvement in terms of the rate and average cost of claims reported. Pre and post-settlement recoveries enabled 26% of claims to be closed without follow-up already in the pre-settlement phase.
- in the surety business there was a 22% reduction in the number of claims and a 16% drop in the cost of claims compared to 2009;
- the other property damage insurance business reported a 40% increase in the number of claims reported.

5. RISK MANAGEMENTI

5.1 Risk management policies

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

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

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

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

- **technical risk**: meaning **underwriting risk** and **credit risk**[2]. The former refers to the risk of loss or adverse change in the value of insurance liabilities due to inadequate pricing and provisioning assumptions; the latter is the risk of default or the downgrading of counterparties' credit rating. Both risks are managed by adopting prudent pricing and provisioning strategies, which are defined according to market best practice, and through prudent underwriting policies, permanent monitoring and active portfolio management.
- **Market risk**: the risk of losses due to adverse changes in market prices of financial instruments, currencies and commodities. This type of risk is managed using asset-liability management techniques and kept within previously defined limits by adopting guidelines on asset allocation and market VaR models.
- **Operational risk**: the risk of losses resulting from inadequate or failed internal processes, personnel or systems, or from external events. SACE and SACE BT conduct periodic self-assessments of potential operational risk factors and use a loss data collection process to measure and record their operating losses. These data represent the input of the process for measuring and controlling operational risks in accordance with current regulations. Similar loss data collection and self-assessments will also be implemented by SACE Fct with a view to developing a more efficient and complete risk management system.
- **Liquidity risk**: the risk of being unable to meet financial obligations due to the inability to liquidate investments and other assets. For SACE and SACE BT the liquidity risk is not significant as all the securities in the portfolios used to cover technical reserves are traded in regulated markets and the short average life of the investments guarantees their rapid turnover. SACE Fct is in the process of defining a specific liquidity risk management policy to meet prudential regulatory requirements.

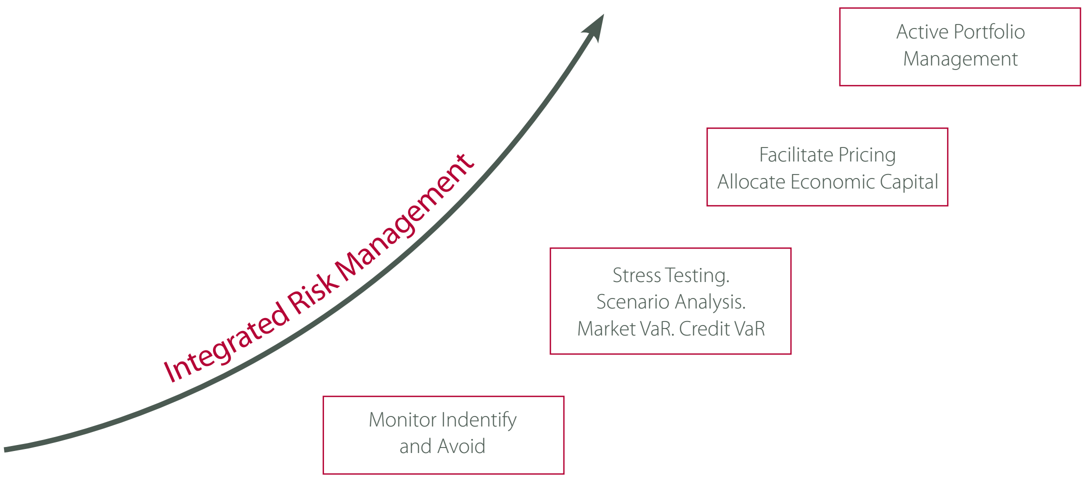
1. For SACE Fct Circular No. 216 of 5 August 1996 – 7th version as updated on 9 July 2007 "Supervisory instructions for financial intermediaries registered with the "Special List" issued by Banca d'Italia", for SACE BT and SACE S.p.A. ISVAP Regulation No. 20 of 26 March 2008, European Solvency II Directive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

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

- **Reputation risk:** the risk of damage to the company's image and conflict with policyholders, due to the provision of services that are not up to standard, inadequacy of policies or lack of customer satisfaction with the sales network. This risk is notably mitigated by the existing internal control and risk management departments, for example risk management, auditing and compliance, and by adopting specific internal procedures directed towards regulating all group operations.
- **Strategic risk:** the current and prospective impact on earnings or capital arising from ineffective changes in activities or inappropriate business plans, improper implementation of decisions or failure to respond to changes in the competitive environment.

5.2 The role of risk management

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



The risk management division:

- proposes methods, develops models and systems for measurement and monitoring of risk and internal capital, and makes recommendations regarding the relative provisions, using methods such as VaR and portfolio scoring, in accordance with the applicable supervisory regulations;
- implements the procedures for measurement and integrated control of the risk/return ratio and the creation of value by individual risk taking units and monitors correct allocation of economic capital, in line with the related company guidelines;
- assists with defining the operational autonomy of company offices, reporting any breaches of the limits to the board of directors, top management and the offices concerned;

- ensures the measurement and integrated control of overall risk exposure by defining the procedures for identifying, assessing, monitoring and reporting risks, including scenario analysis and stress tests;
- supports the corporate offices involved in calculating provisions;
- issues periodic reports on changes in the risks assumed and the presence of any anomalous situations and exceeding of limits, and submits these to the board of directors, top management and office supervisors;
- monitors activities aimed at optimising capital structure, managing reserves and liquidity (ALM);
- cooperates with other internal and external control functions and bodies, to which it sends periodic reports
- coordinates activities to ensure compliance with capital adequacy regulations.

Risk governance is entrusted to the following bodies:

- the management committee: examines and shares group strategies and objectives; validates and monitors business plans; investigates key issues regarding management and operational guidance of SACE and of group companies;
- the risk committee: examines underwriting, indemnities, restructuring and other significant operations and assesses their permissibility compatibly with the risk management guidelines drawn up by the risk management division;
- The product business development and policy committee: examines, draws up and modifies policies relating to existing and new products (commercial, risk/yield, organisational, legal aspects, etc), assessing their all-round impact on company business. Assesses the advisability of developing business/commercial actions/opportunities and domestic/international development plans according to strategic guidelines provided by top management;
- the board of directors: approves strategies, procedures, management policies and organisational aspects.

5.3 Guarantee and credit portfolio

Total exposure of the parent company, calculated as the sum of performing credits and outstanding guarantees (principal and interest) amounted to €32.8 billion. Total exposure continued its upward trend, rising by 16%. In particular, the guarantee portfolio (principal only) increased by 18.5% while sovereign credits rose by 11%, due to upward adjustment of Iraq credits.

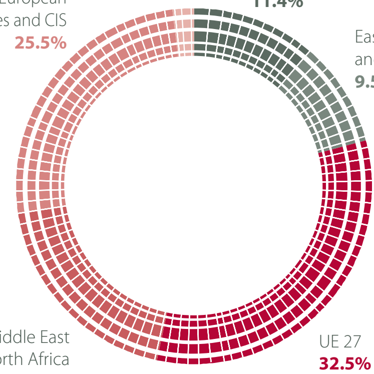
The total portfolio of SACE BT continued its upward trend: overall exposure amounted to €36.9 billion, rising by13.8%. At the end of its first year of business, SACE Fct held receivables for €804 million.

(in € million)	**2010**	**2009**	**Change**
SACE			
Outstanding guarantees	**32,774.0**	**28,281.5**	**15.9%**
- principal	32,202.6	27,762.1	16.0%
- interest	27,249.5	22,992.4	18.5%
Performing credits	4,953.2	4,769.7	3.8%
SACE BT	571.3	519.4	10.0%
Short-term credit	**36,950.4**	**32,483.8**	**13.8%**
Surety Italy	13,847.0	13,532.0	2.3%
Other property damage	7,371.5	7,697.8	-4.2%
SACE Fct	15,731.9	11,254.0	39.8%
Outstanding credits			
Crediti *oustanding*	804.0	-	-

SACE

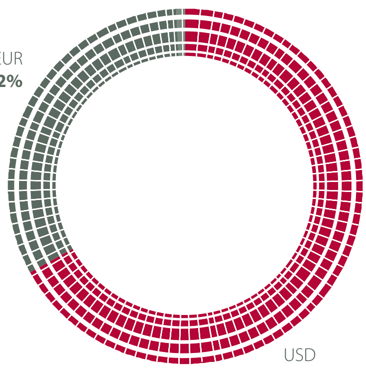
In terms of concentration of total exposure by geo-economic area, calculated as the sum of performing credits and outstanding guarantees (principal and interest), EU countries continued to account for the highest exposure (32.5%, compared with 28,4% in 2009), with Italy in first place. Exposure in non-EU European countries and CIS member states also increased by 14%. Exposure in the Middle East and North Africa fell by 22.5%. It also dropped by 11% in Asia and the Pacific region. Levels of exposure in Sub-Saharan Africa and America were unchanged.

SACE: total exposure by geo-economic area



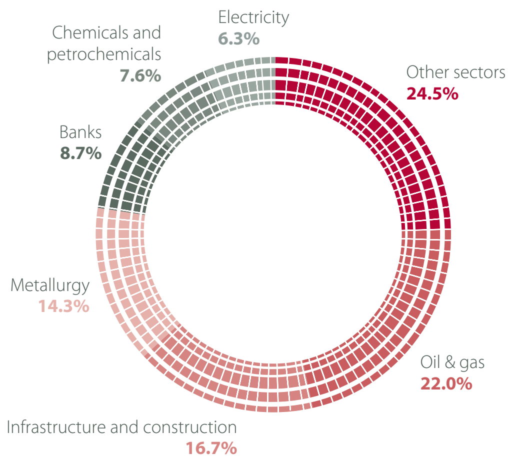
Credits in dollars fell from 72.5% in 2009 to 67% in 2010. More than 43% of the parent company's guarantee portfolio is denominated in dollars. Market risk on the credit and guarantee portfolio is mitigated partly though the natural hedge provided by management of the provision for unearned premiums, and partly via the asset-liability management techniques adopted by the company.

SACE: credit portfolio by original currency



In terms of exposure by industrial sector, concentration remained high in five sectors that accounted for 69% of the portfolio of outstanding guarantees (principal only). The biggest sector continued to be oil & gas, which accounted for 22% of the portfolio, followed by infrastructure and construction (16.7%) and metallurgy (14.3%). Exposure in the chemicals and petrochemicals sector continued to fall and represented 7.6% of the portfolio (compared with 9.9% the previous year).

SACE: guarantee portfolio by industrial sector

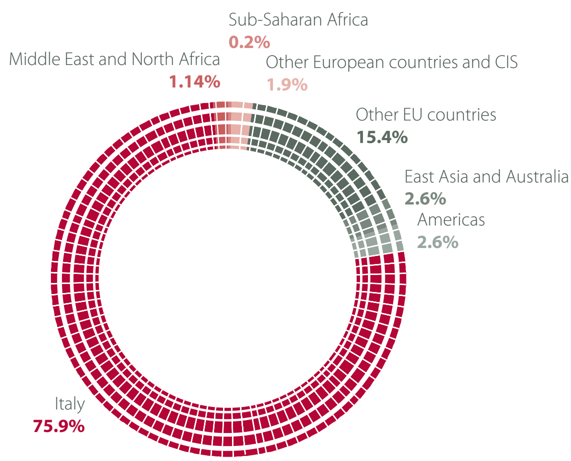


SACE BT

Credit insurance business

Total exposure[3] in the credit insurance business amounted to €13.8 billion, a y/y increase of 2.3%. This line of business posted an increase in the number of buyers (+8.3%) and a drop in average exposure per debtor (-5.5%). Exposure was concentrated in EU countries (91.3%), with Italy alone representing 76%.

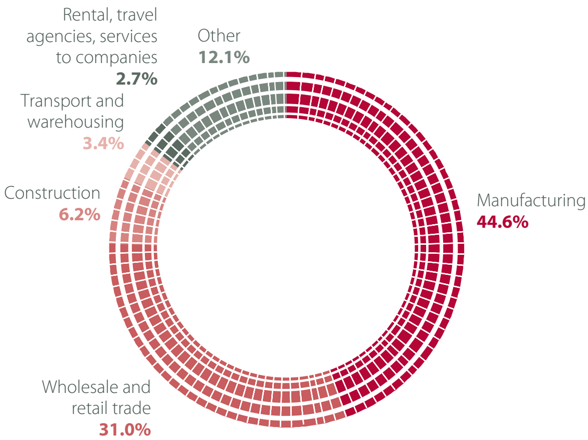
SACE BT: exposure by geo-economic area (credit business)



The first two industrial sectors[4] in terms of exposure were manufacturing and wholesale and retail trade, which accounted for 75.6% of exposure.

3. Limits net of compulsory excess
4. Starting from 2010 the company adopted the ATECO 2007 classification system.

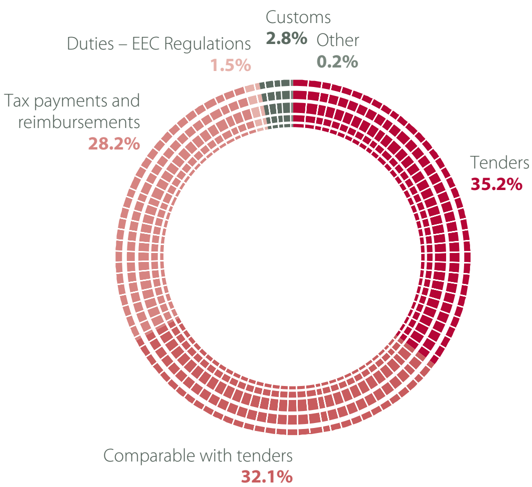
SACE BT: exposure by industrial sector (credit business)



Surety business

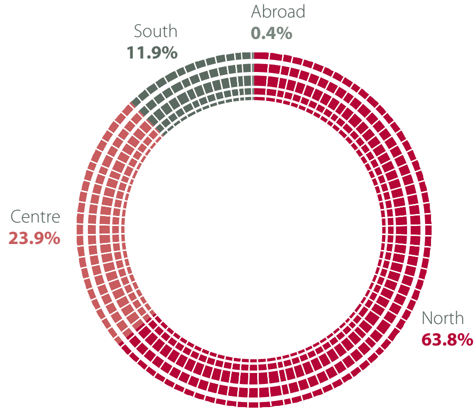
Total exposure in the surety business amounted to €7.4 billion, a y/y decrease of 4.2%. The main products were guarantees for contracts (67.3%) and for tax payments and reimbursements (28.2%).

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



In terms of exposure by geographical area, Northern Italy alone represented 63.8% of the total. Central Italy represented about 24.0% of the portfolio.

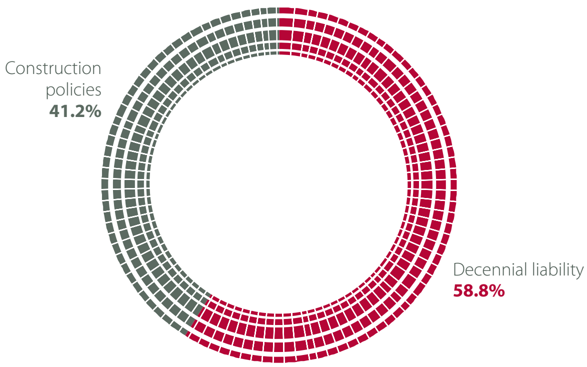
SACE BT: exposure by geographical area (surety business in Italy)



Other property damage business

Exposure in the other property damage business amounted to €15.7 billion, up 39.8% on the previous year.

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



SACE Fct

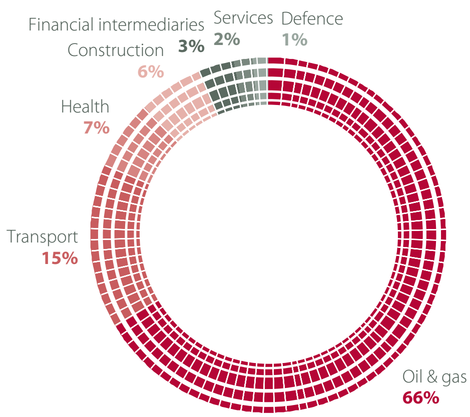
Factoring business

During its first year of business SACE Fct managed factoring arrangements between suppliers and 2,450 public sector customers: 900 municipal councils, 179 local health units, 57 provincial councils, 18 regional councils and 1,296 central government bodies, including 14 ministries. In 2009 the company granted credit lines for €1,229 million.

Having initially signed factoring agreements with leading Italian corporations, especially in the energy, aerospace and infrastructure sectors, SACE Fct broadened its scope of activity to include small and medium-sized companies and entered into numerous agreements to purchase receivables from public sector customers. The company has assumed an increasingly important role in advising public sector customers and developing forms of payment and measures to support the SMEs supplying them. SACE Fct is committed to making the public sector more efficient by regulating its relations with suppliers.

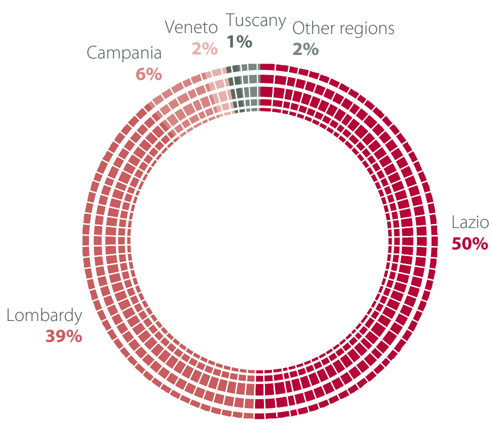
SACE Fct generated a turnover of €885 million in 2010. The main industrial sectors for SACE Fct's business are oil & gas (66%), transport (15%) and health services (7%).

SACE Fct: turnover by industrial sector of the supplier



In terms of geographical area, turnover was mainly generated by customers based in the regions of Lazio (50%) and Lombardy (39%).

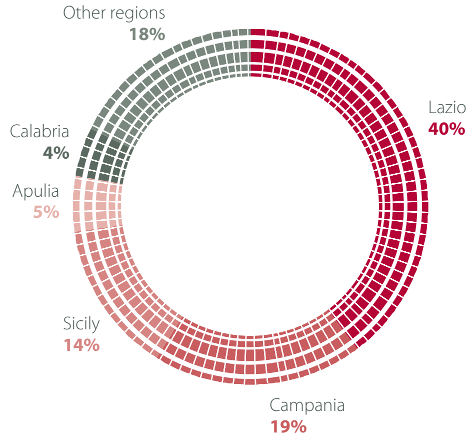
SACE Fct: turnover by geographical area of the supplier



The portfolio of outstanding credits amounted to €804 million, of which €766 million related to non-recourse transactions.

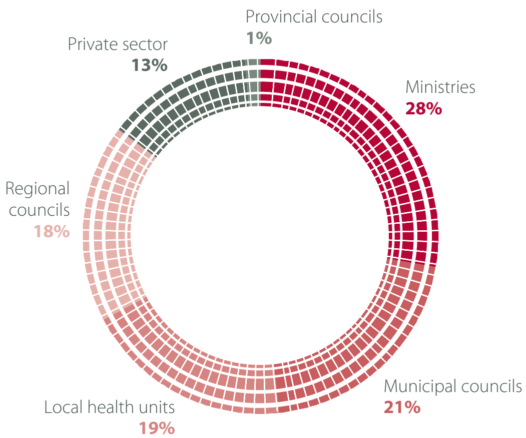
The graph below shows the distribution of outstanding credits by geographical area of debtors; it is worth noting that 28% of outstanding credits in the Lazio region, equal to 40% of the total, were attributable to central government agencies.

SACE Fct: outstanding credits by geographical area of debtors



87% of the portfolio of total credits refers to public sector counterparties.

SACE Fct: outstanding credits by sector of debtors



5.4 Securities portfolio

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

These limits are fixed to ensure prudent and efficient management, aimed at controlling portfolio risks and maintaining these within previously defined limits. Value-at-Risk models are used to quantify the capital absorbed.

(in € million)	2010	2009	Change
Type of investment by the SACE group			
Bonds	6,649.5	6,615.8	0.5%
Shares	366.9	497.2	-26.2%
Money Market	166.3	779.1	-78.6%
TOTAL	**7,182.8**	**7,892.1**	**-9.0%**

The portfolio consists for 92.6% of bonds, for 2.3% of money market instruments and for the remaining 5.1% of equities.

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

SACE: breakdown of securities portfolio by rating	%
Rating	
AAA	5.3
AA+	0.6
AA	4.5
AA-	1.1
A+	65.6
Other	22.9
TOTAL	**100.0**

Sensitivity Analysis

Quantitative prospective tests were carried out using the sensitivity analysis model for overall group investments, and individually for debt securities, equities and collective investment undertakings. Stress tests were calculated by simulating changes in credit spreads and interest rate curves.

The results revealed good performance of the portfolio in all scenarios. For stress tests which have a negative effect on the portfolio average potential losses were 33% lower than in 2009.

A 100% increase in all credit spreads would thus produce a limited loss of €119 million (equal to 2.5% of the market value of the investment portfolio, 27% less than in 2009).

The overall effect on the portfolio of a 10% drop in share prices would be -€14 million, 46% less than the potential loss at the end of 2009.

Stress Test

(in € million)	Effect on the trading portfolio
10% reduction in share prices	- 14
25% increase in credit spread	- 26
50% increase in credit spread	- 57
100% increase in credit spread	- 119
50% increase in spread for investment grade counterparties	- 51
100 bps increase in all spreads (Credit Rate Shock)	- 91
Interest rates increased by 100 bps	- 4
25% reduction in credit spread	+ 39
50% reduction in credit spread	+ 72

Scenario analysis, based on important economic-financial events, confirmed the good performance of the investments even in dramatic scenarios affecting all financial markets, confirming the adoption of an extremely prudential investment policy approach.

Scenario Analysis	**Effect on the trading portfolio (in € million)**	**Description of Scenario**
Interest Rate Hike Fears	- 3	March 2002: 1 month Euribor at 3.35%, the market reacts to fears of inflation and a surge in the property market. US 10Y Govt +21.4%, EU 10Y Govt +10.9%
Small Cap Worries	- 2	July 2002: a recession hitting low cap companies in China fuelled uncertainty about growth in the region and increased global risk aversion. S&P500 -15.6%, US 10Y Govt -34.4%, Dax Index -25.7%
Euro Weakens	+ 32	January 1999: the single European currency was adopted and the euro fell sharply against the USD
U.S.A. in recession	+ 22	March 2001: economic and financial recession in the USA
11 September 2001	+ 31	11 September 2001: shock on the world share indexes
		and collapse of returns on bonds.

6. HUMAN RESOURCES

At 31 December 2010 group employees totalled 656, an increase of 9.7% compared to the previous year. In 2010, 87 people were hired and 29 left the group.

Distribution of staff by grade

	SACE	**SACE BT**	**SACE Servizi**	**SACE Fct**	**Total**	**Distribution**
Grade						
Senior managers	26	8		3	37	5.64%
Managers	194	41		6	241	36.74%
Clerical staff	209	151	7	6	373	56.86%
Sales staff		5			5	0.76%
TOTAL	**429**	**205**	**7**	**15**	**656**	**100%**

Over the years, the staff recruitment and management policies have resulted in a reduction in average age (with fewer people in the first and third age groups and more in the second) and an increase in the average level of education (the number of university graduates rose by 3.22%). Most new resources hold a degree, have attended post-graduate specialisation courses and have an excellent command of the English language as certified by internationally recognised tests (e.g. TOEFL, TOEIC).

Distribution of staff by age group

	%	**Change compared to 2009**
Age group		
Under 40	55%	-1.26%
Between 41 and 50	30%	3.45%
Between 51 and 60	14.7%	-2%
Over 60	0.3%	0%

Distribution of staff by qualification

	%	Change compared to 2009
Qualification		
Degree	64%	3.22%
Secondary school certificate/other	36%	-5.26%

The company implements training programmes to strengthen the specific technical skills required by the various business areas, develop the managerial ability and leadership qualities needed to manage complexity and change and support knowledge creation and sharing. The group continued to provide training schemes for all employees. These included languages (General and Business English) and managerial courses (People Management, Public Speaking, Meeting Skills, etc.), in addition to the courses required by law (e.g. Italian Legislative Decrees 231/01, 196/2003 and 81/08).

7. DISTRIBUTION NETWORK AND MARKETING ACTIVITY

Having strengthened its network of regional offices in Italy, the group is now better equipped to meet its customers' needs and has a closer understanding of local entrepreneurial, banking and corporate activity. These offices have brought SACE closer to small and medium-sized enterprises located throughout Italy, also through partnerships and agreements with local banks. The SACE group has further strengthened its presence abroad in regions of strategic importance for Italy. It opened new offices in Istanbul and Bucharest, the former a hub for the Middle East, the latter for Eastern Europe.
The group continued its policy of extending its multi-channel distribution network to improve coverage of the entire territory.

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

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

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

Each company within the group has its own supervisory body that is charged with overseeing the application, appropriateness and implementation of the model and must act within its authority to investigate any violations of the code of conduct.

As required under the relevant banking and insurance regulations and in line with market best practice, group companies have adopted the appropriate measures to detect, measure and control the risks inherent in their business, also in view of the scope and complexity of their activities. These internal controls consist of the rules, procedures and organisational structures aimed at ensuring compliance with corporate strategies, efficacy and efficiency of company procedures, safeguarding of the company's assets and protection against losses, reliability and integrity of accounting, financial, operational and administrative data and compliance with laws, supervisory regulations and internal procedures.
The parent company carries out its own internal auditing, compliance and risk management activities and provides SACE BT and SACE Fct with this service under outsourcing agreements.

9. Research and development

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

10. Share structure and share capital

The parent company does not own treasury shares and its subsidiaries do not hold any shares in the parent either directly or through trust companies or nominees.

11. Main events in early 2011 and business outlook

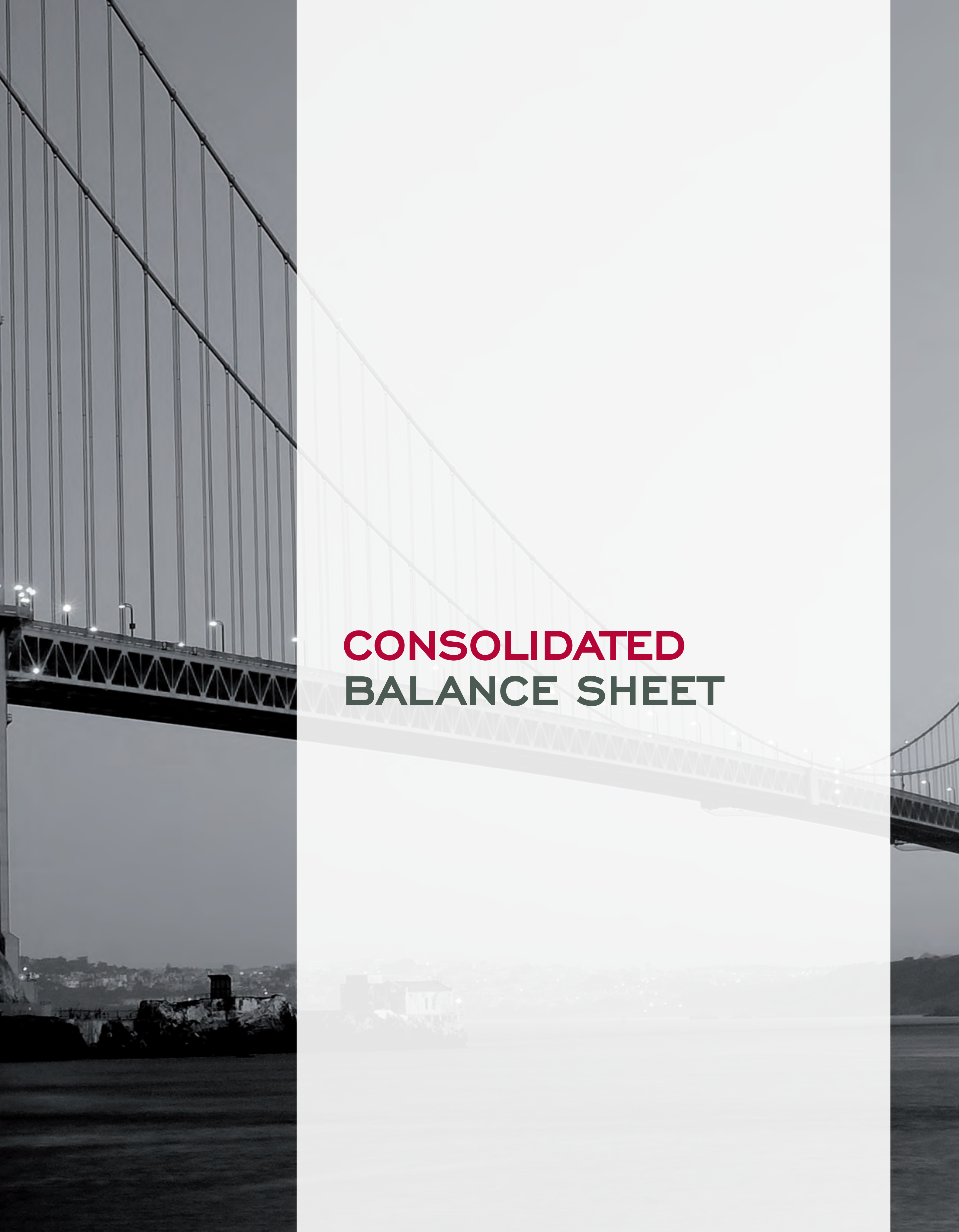
On the basis of the results for the opening months of the year, the earnings prospects assumed in the 2011-2013 industrial plan are confirmed.

Rome, 4 April 2011

on behalf of the board of directors

CEO

Alessandro Castellano



CONSOLIDATED
BALANCE SHEET

BALANCE SHEET
ASSETS

(in € thousand)		**31/12/2010**	**31/12/2009**
1	**INTANGIBLE ASSETS**	**16,502**	**16,672**
1.1	Goodwill	7,658	7,658
1.2	Other intangible assets	8,844	9,014
2	**PROPERTY, PLANT AND EQUIPMENT**	**79,273**	**80,118**
2.1	Property	76,057	76,988
2.2	Other property, plant and equipment	3,216	3,130
3	**REINSURERS' SHARE OF TECHNICAL PROVISIONS**	**99,717**	**95,371**
4	**INVESTMENTS**	**7,915,266**	**7,320,767**
4.1	Investment property	12,970	12,750
4.2	Equity investments in subsidiaries, associates and joint ventures	7,125	6,886
4.3	Held-to-maturity investments	1,738,687	2,110,441
4.4	Loans and receivables	862,222	134,927
4.5	Available-for-sale financial assets	-	-
4.6	Financial assets at fair value through profit or loss	5,294,262	5,055,763
5	**OTHER RECEIVABLES**	**841,939**	**809,222**
5.1	Receivables arising out of direct insurance business	795,116	752,774
5.2	Receivables arising out of reinsurance business	11,239	34,227
5.3	Other receivables	35,584	22,221
6	**OTHER ASSETS**	**285,519**	**234,684**
6.1	Non-current assets or of a disposal group held for sale	-	-
6.2	Deferred acquisition costs	-	-
6.3	Deferred tax assets	63,884	60,003
6.4	Current tax assets	180,917	136,844
6.5	Other assets	40,718	37,837
7	**CASH AND CASH EQUIVALENTS**	**84,368**	**685,721**
	TOTAL ASSETS	**9,322,584**	**9,242,555**

BALANCE SHEET – LIABILITIES AND SHAREHOLDERS' EQUITY BALANCE SHEET LIABILITIES AND SHAREHOLDERS' EQUITY

(in € thousand)		31/12/2010	31/12/2009
1	**SHAREHOLDERS' EQUITY**	**6,364,342**	**6,317,830**
1.1	**Group interest**	**6,364,342**	**6,317,830**
1.1.1	Capital	4,340,054	4,340,054
1.1.2	Other equity instruments	-	-
1.1.3	Capital reserves	-	-
1.1.4	Retained earnings and other equity reserves	1,614,464	1,517,838
1.1.5	(Treasury stock)	-	-
1.1.6	Reserve for net exchange differences	-	-
1.1.7	Gains (losses) on available-for-sale financial assets	-	-
1.1.8	Other gains (losses) taken directly to equity	-	-
1.1.9	Net group interest in the profit (loss) for the year	409,824	459,938
1.2	**Minority interest**	-	-
1.2.1	Capital and reserves - minorities	-	-
1.2.2	Gains (losses) taken directly to equity	-	-
1.2.3	Minority interest in the profit (loss) for the year	-	-
2	**PROVISIONS**	**76,060**	**83,340**
3	**TECHNICAL PROVISIONS**	**2,214,794**	**2,316,892**
4	**FINANCIAL LIABILITIES**	**188,441**	**113,519**
4.1	Financial liabilities at fair value through profit or loss	63,833	38,138
4.2	Other financial liabilities	124,608	75,381
5	**ACCOUNTS PAYABLE**	**193,447**	**151,754**
5.1	Accounts payable arising out of direct insurance business	58,905	72,073
5.2	Accounts payable arising out of reinsurance business	38,709	16,543
5.3	Other accounts payable	95,833	63,138
6	**OTHER LIABILITIES**	**285,500**	**259,220**
6.1	Liabilities of a disposal group held for sale	-	-
6.2	Deferred tax liabilities	98,134	59,199
6.3	Current tax liabilities	170,479	183,678
6.4	Other liabilities	16,887	16,343
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**9,322,584**	**9,242,555**

CONSOLIDATED INCOME STATEMENT

(in € thousand)		31/12/2010	31/12/2009
1.1	Net premiums	590,957	199,293
1.1.1	Gross premiums for the year	626,423	242,294
1.1.2	Outward reinsurance premiums for the year	-35,466	-43,001
1.2	Commissions receivable	777	-
1.3	Income and expense on financial instruments at fair value through profit or loss	-205,703	511,081
1.4	Income from equity investments in subsidiaries, associates and joint ventures	-	-
1.5	Income from other financial instruments and investment property	196,670	200,502
1.5.1	Interest income	195,591	199,811
1.5.2	Other income	1,079	691
1.5.3	Realised gains	-	-
1.5.4	Valuation gains	-	-
1.6	Other income	398,601	239,859
1	**TOTALE REVENUES AND INCOME**	**981,302**	**1,150,735**
2.1	Net claims incurred	37,701	233,446
2.1.1	Amounts paid and changes to technical provisions	49,109	268,442
2.1.2	Reinsurers' share	-11,408	-34,996
2.2	Commission expense	137	-
2.3	Expense relating to equity investments in subsidiaries, associates and joint ventures	359	-
2.4	Expense relating to other financial instruments and investment property	948	3,556
2.4.1	Interest expense	782	3,262
2.4.2	Other expense	166	168
2.4.3	Realised losses	-	-
2.4.4	Valuation losses	-	126
2.5	Operating expenses	97,840	101,206
2.5.1	Commissions and other acquisition expenses	32,288	32,936
2.5.2	Investment management charges	6,751	12,494
2.5.3	Other administrative expenses	58,801	55,776
2.6	Other expense	231,830	173,380
2	**TOTALE COSTS AND EXPENSES**	**368,815**	**511,588**
	PROFIT (LOSS) FOR THE YEAR BEFORE TAX	**612,487**	**639,147**
3	**Tax**	202,663	179,209
	PROFIT (LOSS) FOR THE YEAR NET OF TAX	**409,824**	**459,938**
4	**PROFIT (LOSS) ON DISCONTINUED OPERATIONS**	**-**	**-**
	CONSOLIDATED INCOME (LOSS) FOR THE YEAR	**409,824**	**459,938**
	of which attributable to the group	**409,824**	**459,938**
	of which attributable to minorities	**-**	**-**

STATEMENT OF COMPREHENSIVE INCOME - NET AMOUNTS

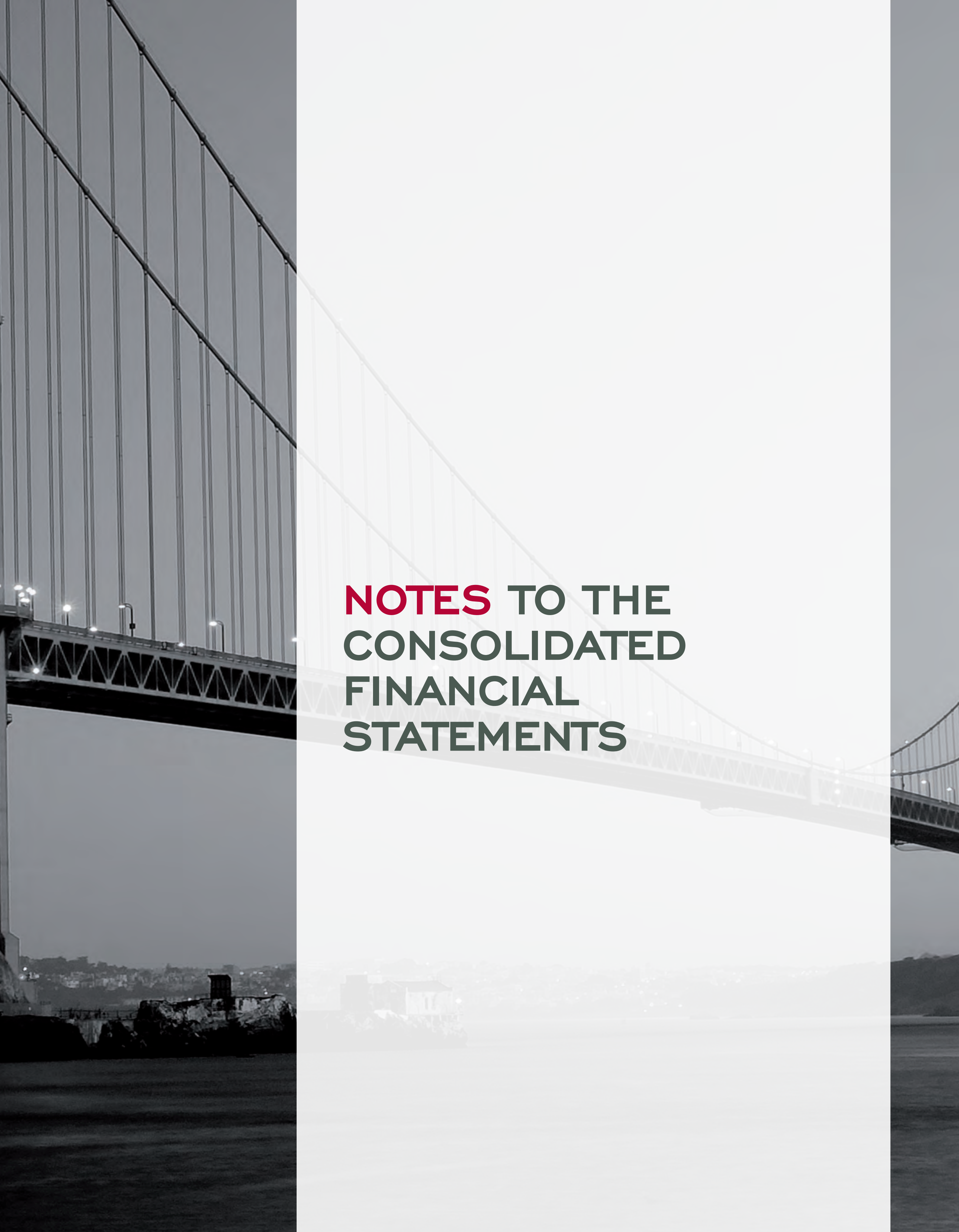
(in € thousand)	31/12/2010	31/12/2009
CONSOLIDATED INCOME (LOSS) FOR THE YEAR	**409,824**	**459,938**
Change in the reserve for net exchange differences		
Gains (losses) on available-for-sale financial assets		
Gains (losses) on cash flow hedges		
Gains (losses) on hedges of net investments in foreign operations		
Change in the shareholders' equity of subsidiary and affiliated companies		
Change in the intangible assets revaluation reserve		
Change in the tangible assets revaluation reserve		
Income and expense relating to non-current assets or a disposal group held for sale		
Actuarial gains and losses and re-adjustments relating to defined benefit plans		
Other elements		
TOTAL OF OTHER ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME	**-**	**-**
TOTAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**409,824**	**459,938**
of which attributable to the group	**409,824**	**459,938**
of which attributable to minorities		

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	(in € thousand)	Balance at 08.12.31	Change in closing balance	Allocations	Adjustments for reclassification of profit (loss) for the year	Transfers	Balance at 09.12.31	Change in closing balance	Allocations	Adjustments for reclassification of profit (loss) for the year	Transfers	Balance at 31-12-10
Group interest in shareholders' equity	Capital						4,340,054					4,340,054
	Other equity instruments						-					-
	Capital reserves						-					-
	Retained earnings and other equity reserves			213,929			1,517,838		96,626			1,614,464
	(Treasury stock)						-					-
	Income (loss) for the year			111,009			459,938		-50,114			409,824
	Other items in the statement of comprehensive income						-					-
	Total group interest			**324,938**		**-**	**6,317,830**	**-**	**46,512**	**-**	**-**	**6,364,342**
Minority interest in shareholders	Capital and reserves - minorities											
	equity"											
	Other items in the statement of comprehensive income											
TOTAL												

CONSOLIDATED CASH FLOW STATEMENT

(in € thousand)	31/12/2010	31/12/2009
Profit (loss) for the year before tax	**612,487**	**639,147**
Changes in non-cash items	**(135,942)**	**315,604**
Change in the provision for unearned premiums - non-life business	(102,883)	206,976
Change in the provision for claims outstanding and other technical provisions - non-life business	(3,561)	120,880
Change in the provision for policy liabilities and other technical provisions - life business	0	(22,253)
Change in deferred acquisition costs	0	1,189
Change in the general provision	(7,280)	(24,232)
Non-cash income and expense from financial instruments, investment property and equity investments		
Other changes	(22,218)	33,044
Change in receivables and payables generated by operations	**6,639**	**248,283**
Change in receivables and payables arising from direct insurance and reinsurance business	(10,356)	213,344
Change in other receivables and payables	16,995	34,939
Tax paid	**(202,663)**	**(179,209)**
Net cash flow generated/absorbed by investment and financial activities	**(212,804)**	**(494,786)**
Liabilities from financial policies issued by insurance companies		
Due to banks and interbank liabilities		
Loans and receivables with insured banks and interbank market		
Other financial instruments at fair value through profit or loss	(212,804)	(494,786)
TOTAL NET CASH FLOW ARISING FROM OPERATIONS	**67,717**	**529,039**
Net cash flow generated/absorbed by investment property	(220)	50
Net cash flow generated/absorbed by subsidiaries, associates and joint ventures	(239)	4,614
Net cash flow generated/absorbed by loans and receivables	(727,295)	(120,850)
Net cash flow generated/absorbed by held-to-maturity investments	371,754	(174,246)
Net cash flow generated/absorbed by available-for-sale financial assets	0	0
Net cash flow generated/absorbed by plant, property and equipment and intangible assets	1,015	2,211
Other net cash flows generated/absorbed by investments		
TOTAL NET CASH FLOW ARISING FROM INVESTMENT OPERATIONS	**(354,985)**	**(288,221)**
Net cash flow generated/absorbed by capital instruments attributable to the group		
Net cash flow generated/absorbed by own shares		
Distribution of dividends attributable to the group	(363,313)	(135,000)
Net cash flow generated/absorbed by capital and reserves attributable to minorities		
Net cash flow generated/absorbed by subordinated liabilities and participating financial instruments		
Net cash flow generated/absorbed by other financial liabilities	49,228	49,285
TOTAL NET CASH FLOW ARISING FROM LOAN OPERATIONS	**(314,085)**	**(85,715)**
Effect of exchange differences on cash and cash equivalents		
CASH AND CASH EQUIVALENTS - OPENING BALANCE	685,721	530,618
INCREASE (REDUCTION) IN CASH AND CASH EQUIVALENTS	(601,353)	155,103
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	84,368	685,721



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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General information

The SACE group comprises the parent SACE S.p.A. and its SACE BT S.p.A., SACE Fct S.p.A. and SACE Servizi S.r.l. subsidiaries. SACE S.p.A. and its subsidiaries adopt an organisational structure in which the parent company operates in the sector of non-marketable credit insurance while its SACE BT subsidiary exercises non-life business specialising in the short-term credit insurance and surety markets. The SACE Fct subsidiary, which started business in April 2010, is a factoring company.

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

Applicable legislation

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

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

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

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

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

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

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

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

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

Format of the accounts

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

Consolidation procedures (IAS 27)

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

Scope of consolidation

The scope of consolidation of the SACE group includes the accounts of the parent company SACE S.p.A. and those of all its subsidiaries: SACE BT S.p.A., SACE Fct S.p.A. and SACE Servizi S.p.A.

Scope of consolidation

	Country	Method (1)	Activity (2)	% Direct ownership	% 100% interest (3)	% Voting rights available at the general meeting (4)	% consolidation
Name							
SACE BT	Italy	G	1	100%	100%	100%	100%
SACE FCT	Italy	G	11	100%	100%	100%	100%
SACE Servizi	Italy	G	11	0%	100%	0%	100%

(1) Method of consolidation: Line-by-line =G, Proportionate =P, Line-by-line by unitary division=U
(2) 1=Italian ins; 2=EU ins; 3=third-party country ins; 4= insurance holdings; 5=EU reins; 6=third-party country reins; 7=banks; 8=asset management companies; 9=other holdings; 10=real property companies; 11=other
(3) the product of the percentages of ownership relating to all the companies, along the line of ownership, between the company drawing up the consolidated accounts and the company in question. If the latter is owned directly by several subsidiaries, the single results must be added
(4) total percentage of voting rights available at the general meeting, only disclosed if different from the direct or indirect percentage of ownership

Detail of non-consolidated interests

	Country	Activity (1)	Type (2)	% Direct ownership	100% interest (3)	% Voting rights available at the general meeting (4)	Carrying value
Name							
African Trade Insurance Agency	Kenya	3	b	10.4%	10.4%	10.4%	7,125

(1) 1=Italian ins; 2=EU ins; 3=third-party country ins; 4= insurance holdings; 5=EU reins; 6=third-party country reins; 7=banks; 8=asset management companies; 9=other holdings; 10=real property companies; 11=other
(2) a=subsidiaries (IAS27); b=associated companies (IAS28); c=joint ventures (IAS 31); companies classified as owned for sale in accordance with IFRS 5 must be marked with an asterisk (*) and the key must be included at the bottom of the table.
(3) the product of the percentages of ownership relating to all the companies, along the line of ownership, between the company drawing up the consolidated accounts and the company in question. If the latter is owned directly by several subsidiaries, the single results must be added
(4) total percentage of voting rights available at the general meeting, only disclosed if different from the direct or indirect percentage of ownership

Transactions eliminated on consolidation

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

Principles of consolidation

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

Use of estimates

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

Technical provisions

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

Intangible assets

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

Other

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

Accounting Policies

Intangible assets

a) Goodwill (IAS 36, IFRS 3)

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

b) Other intangibles (IAS 38, IAS 36)

This item comprises the assets defined and regulated by IAS 38 and IAS 36. Only identifiable intangible assets controlled by group companies are recognised when it is probable that use of the assets will generate future economic benefits and when the cost of the asset is determined or can be reliably measured. This item mainly

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

Property, plant and equipment (IAS 16)

a) Property

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

b) Other property, plant and equipment

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

Reinsurers' share of technical provisions

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

Investments

Investment property (IAS 40)

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

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

All subsidiary companies have been consolidated line by line. This item comprises equity investments valued by the equity method and relating to associated companies or in companies subject to joint control. After initial recognition, at purchase cost, the change in value of such investments during the year, following application of the equity method, is recognised in the appropriate equity item.

Investments held to maturity (IAS 32 and IAS 39)

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

Loans and receivables (IAS 32 and IAS 39)

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

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

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

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

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

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

Derivative financial instruments (IAS 32 and IAS 39)

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

Determination of fair value

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

Sundry receivables (IAS 39)

Receivables arising out of direct insurance business (IAS 39)

This item includes premiums receivable from policyholders still to be collected. Initial recognition is at fair value and subsequently at amortised cost. Short-term receivables are not discounted since the effects would not be significant. Medium/long-term receivables are discounted to present value. Impairment of these receivables is recognised on the basis of past collection experience, in respect of each business line.

Receivables arising out of reinsurance business

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

Other receivables

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

Other assets

Deferred tax assets and liabilities (IAS 12)

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

Current tax assets and liabilities (IAS 12)

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

Other assets

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

Cash and cash equivalents (IAS 7 and IAS 32)

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

Group interest in shareholders' equity

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

Share capital

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

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

The item includes:

a) the reserve comprising gains (losses) arising from first-time adoption of IAS/IFRS as per IFRS 1;
b) the reserve for gains (losses) due to fundamental calculation errors and changes in accounting policies or estimates used, as per IAS 8;
c) reserves arising from reclassification of certain supplemental reserves and all equalisation reserves recognised under the standards previously in force (IFRS 4);
d) other reserves required by the Italian Civil Code and previous insurance legislation;
e) consolidation reserves.

Reserves for net exchange differences (IAS 21)

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

Provisions (IAS 37)

The item includes the liabilities defined and governed by IAS 37 (Provisions, contingent liabilities and contingent assets). Provisions for risks and charges are made when the following three conditions are met:

a) an effective obligation (legal or implicit) exists;
b) it is probable that resources will be used to meet the obligation and settle it;
c) the amount of the obligation can be reliably estimated.

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

Technical provisions (IFRS 4)

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

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

Liability Adequacy Test

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

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

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

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

a) payables to banks;
b) deposits received from reinsurers;
c) amounts due to ceding companies for factoring contracts in portfolio.

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

Accounts payable (IAS 32 and IAS 39)

This category comprises trade payables.

Accounts payable arising out of direct insurance business

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

Accounts payable arising out of indirect insurance business

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

Other payables

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

Other liabilities

This category comprises trade payables.

Current and Deferred Tax Liabilities

Reference should be made to the assets section.

Other liabilities

The item comprises:

a) transitory reinsurance accounts;
b) any accrued liabilities that could not be allocated to specific items.

Items of the PROFIT AND LOSS ACCOUNT

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

Net premiums (IFRS 4 and IAS 39)

This heading includes premiums for the year relating to contracts classifiable as insurance contracts under IFRS 4 and investment contracts with discretionary participation feature, considered similar to insurance contracts by IFRS 4.
All contracts under which one party, the insurer, accepts significant insurance risk, agreeing to compensate another party, the policyholder or another beneficiary, if a specified uncertain future event (the insured event) adversely affects the policyholder or another beneficiary are considered to be insurance contracts.
All contracts distributed by the Group qualify as insurance contracts according to IFRS 4. The premiums are recognised net of reinsurance transfers.

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

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

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

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

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

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

a) interest receivable (recognised on financial instruments using the effective interest method);
b) other income (e.g., rents from investment property and dividends);
c) realised gains (recognised following the elimination of financial assets or liabilities or investment property);
d) valuation gains, (including positive changes resulting from reversal of impairment and measurement subsequent to initial recognition of investment property at fair value and of financial assets and liabilities.

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

This heading includes:

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

Net claims incurred (IFRS 4)

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

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

This item includes the portion of the loss for the year relating to a Group company, recognised according to the equity method.

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

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

a) interest payable (recognised on financial instruments using the effective interest method);
b) other expense (e.g. costs relating to investment property, including property management charges and maintenance and repair costs not capitalised);

c) realised losses (recognised following the elimination of financial assets or liabilities or investment property);
d) valuation losses (including reductions arising from impairment tests and valuation subsequent to initial recognition at fair value of investment property and financial assets and liabilities).

Operating expenses (IFRS 4)

The item includes:

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

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

This heading includes:

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

Current tax (IAS 12)

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

Deferred tax (IAS 12)

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

Items in foreign currency

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

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

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

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

Risk management

The group regularly assesses its exposure to exchange-rate, interest-rate and credit-rate fluctuations and manages these risks by means of derivative contracts, in accordance with its risk management policies. These policies restrict the use of derivatives to management of exposure to exchange-rate and interest-rate fluctuations tied to cash flows and assets and liabilities and use for speculative purposes is not permitted.

The group uses derivatives designated as fair value hedges mainly for the management of:

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

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

New accounting principles

Some existing accounting principles were amended in 2010; these changes do not affect the presentation or evaluation of any of the items in the consolidated financial statements of the SACE group. Some accounting principles concerning the valuation and presentation of financial instruments and the presentation of transactions with related parties were amended in 2010 but these changes only became effective as from 1 January 2011.

Segment reporting

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

- Non-life business
- Life business
- Other businesses

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

BALANCE SHEET PER SETTORE DI ATTIVITÀ

(in € thousand)	Non-life business		Life business		Other businesses		Inter-segment adjustments		Total	
Balance Sheet by business sector	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009
1 INTANGIBLE ASSETS	**16,052**	**16,649**			**450**	**23**	**0**	**0**	**16,502**	**16,672**
2 PROPERTY, PLANT AND EQUIPMENT	**79,241**	**80,115**			**32**	**3**	**0**	**0**	**79,273**	**80,118**
3 REINSURERS' SHARE OF TECHNICAL PROVISIONS	**99,717**	**95,371**			**0**	**0**	**0**	**0**	**99,717**	**95,371**
4 INVESTMENTS	**7,753,730**	**7,230,520**			**0**	**0**	**0**	**0**	**7,915,266**	**7,320,767**
4.1 Investment property	12,970	12,750			0	0	0	0	12,970	12,750
4.2 Equity investments in subsidiaries, associates and joint ventures	7,125	6,886			0	0	0	0	7,125	6,886
4.3 Held-to-maturity investments	1,738,687	2,110,441			0	0	0	0	1,738,687	2,110,441
4.4 Loans and receivables	700,686	94,360			780,142	41,367	-618,606	-800	862,222	134,927
4.5 Available-for-sale financial assets	0	0			0	0	0	0	0	0
4.6 Financial assets at fair value through profit or loss	5,294,262	5,006,083			0	49,680	0	0	5,294,262	5,055,763
5 OTHER RECEIVABLES	**842,724**	**814,977**			**4,152**	**3,975**	**-4,937**	**-9,730**	**841,939**	**809,222**
6 OTHER ASSETS	**284,969**	**234,007**			**1,171**	**677**	**-621**	**0**	**285,519**	**234,684**
6.1 Deferred acquisition costs	0	0			0	0	0	0	0	0
6.2 Other assets	284,969	234,007			1,171	677	-621	0	285,519	234,684
7 CASH AND CASH EQUIVALENTS	**81,352**	**684,405**			**3,016**	**1,316**	**0**	**0**	**84,368**	**685,721**
TOTAL ASSETS	**9,157,785**	**9,156,044**			**8,371**	**5,971**	**-5,558**	**-9,730**	**9,322,584**	**9,242,555**
1 SHAREHOLDERS' EQUITY									**6,364,342**	**6,317,830**
2 PROVISIONS	**75,986**	**83,340**			**74**	**0**	**0**	**0**	**76,060**	**83,340**
3 TECHNICAL PROVISIONS	**2,214,794**	**2,316,892**			**0**	**0**	**0**	**0**	**2,214,794**	**2,316,892**
4 FINANCIAL LIABILITIES	**94,122**	**72,152**			**712,982**	**42,167**	**-618,663**	**-800**	**188,441**	**113,519**
4.1 Financial liabilities at fair value through profit or loss	63,832	38,138			0	0	1	0	63,833	38,138
4.2 Other financial liabilities	30,290	34,014			712,982	42,167	-618,664	-800	124,608	75,381
5 ACCOUNTS PAYABLE	**180,943**	**159,718**			**17,516**	**1,766**	**-5,012**	**-9,730**	**193,447**	**151,754**
6 OTHER LIABILITIES	**281,878**	**259,175**			**4,111**	**45**	**-489**	**0**	**285,500**	**259,220**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES									**9,322,584**	**9,242,555**

SEGMENT REPORTING - INCOME STATEMENT

(in € thousand)	Non-life business		Life business		Other businesses		Inter-segment adjustments		Total	
Segment reporting - Income Statement	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009
1.1 Net premiums	591,417	193,967		5,579	0	0	-460	-253	590,957	199,293
1.1.1 Gross premiums for the year	630,178	240,924		6,049	0	0	-3,755	-4,679	626,423	242,294
1.1.2 Outward reinsurance premiums for the year	-38,761	-46,957		-470	0	0	3,295	4,426	-35,466	-43,001
1.2 Commissions receivable					777				777	0
1.3 Income and expense on financial instruments at fair value through profit or loss	-204,512	509,489		1,115	94	477	-1,285	0	-205,703	511,081
1.4 Income from equity investments in subsidiaries, associates and joint ventures	0	0		0	0	0		0	0	0
1.5 Income from other financial instruments and investment property	193,163	201,274		0	4,128	44	-621	-816	196,670	200,502
1.6 Other income	394,095	233,560		83	8,795	9,124	-4,289	-2,908	398,601	239,859
1 **TOTALE REVENUES AND INCOME**	**974,163**	**1,138,290**	**0**	**6,777**	**13,794**	**9,645**	**-6,655**	**-3,977**	**981,302**	**1,150,735**
2.1 Net claims incurred	-37,705	-228,463		-5,070	0	0	4	88	-37,701	-233,445
2.1.1 Amounts paid and changes to technical provisions	-51,193	-263,175		-5,354	0	0	2,084	88	-49,109	-268,441
2.1.2 Reinsurers' share	13,488	34,712		284	0	0	-2,080	0	11,408	34,996
2.2 Commission expense					-137				-137	0
2.3 Expense on equity investments in subsidiaries, associates and joint ventures	-359	0		0	0	0	0	0	-359	0
2.4 Expense relating to other financial instruments and investment property	-676	-3,552		-4	-1,558	0	1,286	0	-948	-3,556
2.5 Operating expenses	-99,411	-103,507		-884	-3,536	-643	5,107	3,827	-97,840	-101,207
2.6 Other expense	-225,512	-166,136		-127	-6,576	-7,179	258	62	-231,830	-173,380
2 **TOTALE COSTS AND EXPENSES**	**-363,663**	**-501,658**	**0**	**-6,085**	**-11,807**	**-7,821**	**6,655**	**3,977**	**-368,815**	**-511,588**
PROFIT (LOSS) FOR THE YEAR BEFORE TAX	**610,500**	**636,632**	**0**	**692**	**1,987**	**1,824**	**0**	**0**	**612,487**	**639,147**

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

INFORMATION ON THE CONSOLIDATED BALANCE SHEET

(data in € thousand)

1. Intangible assets (Item 1)

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

Intangible assets

Table 1 (in € thousand)	Net amount at 31.12. 2010	Net amount at 31.12. 2009
Goodwill	7,658	7,658
Other intangible assets	8,844	9,014
TOTAL	**16,502**	**16,672**

Intangible assets comprise €7,658 thousand of goodwill. This item, unchanged in relation to the previous year, comprises:

- €7,566 thousand for the remaining goodwill recognised at the time of acquisition of the interest in SACE Surety. Goodwill has been maintained in the accounts as the current value of the assets exceeds the book value;
- €92 thousand of goodwill relating to SACE Servizi established in the second half of 2007.

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

2. Property, Plant and Equipment (Item 2)

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

Real property

Table 2 (in € thousand)	Amount
Real property	
Opening balance	76,988
Acquisitions	91
Decreases	255
Depreciation	767
FINAL VALUE	**76,057**

Property includes assets defined and regulated by IAS 16.

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

Table 3 (in € thousand)	**Amount**
Other property, plant and equipment	
Opening balance	3,130
Increases for purchases	1,025
Decreases	110
Depreciation	829
FINAL VALUE	**3,216**

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

3. Reinsurers' share of technical provisions (Item 3)

This heading for a total of €99,717 thousand (€95,371 thousand at 31 December 2009) includes reinsurers' commitments arising on reinsurance contracts regulated by IFRS 4. Further details of Reinsurers' share of technical provisions are provided in the annex "Detail of Reinsurers' share of technical provisions".

4. Investments (Item 4)

The detail is as follows:

Investments

Table 4 (in € thousand)	**31/12/2010**	**31/12/2009**
4.1. Investment property	12,970	12,750
4.2 Equity investments in subsidiaries, associates and joint ventures	7,125	6,886
4.3 Investments held to maturity	1,738,687	2,110,441
4.4 Loans and receivables	862,222	134,927
4.6 Financial assets at fair value through profit or loss	5,294,262	5,055,763
TOTAL	**7,915,266**	**7,320,767**

4.1 Investment property

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

4.2 Equity investments in subsidiaries, associates and joint ventures

This item comprises the interest in ATI (African Trade Insurance Agency) in the form of 100 shares for an equivalent value of USD 10 million.

4.3 Investments held to maturity

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

Table 5 (in € thousand)	**Amount**
Held-to-maturity investments	
Opening balance	2,110,441
Increases during the year:	109,864
Decreases during the year:	481,618
TOTAL	**1,738,687**

The reductions during the year reflect reimbursements made.

4.4 Loans and Receivables

Loans and receivables (Item 4.4) include loans (IAS 39.9) regulated by IAS 39, excluding trade receivables as defined by IAS 32 AG4 (a). This item also includes non-sight deposits at banks and reinsurers' deposits with ceding companies. It also includes the amount of €804,475 thousand for receivables from debtors arising from factoring contracts subscribed before the end of the year. All items in this category of financial instruments are carried at cost.

4.6 Financial assets at fair value through profit or loss

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

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

5. Sundry receivables (Item 5)

Table 6 (in € thousand)	**31/12/2010**	**31/12/2009**
Sundry receivables		
5.1 Receivables arising out of direct insurance business	795,116	752,774
5.2 Receivables arising out of reinsurance business	11,239	34,227
5.3 Other receivables	35,584	22,221
TOTAL	**841,939**	**809,222**

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

Receivables arising out of direct insurance business

This item includes receivables from policyholders for €87,826 thousand (€124,508 thousand at 31 December 2009), net of the related cancellations. It also refers for €665,715 thousand to receivables from sovereign entities and for €33,919 thousand to amounts receivable resulting from substitution.

Receivables arising out of reinsurance business

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

Other receivables

Other receivables are detailed below.

Table 7 (in € thousand)	31/12/2010	31/12/2009
Other receivables		
Receivables from tax authorities	5,599	9,340
Receivables for invoices to be issued	1,664	1,477
Premiums on options	-	5,475
Premiums receivable from policyholders	10,111	-
Sundry receivables	18,210	5,929
TOTAL	**35,584**	**22,221**

6. Other assets (Item 6)

Table 8 (in € thousand)	31/12/2010	31/12/2009
Other assets		
6.1 Non-current assets or of a disposal group available-for-sale	-	-
6.2. Deferred acquisition costs	-	-
6.3. Deferred tax assets	63,884	60,003
6.4. Current tax assets	180,917	136,844
6.5 Other assets	40,718	37,837
TOTAL	**285,519**	**234,684**

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

Other Assets (€ 40,718 thousand) mainly include the following: receivables for premiums to be issued (€31,634 thousand) and the reinsurers' share of the allowance for doubtful accounts (€4,020 thousand).

7. Cash and cash equivalents (Item 7)

Table 9 (in € thousand)	31/12/2010	31/12/2009
Cash and cash equivalents		
Bank and Post Office demand deposits	84,357	685,715
Cash in hand	11	6
TOTAL	**84,368**	**685,721**

This heading includes the financial assets defined by IAS 7.6.

8. Shareholders' Equity

At 31 December 2010, shareholders' equity totalled €6,363,743 thousand and comprises:

Table 10 (in € thousand)	31/12/2010	31/12/2009
Shareholders' equity		
Group interest	**6,364,342**	**6,317,830**
Share capital	4,340,054	4,340,054
Retained earnings and other equity reserves	1,614,464	1,517,838
Group interest in the profit (loss) for the year	409,824	459,938
Minority interest		
Minority interest in the profit (loss) for the year		

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

9. Provisions

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

Table 11 (in € thousand)	31/12/2010	31/12/2009
Description		
Provisions for amounts due to policyholders	10,698	14,431
Provision for legal disputes	62,899	66,342
Provision for payments to agents	2,463	2,567
Total	**76,060**	**83,340**

Movements on this account during 2010 are detailed below:

Table 12 (in € thousand)	Amount
Description	
Initial value	83,340
Provisions for the year	2,266
Utilisations for the year	9,545
FINAL VALUE	**76,060**

10. Technical provisions

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

Table 13 (in € thousand)	31/12/2010	31/12/2009
Description		
Provision for unearned premiums - non-life business	1,823,100	1,916,794
Provision for claims outstanding - non-life business	391,694	400,098
TOTAL	**2,214,794**	**2,316,892**

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

11. Financial Liabilities

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

Table 14 (in € thousand)	31/12/2010	31/12/2009
Financial liabilities		
4.1 Financial liabilities at fair value through profit or loss	63,833	38,138
4.2 Other financial liabilities	124,608	75,381
TOTAL	**188,441**	**113,519**

Financial liabilities at fair value through profit or loss reflect the value of derivative financial instruments in portfolio and amounts due to ceding insurers for factoring contracts. Derivatives are used for hedging or efficient management purposes; hedge accounting has not been applied for these instruments. . The fair value of derivatives is determined on the basis of market parameters at the reporting date. Further details of this item are provided in the annex "Detail of financial liabilities".

The Other financial liabilities item includes €85,000 thousand for loans received from third parties for the factoring business and €30,075 thousand for deposits received from reinsurers.

12. Creditors

Table 15 (in € thousand)	31/12/2010	31/12/2009
Accounts payable		
5.1 Accounts payable arising out of direct insurance business	58,905	72,073
5.2 Accounts payable arising out of reinsurance business	38,709	16,543
5.3 Other accounts payable	95,833	63,138
TOTAL	**193,447**	**151,754**

This heading includes trade payables as per IAS 32 AG.

Accounts payable arising out of direct insurance business mainly include payables for amounts due to policyholders for deductibles on amounts recovered, equal to €46,550 thousand, other payables for premium reimbursements and front-end expenses in the amount of € 9,348 thousand.

Other accounts payable include:

Table 16 (in € thousand)	31/12/2010	31/12/2009
Description		
Amounts due to suppliers	9,983	4,639
Provision for termination benefits	7,377	7,759
Sundry creditors	78,473	50,740
TOTAL	**95,833**	**63,138**

Sundry creditors include costs for the year relating to employees (€16,727 thousand), payments received from creditors in connection with factoring activities and to be processed (€15,276 thousand) and the counter-entry of the valuation of derivatives in the portfolio (€39,767 thousand).

13. Other liabilities

This heading is detailed as follows:

Table 17 (in € thousand)	31/12/2010	31/12/2009
Other liabilities		
6.1 Liability of a disposal group held for sale	-	-
6.2 Deferred tax liabilities	98,134	59,199
6.3 Current tax liabilities	170,479	183,678
6.4 Other liabilities	16,887	16,343
TOTAL	**285,500**	**259,220**

In particular, other liabilities (€16,887 thousand) include:

Table 18 (in € thousand)	31/12/2010	31/12/2009
Description		
Commissions for PCR	11,466	9,831
Reinsurance transitory account	595	2,093
Miscellaneous liabilities	4,826	4,419
TOTAL	**16,887**	**16,343**

Miscellaneous liabilities include amounts collected awaiting allocation for €1,832 thousand.

INFORMATION ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

14. Net premiums

This heading includes the premiums earned relating to insurance contracts under IFRS 4.2, net of amounts ceded to reinsurers. Gross premiums written amounted to €532,843 thousand; indications regarding premiums income in 2010 segment by segment are provided in the Directors' Report.
Further details can be found in the annex "Detail of insurance technical items".

15. Gains (losses) on financial instruments at fair value through profit or loss

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

16. Income from other financial instruments and investment property

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

Interest income

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

Other income

This item reflects income from rentals on investment property.

17. Other income

This heading comprises income from the provision of services other than financial services and exchange differences taken to profit and loss as per IAS 21 for €380,402 thousand (€169,427 thousand at 31 December 2009).

18. Net claims incurred

This heading includes claims paid (gross of settlement costs and amounts ceded to reinsurers) for €49,109 thousand (€268,442 thousand at 31 December 2009), net of the related provisions. Indications regarding the claims experience in 2010 by class of business are provided in the Directors' Report. Further details can be found in the annex "Detail of insurance technical items".

19. Expense relating to other financial instruments and investment property

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

Interest expense

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

Other charges

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

20. Operating expenses

Commissions and other acquisition expenses

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

Investment management charges

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

Other administrative expenses

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

21. Other expense

This heading includes:

- costs relating to the provision of services other than those of a financial nature;
- other technical charges relating to insurance contracts (€1,535 thousand);
- write-downs and additional provisions accrued during the year (€13,975 thousand);
- exchange differences recognised in profit and loss, as set forth in IAS 21 (€200,697 thousand);
- realised losses, depreciation of property, plant and equipment, not otherwise allocated to other items of cost, and amortisation of intangible assets (€4,955 thousand).

22. Tax

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

Table 19 (in € thousand)	2010	2009
Income tax		
Through profit or loss		
Current tax		
Expense (income) for current tax	167,603	180,843
Adjustments to prior year current tax		
Deferred tax		
Expense (income) due to recognition and elimination of temporary differences	35,060	-1,605
Expense (income) due to changes in tax rates or new taxes	-	-
Expense (income) recognised arising from tax losses	-	-28
Charges (income) relating to write-downs or write-backs of deferred tax assets		
TOTAL INCOME TAX	**202,663**	**179,209**

The reconciliation between the tax liability stated in the 2010 consolidated financial statements and the theoretical tax liability, determined according to theoretical tax rates adopted in Italy, is as follows:

Table 20 (in € thousand)	Taxable income	Tax
Reconciliation between average actual and theoretical tax rates		
Income before tax	**612,487**	**168,434**
Theoretical tax rate		*27.50%*
Valuation losses on receivables/payables/securities/derivatives	-	-
Optimum receivables collected	2,203	606
Other permanent increases	5,287	1,454
Credit impairment losses	78,291	21,530
Losses on cancellation of credits	25,986	7,146
Other permanent decreases	42,242	11,617
	154,009	**42,352**
		210,786
Effective tax rate		*34.41%*

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

Table 21 (in € thousand)	Assets		Liabilities		Net	
Description	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Deferred tax assets and liabilities relating to:						
Intangible assets		6				6
Unrealised revaluation			2,451	2,451	-1,608	-2,451
- Financial assets	*843*				*843*	*0*
- Investment property			*2,451*	*2,451*	*-2,451*	*-2,451*
Equalisation and catastrophic risk provision			32,296	1,048	-32,296	-1,048
Employee benefits	20	10			20	10
Valuation of assets at FV		722	5,354	14,368	-5,354	-13,646
Other items	63,021	46,147	58,033	11,712	4,988	34,435
Amount of tax relating to taxable losses						
Total gross deferred tax	63,884	46,885	98,134	29,579	-34,250	17,306
Tax equalisation						
Total net tax (assets)/liabilities	**63,884**	**46,885**	**98,134**	**29,579**	**-34,250**	**17,306**

OTHER INFORMATION

Intra-group transactions and transactions with related parties

As part of their business, group companies were not party to any atypical transactions extraneous to their usual business conduct. Intra-group transactions, settled on an arm's length basis, are carried out through reinsurance relationships, the provision of services under specific outsourcing agreements (activities entrusted by the SACE BT S.p.A. subsidiary and by SACE Fct S.p.A. to the SACE S.p.A. parent company for activities not part of company core business - IT, communication, personnel management and internal auditing). During the year a shareholders' loan agreement was signed in favour of the SACE Fct subsidiary. Premises at the offices of the controlling entity were rented at market prices and the subsidiaries entered into leasing contracts. These services made it possible to rationalise operating functions and improve the standard of service. During the year, insurance transactions were carried out with companies controlled by the Ministry of Economy and Finance, also settled at arm's length.

Fees paid to senior managers with strategic responsibility at the parent company.

Fees were paid in 2010 for €568 thousand.

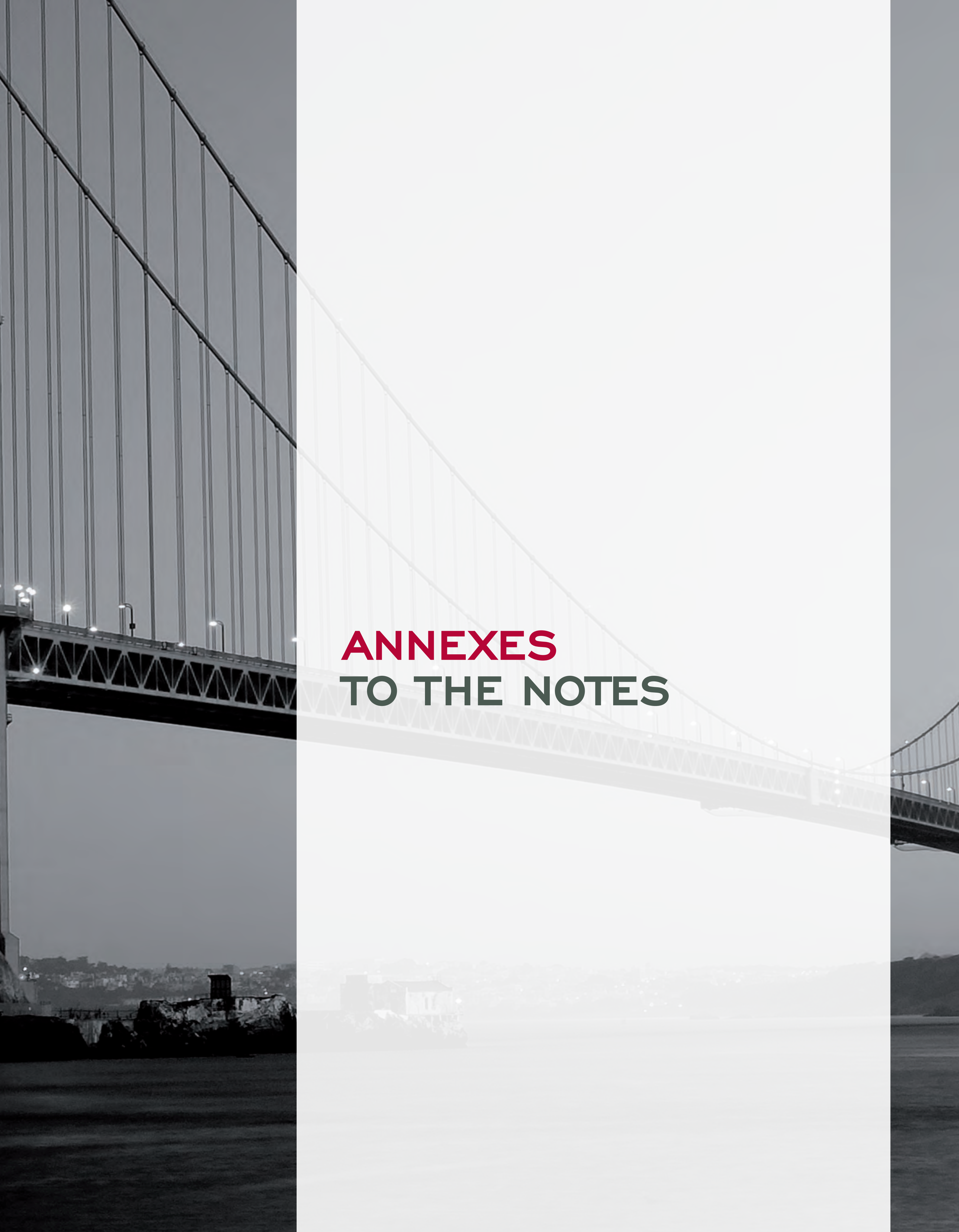
Fees due to external auditors

In accordance with Italian Legislative Decree No. 39 of 27 January 2010, the fees due for FY 2010 to PricewaterhouseCoopers S.p.A. for auditing the consolidated accounts are shown in the table below.

Table 22 (in € thousand)	**2010**	**2009**
Audit parent company	56	61
Audit subsidiary and affiliated companies	171	174
TOTAL	**227**	**235**

Events after the end of the year.

Reference should be made to the Directors' Report.



ANNEXES
TO THE NOTES

ANNEXES TO THE NOTES

(ISVAP Regulation No. 7/2007 and subsequent amendments and additions)

Annex 1. Detail of property, plant and equipment and intangible assets

(in € thousand)	Valued at cost	At recalculated value or fair value	Total carrying value
Investment property	12,970		12,970
Other properties	76,057		76,057
Other property, plant and equipment	3,216		3,216
Other intangible assets	8,844		8,844

Annex 2. Detail of Reinsurers' share of technical provisions

	Direct business		Indirect business		Total carrying value	
(in € thousand)	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Non-life provisions	**99,361**	**95,295**	**356**	**76**	**99,717**	**95,371**
Provision for unearned premiums	42,174	33,219	304	71	42,478	33,290
Provisions for claims outstanding	57,159	61,849	52	5	57,211	61,854
Other provisions	28	227	-	-	28	227
Life provisions	**-**	**-**	**-**	**-**	**-**	**-**
Provision for sums to be paid	-		-	-	-	-
Provisions for policy liabilities	-		-	-	-	-
Technical provisions where the investment risk is borne by the policyholders and provisions relating to the administration of pension funds	-		-	-	-	-
Other provisions	-		-	-	-	-
Total reinsurers' share of technical provisions	**99,361**	**95,295**	**356**	**76**	**99,717**	**95,371**

Annex 3. Detail of financial assets

	Held-to-maturity investments		Loans and receivables		Available-for-sale financial assets		Financial assets at fair value through profit or loss				Total carrying value	
							Financial assets held for trading		Financial assets designated at fair value through profit or loss			
(in € thousand)	**31/12/2010**	**31/12/2009**	**31/12/2010**	**31/12/2009**	**31/12/2010**	**31/12/2009**	**31/12/2010**	**31/12/2009**	**31/12/2010**	**31/12/2009**	**31/12/2010**	**31/12/2009**
Equity instruments and derivatives valued at cost											-	-
Equity instruments at fair value							19,257	34,665			19,257	34,665
- of which listed											-	-
Debt securities	1,738,687	2,110,441					4,110,768	3,987,314			5,849,455	6,097,755
- of which listed	1,738,687	2,110,441					3,621,910	3,683,181			5,360,597	5,793,622
Shares of collective investment funds							1,147,706	980,516			1,147,706	980,516
Loans and receivables with insured banks											-	-
Interbank loans and receivables			14								14	-
Deposits with ceding companies			98	183							98	183
Financial asset components of insurance policies											-	-
Other loans and receivables			862,110	134,744							862,110	134,744
Non-hedge derivatives							16,531	53,268			16,531	53,268
Hedging derivatives											-	
Other financial investments											-	-
TOTAL	**1,738,687**	**2,110,441**	**862,222**	**134,927**	**-**	**-**	**5,294,262**	**5,055,763**			**7,895,171**	**7,301,131**

Annex 4. Detail of technical provisions

	Direct business		Indirect business		Total carrying value	
(in € thousand)	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Non-life provisions	**2,189,981**	**2,291,356**	**24,813**	**25,536**	**2,214,794**	**2,316,892**
Provision for unearned premiums	1,802,753	1,897,468	20,346	19,326	1,823,099	1,916,794
Provision for claims outstanding	386,394	393,413	4,467	6,210	390,861	399,623
Other provisions	834	475			834	475
of which provisions made following liability adequacy tests						
Life provisions						
Provision for sums to be paid						
Provisions for policy liabilities						
Technical provisions where the investment risk is borne by the policyholders and provisions relating to the administration of pension funds						
Other provisions						
of which provisions made following liability adequacy tests						
of which deferred liabilities to policyholders						
Total Technical Provisions	**2,189,981**	**2,291,356**	**24,813**	**25,536**	**2,214,794**	**2,316,892**

Annex 5. Detail of financial liabilities

	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total carrying value	
	Financial liabilities held for trading		Financial liabilities designated at fair value through profit or loss					
(in € thousand)	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Participating financial instruments								
Subordinated liabilities								
Liabilities from financial policies issued by insurance companies relating to:								
- policies where the investment risk is borne by policyholders								
- the administration of pension funds								
- other policies								
- deposits received from reinsurers					30,290	34,014	30,290	34,014
Financial liability components of insurance policies								
Debt securities issued								
Payables to insured banks								
Interbank liabilities								
Other loans obtained								
Non-hedge derivatives	34,096	38,138					34,096	38,138
Hedging derivatives								
Other financial liabilities	29,737				94,318	41,367	124,055	41,367
TOTAL	**63,833**	**38,138**			**124,608**	**75,381**	**188,441**	**113,519**

Annex 6. Detail of technical insurance items

(in € thousand)	2010			2009		
	Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount
NET PREMIUMS	**626,423**	**-35,466**	**590,957**	**240,671**	**-46,957**	**193,714**
a Premiums written	536,653	-44,709	491,944	429,556	-28,866	400,690
b Change in the provision for unearned premiums	89,770	9,243	99,013	-188,885	-18,091	-206,976
NET CLAIMS INCURRED	**51,189**	**-13,488**	**37,701**	**263,630**	**-35,255**	**228,375**
a Claims paid	181,540	-21,397	160,143	157,307	-31,206	126,101
b Change in the provision for claims outstanding	-8,288	4,697	-3,591	128,489	-7,729	120,760
c Change in recoveries	-122,550	3,072	-119,478	-22,717	4,046	-18,671
d Change in other technical provisions	487	140	627	551	-366	185
Life business						
NET PREMIUMS				**6,049**	**-470**	**5,579**
NET CLAIMS INCURRED				**5,355**	**-285**	**5,070**
a Claims paid				4,702	-543	4,159
b Change in the provision for claims outstanding				310	258	568
c Change in provisions for policy liabilities				343		343
d Change in technical provisions where the investment risk is borne by the policyholders and relating to the administration of pension funds						
c Change in other technical provisions						

Annex 7. Financial and investment income and expense

(in € thousand)	Interest	Other income	Other expense	Realised gains	Realised losses	Total realised income and expense	Valuation gains		Valuation losses		Total non-realised income and expense	Total income and expense	
							Valuation gains	Restoration of value	Valuation losses	Reduction in value		31/12/2010	31/12/2009
Investment income (expense)							**26,089**	**121**	**(278,692)**		**(252,481)**	**(13,015)**	**703,522**
a On investment property		1,079	(166)			913						913	397
b On equity investments in subsidiaries, associates and joint ventures									(359)		(359)	(359)	
c On held-to-maturity investments	80,673				5,574	86,247						86,247	82,265
d On loans and receivables	104,600					104,600						104,600	104,689
e On available-for-sale financial assets													
f On held-for-trading financial assets	77,956	26	(56)	370,095	(400,314)	47,707	26,089	121	(278,333)		(252,123)	(204,416)	516,171
g On financial assets designated at fair value though profit or loss													
Other receivables - income (expense)	**469**					**469**						**469**	**7,528**
Cash and cash equivalents - income (expense)	**2,990**					**2,990**						**2,990**	**5,330**
Financial liabilities - income (expense)	**(273)**		**(378)**			**(651)**	**(1)**				**(1)**	**(652)**	**(5,517)**
a On held-for-trading financial liabilities													
b On financial liabilities designated at fair value though profit or loss													
c On other financial liabilities	(273)		(378)			(651)	(1)				(1)	(652)	(5,517)
Indebtedness	**(132)**					**(132)**						**(132)**	**(2,836)**
TOTAL		**1,104**		**370,095**	**(394,740)**	**242,143**	**26,088**	**121**	**(278,692)**		**(252,482)**	**(10,340)**	**708,027**

Annex 8. Detail of insurance business costs

	Non-life business		Life business	
(in € thousand)	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Gross commissions and other acquisition expense	**41,192**	**38,498**		**699**
a Acquisition commissions	15,602	14,472		684
b Other acquisition costs	24,969	21,311		180
c Change in deferred acquisition costs				-27
d Collecting commissions	621	869		
Reinsurance commissions and profit-sharing	-8,134	-5,964		-55
Investment management charges	6,752	12,495		
Other administrative expenses	59,602	58,479		240
TOTAL	**99,411**	**103,507**		**884**

Annex 9. Breakdown of financial assets and liabilities by level

		Level 1		Level 2		Level 3		Total	
(in € thousand)		31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Available-for-sale financial assets									
Financial assets at fair value through profit or loss	Financial assets held for trading	4,735,388	4,856,980	225,929	198,783	332,945		5,294,262	5,055,763
	Financial assets designated at fair value though profit and loss								
TOTAL		**4,735,388**	**4,856,980**	**225,929**	**198,783**	**332,945**	**-**	**5,294,262**	**5,055,763**
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading								
	Financial liabilities designated at fair value through profit and loss								
TOTAL									

Annex 10. Detail of changes in level 3 financial assets and liabilities

(in € thousand)	**Financial assets**			**Financial liabilities at fair value through profit or loss**	
	Available-for-sale financial assets	**Financial assets at fair value through profit or loss**			
		Financial assets held for trading	Financial assets designated at fair value though profit and loss	Financial liabilities held for trading	Financial liabilities designated at fair value through profit and loss
Opening balance					
Acquisitions/Issues			332,945		
Sales/Repurchases					
Repayments					
Gains (losses) through profit and loss					
Gains (losses) in other items in the statement of comprehensive income					
Transfers to level 3					
Transfers to other levels					
Other changes					
Closing balance			**332,945**		

Gruppo SACE

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

The legal representatives of the company (*)

Alessandro Castellano (**)

The Statutory Auditors

Marcello Cosconati

Guido Marchese

Leonardo Quagliata

Space reserved for the stamp of the registry office to be applied at the time of filing the accounts.

(*) For foreign companies, the document must be signed by the general representative for Italy.

(**) Indicate the position of the person who signs.

Certification of the consolidated financial statements pursuant to article 13, para. 11.8 of the corporate bylaws of SACE S.p.A.

We the undersigned, Alessandro Castellano, in my capacity as Chief Executive Officer and Roberto Taricco, in my capacity as Executive Officer responsible for preparing the corporate accounts of SACE S.p.A., hereby certify:

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

of the administrative and accounting procedures used to prepare the consolidated financial statements for the year ended at 31 December 2010.

The adequacy of the administrative and accounting procedures used to prepare the consolidated financial statements for the year ended at 31 December 2010 was assessed on the basis of a process defined by SACE in accordance with generally recognised international standards.

We also hereby certify that:

- the consolidated financial statements for the year ended at 31 December 2010:
  - correspond to the results of company records and accounting entries;
  - were drawn up according to the International Financial Reporting Standards adopted by the European Union pursuant to Regulation (EC) 1606/2002, the provisions of Legislative Decree 38/2005, the Italian Civil Code, Legislative Decree 209 of 7 September 2005 and the applicable ISVAP regulations and circulars and that to the best of our knowledge they give a true and fair view of the state of affairs, the financial standing and the operating result of the company and the group of companies included in the scope of consolidation.
- the report on operations comprises a reliable analysis of performance and operating results and of the state of affairs of the company and of the companies included in the scope of consolidation, together with the description of the main risks and uncertainties to which they are exposed.

Rome, 4 April 2011

Chief Executive Officer	**Executive Officer**
Alessandro Castellano	Roberto Taricco
SACE S.p.A.	SACE S.p.A.

AUDITORS' REPORT

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE SACE GROUP FOR THE YEAR ENDED AT 31 DECEMBER 2010

Dear Shareholders,

As stated in the notes, the scope of consolidation of the SACE group includes:

- SACE S.p.A., the parent company, which directs and coordinates its subsidiaries;
- SACE Fct S.p.A., 100 percent direct ownership;
- SACE BT S.p.A., 100 percent direct ownership;
- SACE SERVIZI S.p.A., 100 percent indirectly owned through SACE BT.

The consolidated financial statements of the SACE group for the year ended at 31 December 2010 were prepared, pursuant to Italian Legislative Decree No. 38 of 28 February 2005, in accordance with the international accounting standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union; the format of the consolidated financial statements and of the relative annexes satisfies the requirements of ISVAP regulation No. 7/2007.

The valuation criteria and consolidation principles adopted are explained in the notes.

The consolidated financial statements have undergone statutory auditing by PricewaterhouseCoopers S.p.A. and - as pertaining to their duties - by the respective boards of statutory auditors of the subsidiaries; we therefore performed no direct controls on these financial statements, as this was the responsibility of each single auditing body. We can however state that the reports issued by the latter concerning the part for which they are responsible, do not reveal any anomalous situations, findings, criticisms or reservations.

We can state that, within the framework of the duties assigned to us by law, we verified the following:

- compliance with valuation criteria, consolidation principles and other legal requirements, especially those concerning the formation of the scope of consolidation, the date of reference of the information provided and rules of consolidation;
- the adequacy of the detailed information contained in the report on operations and in the notes and consistency with the information provided in the consolidated financial statements.

We noted that in their report, the independent auditors, PricewaterhouseCoopers S.p.A., certify that the consolidated financial statements for the year ended at 31 December 2010 were drawn up clearly and provide a true and fair view of the group's state of affairs, financial standing, operating result, changes in shareholders' equity and cash flows.

For all our other findings and comments on the consolidated financial statements of the group for the year ended at 31 December 2010, reference should be made to the report accompanying the financial statements of SACE S.p.A., which underlines the key aspects of the financial statements of the parent company, whose operations continued to have significant repercussions on the group's consolidated financial statements throughout 2010.

In our opinion and based on the above, the consolidated financial statements for the year ended at 31 December 2010 – recording group profits for € 409,824 thousand, total assets for € 9,322,584 thousand, total liabilities for € 2,958,242 thousand and consolidated shareholders' equity for € 6,364,342 thousand – which are the result of financial statements that generated no exceptions, recommendations, criticisms or reservations, give a correct view of the group's state of affairs, financial standing and operating result in accordance with the aforesaid laws governing consolidated financial statements.

Rome, 12 April 2011

The board of statutory auditors

Dott. Marcello Cosconati (Chairman)

Dott. Leonardo Quagliata (Standing auditor)

Dott. Guido Marchese (Standing auditor)

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

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

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2010

1 We have audited the consolidated financial statements of SACE SpA – Servizi Assicurativi del Commercio Estero and its subsidiaries ("SACE Group") as of 31 December 2010, which comprise the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and related explanatory notes. The directors of SACE SpA – Servizi Assicurativi del Commercio Estero are responsible for the preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 90 of Legislative Decree No. 209/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 14 April 2010.

3 In our opinion, the consolidated financial statements of SACE SpA – Servizi Assicurativi del Commercio Estero as of 31 December 2010 comply with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 90 of Legislative Decree No. 209/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, results of operations and cash flows of the SACE Group for the year then ended.

4 The directors of SACE SpA – Servizi Assicurativi del Commercio Estero are responsible for the preparation of a report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Italian Accounting Profession and recommended by CONSOB. In our opinion the report on operations is consistent with the consolidated financial statements of SACE SpA – Servizi Assicurativi del Commercio Estero as of 31 December 2010.

PricewaterhouseCoopers SpA

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Rome, 8 April 2011

PricewaterhouseCoopers SpA

Signed by

Antonio Dogliotti
(Partner)

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

(2)

Project and coordination
SACE

Creative concept
Square Comunicazione

Realisation
Imagine

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PIAGGIO