

Financial and consolidated statements 2022

SACE SPA



Financial Statements

Meeting of the Boards of Directors March 30, 2023

SACE S.p.A.
Registered Office and Head Office in Piazza Poli 37/42, Rome, Italy
Share capital (fully paid in) Euro 3,730,323,610
Tax no. and Rome Companies Registration no. 05804521002 – R.E.A. 923591
Sole shareholder: Ministry of the Economy and Finance

Company Officers and Boards Board of Directors

Chairman	Filippo GIANSANTE
Deputy chairman	Ettore Francesco SEQUI ¹
Chief Executive Officer and General Manager	Alessandra RICCI ²
Directors	Vincenzo DE FALCO
	Paola FANDELLA
	Federico LOVADINA
	Marco SIMONI
	Cristina SGUBIN
	Francesca UTILI

Board of Statutory Auditors

Chairman	Silvio SALINI
Standing Auditors	Giovanni Battista LO PREJATO
	Angela SALVINI
Substitute Auditors	Marco CANZANELLA
	Giuliana TULINO
Statutory Delegate of the Court of Auditors	Natale Maria Alfonso D'AMICO ³
Independent Auditors	Deloitte & Touche S.p.A. ⁴

Company Boards appointed by the Shareholders' Meeting on May 18, 2022 and in office for three years.

¹ Appointed Deputy Chairman by resolution of the Board of Directors on May 24, 2022
² Appointed CEO and General Manager by resolution of the Board of Directors on May 24, 2022
³ Appointed financial reporting manager of SACE S.p.A. as of January 1, 2020
⁴ Appointed for the period 2020–2028 by resolution of the Shareholders' Meeting on October 17, 2019

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Management Report

Management Report

1 The economic scenario

1.1 The global macroeconomic environment

In the last three years the global context has been characterized by a succession of three shocks of extraordinary magnitude, often overlapping: (i) the pandemic emergency, (ii) the Russian invasion of Ukraine with consequent energy and food crisis, (iii) the return of sustained inflation and the end of ultra-expansive monetary policies. In addition to this, extreme natural events caused by climate change have become increasingly frequent, widespread and unexpected, generating highly negative impacts on the socio-economic balances, both locally and globally. Some observers have used the word "permacrisis" to emphasise an extended period of high uncertainty on a global scale¹, which deteriorates confidence and economic activity. During this period of time, however, there was no shortage of resilience and robustness factors that allowed the world economy to recover rapidly from the 2020 contraction linked to Covid-19 and to position itself once again on a positive path of growth for the subsequent two years. These include – amongst others – the international trade of goods (despite criticalities along global value chains), household savings (partly accumulated during lockdown) and the adjustment capacity of businesses (thanks also to considerable fiscal support). The recovery and resilience of the world economy was made possible, however, at the cost of high levels of public and private debt.

In particular, in 2022, global GDP grew by 3% according to the most recent estimates of Oxford Economics², about one percentage point lower than the forecasts made prior to the outbreak of the Russian-Ukraine war. The main (but not only) transmission channel of the conflict is represented by commodities, given the crucial role played by these two countries as global suppliers of strategic raw materials. During the early part of the year, prices soared on the financial markets, in terms of energy, industrial metals and cereals, accelerating the bullish phase already seen since the second half of 2021. In parallel, the main mar-

itime and air transport indicators marked further increases, which were also affected by China's "zero Covid" policy with the return of various restrictions which entailed serious repercussions on global logistics. It was only from about the second half of 2022 that there were signs of a partial downward correction of the prices of raw materials and transport costs, reflecting the mitigation of the critical issues affecting international supply chains (supply) and the increasing fears of a further slowdown of the global economy in 2023 (demand).

Overall, the increase in production costs applied strong upward pressure on consumer prices, with global inflation returning to sustained growth, close to 8% and driving the Central Banks of numerous advanced and emerging countries (led by the United States and the Eurozone, but with significant exceptions, such as China) to accelerate the normalisation of the monetary policy. The increases in the benchmark interest rates, accompanied by the partial or total conclusion of quantitative easing programs, are reflected in a general tightening of financing conditions, also affected by the rise in risk premium given the increased uncertainty, with potential repercussions on the credit cycle and, more generally, on the trend of the global GDP during 2023. Although the tighter stance will reduce the risks of sustained inflation in the medium term (in line with the objective of numerous monetary authorities), at the same time, an increase in short-term financial vulnerabilities is likely. The increased interest rates, lower liquidity and reduction of the risk appetite of investors are in fact part of a context characterized by a high level of global debt (public and private) which reached 343% of GDP³.

Despite the uncertain and complex environment, the volume of international trade in goods performed satisfactorily in the first eleven months of 2022, up 3.9% period-on-period as measured by the Central Planning Bureau. However, according to OIE, it is expected to average close to 5%. Growth in international trade in services is estimated at about 11% in terms of volumes. However, it is not yet back to pre-pandemic levels. Conversely, global foreign direct investment flows performed weakly in 2022, driven downwards mainly by cross-border M&A transactions. More stringent financing conditions, rising interest rates and increased uncertainty in the financial markets had a negative impact.⁴

1.2 The Italian economy and industrial sectors

Despite the shock caused by the military conflict between Russia and Ukraine and the resulting energy crisis, in 2022, Italy's GDP growth was close to 4% thanks to resilient consumption and investments (which drove demand) and the double-digit performance of exports of goods (which, however, was more than offset by that of imports, due to the increase in raw material prices).

Between January and December, Italy's industrial production volume was flat (+0.5% year-on-year). However, it was better compared to France and Germany (the latter country performed negatively). With respect to the main indus-

¹ The Economic Policy Uncertainty is a widely used benchmark whose global index remains at high levels, albeit below the peak achieved during the Great Lockdown.

² Oxford Economics, World Economics Prospects Monthly, January 2023.

³ According to the latest available data for the third quarter of 2022 (Source: International Institute of Finance, Global Debt Monitor, November 2022).

⁴ Source: Unctad, Global Investment Trends Monitor, January 2023.

try groupings, this trend was affected by intermediate goods (-2.3%) and, to some extent, by energy goods (-1.3%, affected, in particular, by the sharp drop in mining), against the positive growth recorded by consumer goods (+3.5%) and equipment (+1.5%). Specifically, the best-performing sectors include the fashion industry, refined products, electronics and pharmaceuticals, while instrumental mechanics and means of transport grew more moderately and rubber-plastics, chemicals and metallurgy performed negatively. The production volume index for the construction sector recorded a significant increase in the first 11 months of 2022 (+12.5% period-on-period), well above that of the average in the Euro zone. Tax incentives drove the recovery of demand in construction, extended to all areas (in particular the residential one). This is combined with the projects funded by Italy's National Recovery and Resilience Plan (PNRR), which support public investments (and, via the reforms, private ones too) in green and digital infrastructure.⁵

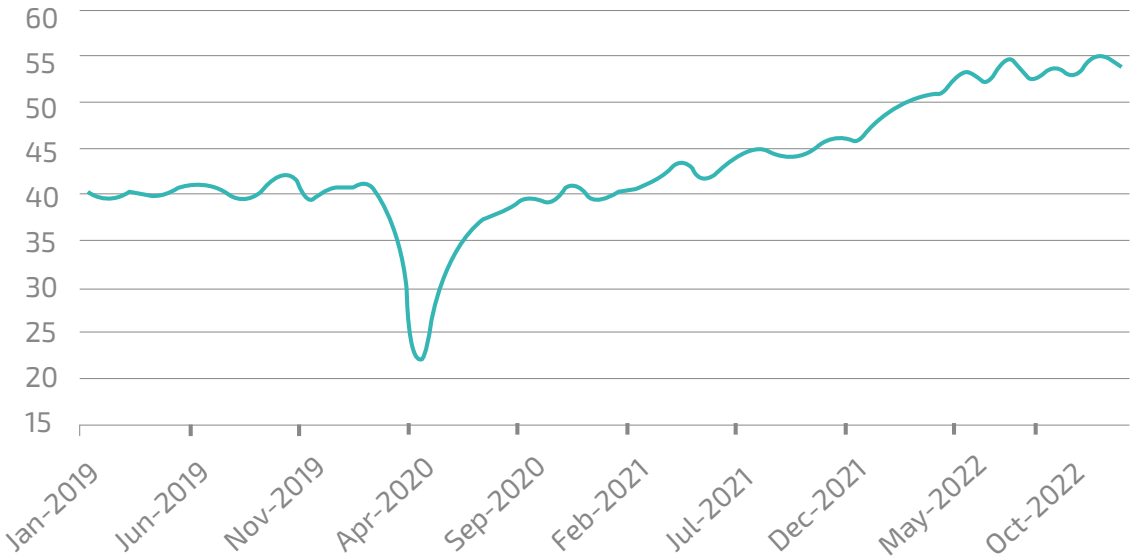
Bank loans to non-financial companies recorded a positive, but weak trend. Non-performing loans accounted for approximately 2% of total loans.⁶ At the same time, Italian businesses bankruptcies decreased (-19,2% compared to the previous first nine months of the year based on Istat figures).

1.3 Italian exports

In 2022, cross-border sales of Made in Italy goods grew considerably (+19.9%), close to Euro 625 billion. This positive trend translated into a similar increase in average unit values (+19.8%), driven by higher-than-expected price increases, against an almost unchanged volume component (+0.1%). Exports to EU countries increased by 19.7%, with a strong demand from Belgium, Austria and Spain, while Poland, France and Germany reported below-average, but still significant, rises. The performance of exports to non-EU countries was slightly higher (+20.2%), albeit with diversified trends: significant growth rates for the USA, OPEC countries and India, modest increases for Japan and China and a marked drop for Russia. With respect to the main industry groupings, in 2022, intermediate goods grew significantly (+20.2%), driven by average unit values against a contraction in export volumes. Specifically, energy products rose considerably, whose prices recorded large increases on international markets. Consumer goods performed satisfactorily in terms of both average unit values and volumes and equipment accelerated at year end – thanks, above all, to one-off transactions that occurred in November. However, growth, in general, was more modest compared to the other groupings.⁷

FIGURE 1.
ITALIAN EXPORTS OF GOODS IN TERMS OF VALUE
(Seasonally-adjusted monthly figures; in € billion)

Source: Istat (Italy's National Statistical Institute).



⁵ Source: Istat (Italy's National Statistical Institute).

⁶ Bank of Italy, Banche e moneta (February 2023).

⁷ Source: Istat (Italy's National Statistical Institute).

2

Key events of 2022

2.1 The strategy

The macroeconomic context (Covid, conflict, recession) has remained unstable and complex throughout the year and will continue to remain so due to the series of geopolitical events, namely the start of the Russia-Ukraine conflict, the resulting energy crisis, and the rise in inflation levels with the reaction of central banks around the world. This context has accelerated the thoughts on the new challenges that Italian businesses are currently facing and will face in the near future, including, inter alia, technology, climate change, energy transition and sustainability. Company needs are expected to evolve, together with new opportunities for both Italy and businesses in a paradigm shift. Against this backdrop, in 2022, SACE approved the new 2023 - 2025 business plan, laying the basis for an evolutionary path in order to support businesses in Italy and around the world based on: i) the transformation - from an ecosystem perspective - of support to the SME segment ii) a proactive and innovative approach to customers to anticipate and meet their evolving needs and a complete integration of the strategy of all group companies, and finally iii) a new approach to sustainability issues and technological transformation of Italian businesses to proactively contribute to the sustainable transition of the Italian production fabric.

During the year, the Temporary Framework was extended at European level, including Italy. After the end of the "Garanzia Italia" scheme on June 30, from July 2022, businesses were able to apply for guarantees, again through the specific online portal, in order to overcome the negative economic effects of the Russian-Ukrainian crisis and the resulting increase in energy prices by means of the "Garanzia SupportItalia" scheme (article 1 of Law decree no. 50/2022 "Aid decree") and the provisions of article 8.2 and 3 of Law decree no. 21/2022 "Energy decree").

In order to support businesses with their export and internationalisation operations, both in-person and digital events were organised, thanks to the services offered by the "SACE Education" portal, which assists businesses in their growth paths in the domestic and foreign markets. The training offer targets businesses and professionals as well as the new generations and future managers who led Italy's green and digital transformation. The services offered since the launch of the training offer at the end of 2022 included: (i) over 250 hours of live webinar training, (ii) 12 new formats launched in the last two years, (iii) 180 webinars and over 100 in-person events on the territory, (iv) over 400 hours of training always available on the platform and 170 on-demand training contents, (v) 11 academic agreements signed or to be signed shortly. During the year, approximately 17,000 users (businesses/industry professionals and private users) registered for one or more SACE Education events.

In 2022, SACE mobilised resources for Euro 44.2 billion, of which Euro 12.2 billion to support export and internationalisation, Euro 10.9 billion to support the "Garanzia Italia" scheme (article 1 of the Liquidity decree), Euro 18 billion to support the Supportitalia scheme (article 15 of the Aid decree law) and Euro 3 billion for guarantees and bonds issued as part of the Green New Deal area (article 64 of the Simplification decree).

The transfer of SACE to the MEF was finalised In March 2022. More specifically, the transaction provided for the transfer by SACE to CDP of the equity investment held in Simest S.p.A. (SIMEST), via cash payment, and the sale by CDP to the MEF of the entire investment in SACE, with payment in specially issued government securities.

With respect to the strategic drive on sustainable transition introduced by the Green New Deal (whose projects must meet at least one of the six European Environmental Objectives), most of the operations supported by SACE referred to climate change mitigation. Accordingly, SACE supported some infrastructure works in the high-speed rail sector covered by the National Recovery and Resilience Plan (NRRP) which, therefore, obtained EU funds. In this respect, the delivery of works took place as an urgent matter pending the signing of the relevant contract, pursuant to Law decree no. 76/2020 (the Simplification decree). Following the growing demand for support and to encourage greater use of this scheme by SMEs and MidCaps, during the year, financial intermediaries continued to use the online portal - by signing an agreement - which enables them to apply for amounts below Euro 15 million. At the reporting date (December 31, 2022), six agreements with banks operating throughout Italy were active.

Claims and recoveries relating to the Commercial credit Insurance measure (article 35 of the Relaunch decree) are currently being managed, whereby the short-term credit insurance companies participating in the agreement, including SACE BT, continued to guarantee commercial credit insurance services for companies affected by Covid-19.

Finally, from January 2023, eligible SMEs may opt to pay energy bills in instalments as part of the "Riassicurazione Caro Energia" scheme (article 8.3 of Law decree no. 21/2022). Five businesses availed of this SACE guarantee, counter-guaranteed by the Italian State, which will provide insurance coverage (guarantee deposits) in favour of companies consuming electricity and natural gas, facilitating the extension of energy bill payment terms up to 24 months, which, thanks to the recent "Aid-Quater" decree, can be extended to 36 months. This confirms SACE's ongoing commitment to support Italian businesses with a wide range of tools and solutions, with a special focus on SMEs, that enable to overcome high energy prices while pursuing their economic and business activities.

With respect to subsidiaries, in 2022, net resources mobilised amounted to Euro 10.1 billion, as follows: SACE Fct Euro 5.4 billion and SACE BT Euro 4.7 billion. Furthermore, SACE SRV's business grew, particularly in relation to credit recovery.

Total customers served exceeded 11,400, of which 82% pertaining to the SME segment. All group companies posted positive financial results.

2.2 Summary of 2022 regulatory actions

Below is a summary of the main 2022 regulatory actions that concerned SACE.

- **SACE Decree of March 17, 2022**, signed by the Ministry of the Economy and Finance (MEF) in conjunction with the Ministry of Foreign Affairs and International Cooperation pursuant to article 67 of Law decree no. 104 of August 14, 2020, converted, with amendments by Law no. 126 of October 13, 2020, as a result of the agreement reached between the MEF and Cassa Depositi e Prestiti S.p.A. (CDP) and SACE S.p.A. (SACE), with which the reorganisation of the SACE Group is defined. In particular, the transaction provided for the transfer by SACE to CDP of the equity investment held in Simest S.p.A. (SIMEST), via cash payment, and the sale by CDP to the MEF of the entire investment in SACE, with payment in specially issued government securities.
- **Law decree no. 17 of March 1, 2022**, converted, with amendments, by Law no. 34 of April 27, 2022 concerning urgent measures for limiting electricity and natural gas costs, for the development of renewable power and relaunch of industrial policies that, under article 8 entitled "Supporting the liquidity needs of companies as a result of energy price increases", amends Law decree no. 23 of April 8, 2020, converted, with amendments, by Law no. 40 of June 5, 2020;
- **Law decree no. 21 of March 31, 2022**, converted, with amendments, by Law no. 51 of May 20, 2022 introducing urgent measures for countering the economic and humanitarian effects of the Ukraine crisis. Specifically, Title III "Supporting Companies" stipulates a SACE intervention in relation to company liquidity measures referred to in the following articles:
 - article 8 entitled "*Rescheduling of bills for power consumption and SME guarantee fund*", which, in order to support specific liquidity needs deriving from debt rescheduling plans granted by electricity and natural gas suppliers with headquarters in Italy, grants SACE the possibility of issuing its own guarantees for banks, national and international financial institutions, and other parties qualified in loan operations in Italy, within a maximum limit of commitments totalling Euro 9,000 million (paragraph 2), as well as the possibility of granting insurance businesses authorised to conduct transactions in the credit and surety bond business a guarantee of 90 per cent of the claims generated by exposures relating to receivables claimed by electricity and natural gas suppliers resident in Italy, due to the failure of companies with headquarters in Italy, with a turnover of no more than Euro 50 million in 2021, to repay the payables resulting from the invoices issued by June 30, 2023 relating to energy consumption up to December 31, 2022 (paragraph 3);
 - article 10 entitled "*Energy intensive companies of strategic interest*", which, in order to ensure economic support to companies with high energy consumption and up until December 31, 2022, authorises SACE to issue guarantees, for an overall, maximum commitment of Euro 5,000 million, to banks, national and international financial institutions, and other parties qualified

in loan operations in Italy, for loans granted under any form to companies that manage industrial plants of strategic national interest identified by the Prime Ministerial Decree adopted on the proposal of the Minister of Economic Development in conjunction with the Minister of the Economy and Finance;

- **Law decree no. 50 of May 17, 2022** ("Aid decree"), converted, with amendments, by Law no. 91 of July 15, 2022, which introduces urgent measures regarding national energy policies, company productivity, and investment promotion, as well as regarding social policies and the Ukraine crisis. With specific reference to SACE's business operations, we note that:
 - article 15 entitled "*Temporary measures for supporting companies' liquidity via guarantees offered by SACE S.p.A.*" stipulates the possibility for SACE of granting guarantees until December 31, 2022 to banks, national and international financial institutions, and other parties qualified in loan operations in Italy, for loans under any form, to companies with headquarters in Italy, other than banks and other parties authorised in loan operations, in order to provide for the liquidity needs owing to the negative economic consequences, deriving from the Russia-Ukraine conflict, sanctions imposed by the EU and by international partners in the Russia and Belarus conflicts, and any retaliatory measures adopted by Russia, hereby including the opening of documentary credit aimed at supporting the import into Italy of raw materials and production factors whose supply chain has been interrupted or has suffered price increases due to the current crisis;
 - article 17 entitled "*Guarantees granted by SACE S.p.A. under market conditions*" that, amending article 6.14-bis) of Law decree no. 269/2003 converted into Law no. 326/2003, authorises SACE to issue, under market conditions and in compliance with European Union regulations, Guarantees on Loans and Debt Securities within the maximum overall amount of Euro 200 billion, in order to support and relaunch the economy, as well as to support the growth in businesses and the increase in their competitiveness, strengthen their technological development and environmental sustainability, infrastructure, and strategic supply chains, and encourage employment.
- **Decree of the President of the Council of Ministers of July 12, 2022** laying down provisions for the implementation of support to energy-intensive enterprises of strategic interest through SACE S.p.A. guarantees. In detail:
 - article 1, entitled "*General provisions for the implementation of support to energy-intensive enterprises of strategic interest through Sace S.p.A. guarantees*" provides that the support measure, consisting in the issue of guarantees in favour of banks for the disbursement of credit lines to energy-intensive enterprises operating industrial plants of strategic national interest, provided for by article 10.1 of Law decree no. 21 of March 21, 2022, converted, with amendments, by Law no. 51 of May 20, 2022, is implemented by Sace S.p.A., in accordance with the regulations referred to in the same article, in line with the limits of section 2.2 of the communication of the European Commission 2022/C 131 1/01 and subject to the authorisation of said Commission following the notification procedure pursuant to article 108.3 of the Treaty on the Functioning of the European Union;

- article 2, entitled "*Plants of strategic national interest*", establishes that, upon first-time adoption, the steel plants already under the management of the Ilva group which, at the date of adoption of this decree, are managed by the Acciaierie d'Italia group, are plants of strategic national interest. It also provides for the possibility of identifying, through subsequent Prime Minister decrees, further plants which, because of their strategic nature, fall within the scope of the measure.
- **Law decree no. 144 of September 23, 2022 (Aid-Ter decree)**⁸. Article 3 of this Law decree included SACE in the implementation of "Measures to support enterprises affected by rising energy prices". Specifically:
 - Paragraph 1, in order to "*further support the liquidity of enterprises in the context of the energy emergency*", enables SACE to grant the guarantees set forth in article 15 of Law decree no. 50 of May 17, 2022 (Aid decree) free of charge for bank loans granted to enterprises in order to pay the energy bills issued in October, November and December 2022. This possibility is subject to compliance with the de minimis rules of the Russia - Ukraine Temporary Crisis Framework. In order to obtain the free guarantee the following is necessary:
 - i) The interest rate applied to the guaranteed portion of the loan must not exceed the yield on multi-year treasury bonds with an average maturity equal to or greater than the loan granted;
 - ii) The cost of the financing: i) must be limited to cost recovery; and ii) must be lower than the cost that would have been charged by the lender for transactions with the same characteristics but without a guarantee;
 - iii) The indication by the lenders of the more favourable economic conditions applied to the beneficiaries.
 - Paragraph 2, "*in order to mitigate the negative economic effects caused by the increase in the price of energy supplies*," provides for the possibility of increasing the loan backed by the guarantee referred to in article 15.5 of Law decree no. 50 of May 17, 2022, up to Euro 25 million in order to meet the liquidity needs of SMEs (for the subsequent 12 months) and large enterprises (for the subsequent six months). The increase in this amount is subject to the following requirements:
 - i) The company qualifies as an energy-intensive business within the meaning of article 17. 1.a) of Directive 2003/96/EC;
 - ii) The liquidity need is confirmed by the beneficiary by means of a self-certification drafted pursuant to Presidential decree no. 445/2000.
 - Paragraph 4, instead, amends article 8 of Law decree no. 21 of March 21, 2022 (Energy decree). In detail:
 - i) Paragraph 3 removes the condition relating to "turnover not exceeding Euro 50 million in 2021";
 - ii) Paragraph 5-bis is added, which gives SACE the possibility of granting the guarantees referred to in article 8.3 of said law decree, free of charge and in compliance with the provisions on the de *minimis* rules of the Russia-Ukraine Temporary Crisis Framework, under the following conditions: i) the pre-

⁸ This Law decree has not yet been converted into law.

- mium applied by insurance companies must not exceed the yield component applicable to multi-year treasury bonds with an average maturity of 12 months; ii) the cost of the transaction must be limited to cost recovery; iii) insurance companies are required to indicate the most favourable economic conditions applied to the beneficiaries of each exposure.
- Paragraph 5 amends article 15.1 of Law decree no. 50 of May 17, 2022. Specifically:
 - i) The words "in terms of contraction of production or demand" are deleted;
 - ii) For the purposes of granting the guarantee, the "liquidity needs of businesses relating to the obligations to provide collateral for energy market trading activities" are included.
- Paragraph 6 amends article 64.3 of Law decree no. 76 of July 16, 2020 (Simplification decree"), by increasing the amount of the guarantees granted by SACE on financing for Green New Deal projects from Euro 200 million to Euro 600 million.
- Paragraph 7 provides that the effectiveness of article 3 is subject to the approval of the European Commission pursuant to article 108 of the Treaty on the Functioning of the European Union.
- Paragraph 8 establishes that the charges resulting from the provisions of paragraphs 1, 2 and 4 shall be borne by the fund referred to in article 1.14 of Law decree no. 23 of April 8, 2020;
- **Law decree no. 176 of November 18, 2022 (Aid-Quater decree)**, converted, with amendments, by Law no 6 of January 13, 2023 – Urgent support measures in the energy sector and public finance.
 - Article 3 – Support measures to tackle high utility bills. The provision amends, by supplementing them, both the SupportItalia Guarantee scheme provided for in article 15 of the Aid decree and the credit reinsurance mechanism envisaged in article 8 of the Energy decree.
 - a) Amendments to the credit reinsurance mechanism (paragraphs 4 and 8). The Decree, in order to cope with the increase in energy costs, grants companies with utilities located in Italy the possibility of obtaining from their suppliers an instalment facility of up to 36 monthly instalments, applicable to their electricity and natural gas bills for the period October 1, 2022 - March 31, 2023 and invoiced by September 30, 2023, within the limits of the amounts exceeding the average amount for 2021 and at a rate not exceeding the interest rate equal to the yield of multi-year treasury bonds (BTP) of the same duration. With respect to this instalment mechanism, SACE may grant guarantees in favour of insurance companies authorised to operate in credit and bond insurance in accordance with the reinsurance mechanism for trade receivables referred to in article 8.3 of the Energy decree (paragraph 4). The Decree also extended the term of this mechanism to energy consumed until December 31, 2023 (instead of December 31, 2022) and increased the endowment of the special section pertaining to this measure and established within the fund pursuant to article 1.14 of the Liquidity decree (paragraph 8), from Euro 2 billion to Euro 5 billion.
 - b) Amendments relating to the SupportItalia Guarantee scheme (paragraphs 5, 6 and 9).

Under this measure, electricity and natural gas suppliers based in Italy may apply for bank loans backed by the SupportItalia Guarantee scheme in order to meet the specific liquidity needs arising from the relevant instalment plans, provided that the companies participating in such instalment plans:

1. did not approve the distribution of dividends or the repurchase of shares during the years in which the instalment scheme is granted or for the 12 months following application if these companies have already paid dividends or repurchased shares at the time of the application;
2. undertake to manage employment levels through trade union agreements;
3. undertake not to transfer production to sites located in countries outside the European Union (paragraphs 5 and 6).

The decree also extended the SupportItalia Guarantee scheme until December 31, 2023 (paragraph 9).

- **Law no. 197 of December 29, 2022** (Budget Law 2023) – National budget for 2023 and long-term budget for the 2023-2025 three-year period.

- Article 1 - Differential results. Rules on revenue and expenditure and other provisions. Special funds (paragraph 421).

The measure provides for the allocation of Euro 565 million for 2023 to the Fund set up to cover green guarantees and sets the commitment ceiling for SACE in relation to green operations (Euro 3 billion);

- Article 3 – Estimates of the Ministry of Economy and Finance and related provisions (paragraphs 3, 4 and 5).

The measure establishes, inter alia, the commitment ceiling for SACE pursuant to article 6.9 of Law decree no. 269/2003: Euro 4 billion for guarantees up to 24 months and Euro 40 billion for guarantees exceeding 24 months (paragraph 3). Furthermore, it authorises SACE to issue, for 2023, guarantees and insurance coverage for the activities covered by article 11-quinquies of Law decree no. 35/2005, up to a maximum of 30% of the aforesaid ceilings (paragraph 4). Finally, it sets the statutory cover limit for 2023 at Euro 150 billion (paragraph 5).

3

Report on operations

3.1 Share structure and share capital

At December 31, 2022, SACE S.p.A. shares are wholly held by Ministero dell'Economia e delle Finanze. At the reporting date, the share capital amounted to Euro 3,730,323,610 and consisted of 1,053,428 shares with a par value of Euro 3,541.1. SACE has no treasury shares or shares of shareholder.

3.2 Net profit for the year

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

As part of the operating context introduced by the 2020 regulatory measures, SACE's balance sheet and income statement as at and for the year ended December 31, 2022 include the effects of the application of article 2.9 of the Liquidity decree and, specifically, the transfer up to a reinsurance percentage of 90%, of the performing portfolio at April 8, 2020 via the MEF's reinsurance of the portfolio concurrently recognizing, in 2020, a liability to the MEF of approximately Euro 1.5 billion (partly repaid in 2021). This amount was quantified in the Report on the capital endowment of SACE drafted in accordance with the above-mentioned law and subject to checks pursuant to paragraph 6 of said law. In quantifying the assets to be transferred, SACE took into account the Premium provision corresponding to the outstanding and transferred commitments, considering that it was able to exclude the amount set aside as the Equalisation provision (which, at March 31, 2020, amounted to Euro 710 million), taking into account the regulatory provisions governing the Equalisation provision and, in particular, the aim of stabilising the retained Technical account, the nature of this provision not directly attributable to the business in force, and the general market practice adopted in reinsurance transactions. In 2022, as a result of discussions with the MEF that followed the transmission of the Report on the capital endowment of SACE, it was noted that the above-mentioned provision of the Liquidity decree could be subject to a broader interpretation. Indeed, this provision could refer, in a broader sense, to all the Technical provisions, which also include the Equalisation provision. As a result, an in-depth analysis was carried out, first to define, together with the MEF, the interpretation of the provision of the Liquidity decree and, subsequently, to identify, again with the MEF, where necessary, the criteria to calculate the portion of assets to be transferred, if any, including against the Equalisation provision, also taking into account the fact that this provision cannot be analytically attributed to the individual commitments transferred, as its aim is to cover the overall technical balance retained. At December 31, 2022 and still at the approval date of the financial statements by the Board of Directors, the in-depth analysis of both the interpretation of the above provision of the Liquidity decree and the possible subsequent quantification of the assets to be transferred were still in progress.

The possible transfer of the assets against the above provision, even based on the broadest interpretation, would not affect SACE's financial statements since this higher amount would be included in the reserves transferred to the reinsurer, under assets, with a liability with the MEF as a balancing entry, confirming the solidity of SACE's equity and liquidity ratios.

The balance sheet also includes the cash and cash equivalents on the current account in the name of SACE and relating to the fund established pursuant to article 1.14 of the Liquidity decree, to cover the State's commitments related to the granting of guarantees under SACE's new business made available in 2020 by the MEF on a central treasury account in the name of SACE S.p.A..

Finally, the new business introduced in 2020 ("Garanzia Italia" scheme, article 35 Trade receivables, green guarantees) is recognized separately as required by applicable legislation. At December 31, 2022, SACE's financial position and financial performance include the reimbursement of the acquisition costs incurred during the year, mainly relating to expense for the personnel involved in the new business.

HIGHLIGHTS (in € millions)	2022	2021	var.
Gross premiums	373.2	439	-15%
Claims	75	88.9	-16%
Technical provisions	5,805.6	5,234.4	11%
Net investments (including other assets)	39,803.1	38,963.1	2%
Shareholders' equity	4,879.5	4,880.4	0%
Gross profit	128.7	138.5	-7%
Net profit	83.8	105.6	-21%
Commitments approved	22,962.7	15,218.3	51%

INCOME STATEMENT

(in € millions)	2022	2021
Gross premiums	373.2	439
Outward reinsurance premiums	(252)	(325)
Change in the provision for unearned premiums	(84.4)	44.1
Net premium income	36.9	158.1
Claims incurred	(75)	(88.9)
Change in recoveries	25.7	(20.8)
Change in the provision for claims outstanding	8.9	20.5
Claims incurred, net of recoveries	(40.4)	(89.2)
Change in other technical provisions, net of reinsurance	0	0
Change in the equalisation provision	(14.5)	(13.7)
Investment return transferred from the non-technical account	48.9	32.8
Premium refunds and profit sharing	(5.8)	(2.7)
Operating expenses	(97.8)	(87.4)
Other technical income and charges	141.7	73.6
Balance on the technical account	68.9	71.4
Financial and other income	516.2	314.7
Investment management and financial charges	(401.5)	(215.7)
Investment return transferred to the technical account	(48.9)	(32.8)
Balance on the non-technical account	65.7	66.1
Income from ordinary operations	134.7	137.6
Extraordinary income	2.7	1.8
Extraordinary charges	(8.7)	(0.9)
Profit before taxes	128.7	138.5
Taxes	(44.9)	(32.9)
Net profit	83.8	105.6

In 2022, SACE S.p.A. posted a net profit of Euro 83.8 million (2021: Euro 105.6 million). The main components of the net profit for the year are set forth below:

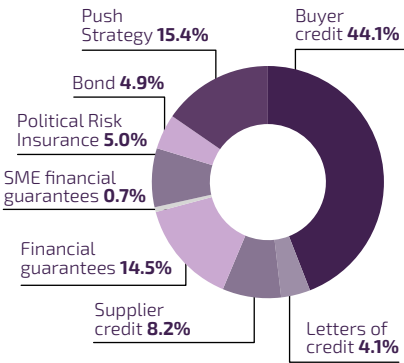
- gross premiums (Euro 373.2 million), which decreased by 15% on the previous year due to the greater impact in 2022 compared to 2021, of the co-insurance scheme with the MEF (SACE - MEF share respectively 10-90);
- outward reinsurance premiums (Euro 252 million), down 22% on 2021 (Euro 325 million);
- the Euro 84.4 million million decrease in the provision for unearned premiums which reflects the portfolio risk trend;
- net claims incurred of Euro 75 million (2021: Euro 88.9 million) and including Euro 214.7 million related to claims paid, including settlement costs (2021: Euro 136 million) and Euro 139.7 million related to reinsurers' share (2021: Euro 47.1 million);
- the Euro 8.9 million increase in the provision for claims outstanding due to lower claims in 2022 compared to 2021 and reinsurance with the MEF;
- the Euro 25.7 million increase in recoveries, related to subrogation credits, which includes gains from recoveries on claims from previous years (Euro 43.4 million), subrogation credits for the claims for the year (Euro 55.9 million), revenues for claims paid during the year and recovered (Euro 15 million), changes in receivables related to new restructuring agreements (Euro 5.7 million), write-downs and losses on loans due to alignment with the estimated realizable value (Euro 35.6 million) and reinsurers' share of amounts to be recovered and amounts recovered (Euro 43.6 million and Euro 15.1 million, respectively);
- other technical income and charges, which show a positive balance of Euro 141.7 million and include commissions received from reinsurers on outward reinsurance premiums (Euro 21.6 million), the reimbursement of acquisition costs on commissions on completed transactions relating to the "Garanzia Italia" scheme (Euro 7.1 million), the reinsurance of short-term commercial credit (Euro 0.8 million) and commissions on co-insurance premiums (Euro 108.7 million). Operating expenses total Euro 97.8 million, up from the previous year (Euro 87.4 million), mainly due to the increase in personnel costs;
- the positive balance of the non-technical account amounting to Euro 65.7 million. It includes the positive balance of financial items for Euro 96.3 million, the breakdown of which is shown in the table below. Net exchange gains amount to Euro 13.9 million and include the effect of the measurement of foreign currency receivables and payables (losses of Euro 76.7 million), currency forwards (gains of Euro 107.2 million) and unrealized exchange gains and losses on technical provisions (losses of Euro 16.6 million, included in the technical account).
- The effect of equity investments, positive by Euro 4.3 million, refers to the measurement of investees.

(in € millions)	2022	2021
Effect of the non-current investment portfolio	64.9	60.8
Effect of the current investment portfolio	13.2	18.2
Effect of exchange gains and losses	13.9	(16.1)
Effect of equity investments	4.3	(0.2)
Total effect of financial management activities	96.3	62.7

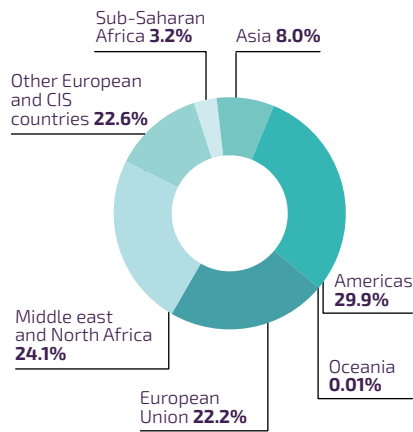
3.3 Commitments underwritten

In 2022, mobilised resources for Export & Internationalization (in terms of principal and interest) amounted to Euro 12,215.3 million. They mainly related to buyer credit policies (44.1%), push strategy (15.4%) and financial guarantees (14.5%). 90% of the commitments underwritten relate to the new business for 2022 under the co-insurance scheme with the MEF and amount to Euro 6,916.7 million. In terms of geographical areas, they mainly relate to the Americas (29.9%), Middle East and North Africa (24.1%) and EU countries (22.2%). The industrial sectors that accounted for the highest commitments were the cruise sector (19.9%), the banking sector (18.3%) and the infrastructure and construction sector (18.2%).

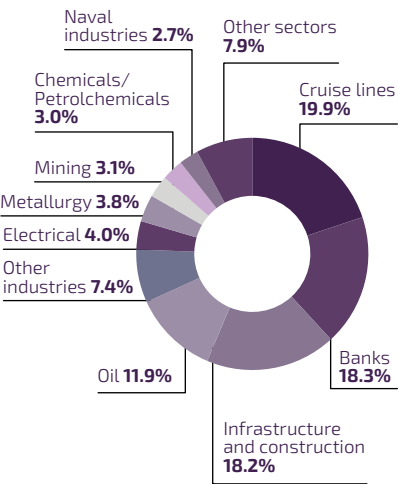
VOLUMES IN 2022
BY PRODUCT



VOLUMES IN 2022
BY GEO-ECONOMIC REGION



VOLUMES IN 2022
BY INDUSTRIAL SECTOR



3.4 Export and internationalisation commitments underwritten

In 2022, export and internationalisation commitments underwritten (in terms of principal and interest, including the changes of the year) totalled Euro 22,962.7 million, of which Euro 20,721.6 million under the annual upper limit and Euro 2,241.1 million under the revolving limit. Commitments underwritten increased by 51% on 2021, mainly due to the cruise and chemical/ petrochemical sector. 90% of the commitments underwritten relating to the new business for 2022 under the co-insurance scheme with the MEF amount to Euro 18,147.4 million.

3.5 Premiums

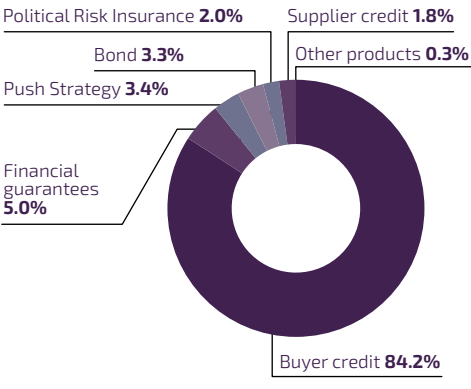
In 2022, gross premiums amounted to Euro 373 million and related to direct business for Euro 363.9 million and to indirect business (outward reinsurance) for Euro 9.3 million. They decreased by 15% on 2021 as a result of the co-insurance scheme with the MEF effective from 1 January 2021 (SACE – MEF accounting for 10-90, respectively). The products that contributed the most to premiums were the buyer credit policy (84.2%), financial guarantees (5%) and the push strategy (3.4%).

The geographical regions with the highest concentrations of premiums are: the Americas (28.1%), other EU and CSI countries (21.6%), EU countries (17.5%).

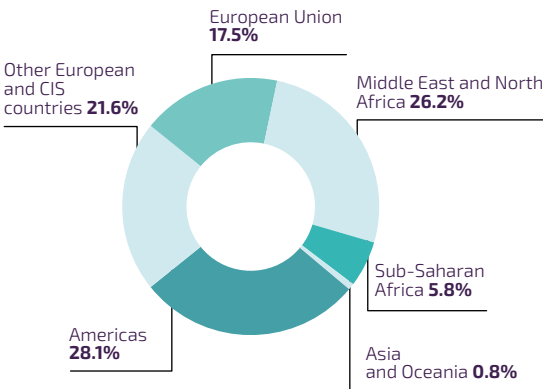
The industrial sectors that accounted for most of the new business premiums were the cruise sector (49.2%), the defence sector (16.7%) and the infrastructure and construction sector (8.4%).

With respect to the composition of gross premiums by business, in 2022, export credit continued to account for the highest proportion (86.2%).

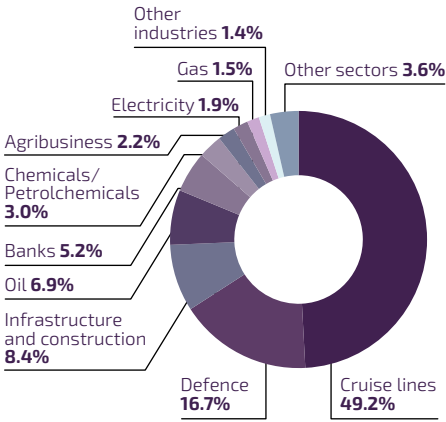
GROSS PREMIUMS BY PRODUCT



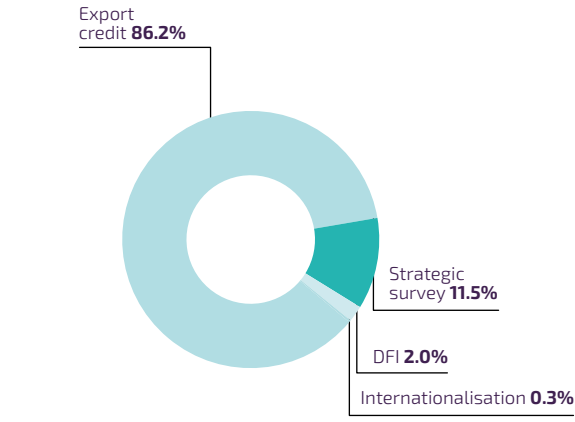
GROSS PREMIUMS BY GEOGRAPHICAL REGION



GROSS PREMIUMS BY INDUSTRIAL SECTOR



GROSS PREMIUMS BY OPERATIONS



3.6 Claims

In 2022, claims worth Euro 210 million were paid, up by approximately 60% on 2021 (Euro 131.1 million). Approximately 94% of the claims paid related to overseas risk, mainly in the infrastructure and construction, followed by the aviation sector (for the latter sector, most claims related to the previous years) and defence. The remaining 6% relates to the Italy risk (of which Euro 1.9 million refers to the “Garanzia Italia” scheme).

3.7 Recoveries

In 2022, sovereign recoveries amounted to Euro 66 million, slightly up on the 2021 balance (Euro 54 million). These mainly related to payments under bilateral agreements with Iraq (Euro 41 million), Argentina (Euro 8.9 million) Serbia (Euro 6.2 million), Suriname (Euro 3.8 million) and Pakistan (Euro 2.7 million). In 2022, trade recoveries amounted to Euro 43.5 million, up on 2021 (Euro 30.6 million). They mainly related to (i) payments for restructuring agreements entered into with the United Arab Emirates (Dubai – Euro 13.8 million), Egyptian (Euro 8.7 million) and Italian (Euro 2.8 million) counterparties; (ii) agreements for full and final payments with Italian counterparties (Euro 3.3 million) and (iii) the remarketing of aircraft with Panamanian counterparties for Euro 3 million.

3.8 Risk portfolio

Total exposure, calculated as the sum of receivables and outstanding guarantees (principal and interest) amounted to Euro 61.9 billion. During 2022, export credit accounted for 88% of total outstanding guarantees. The share in reinsurance is going down (78.8% compared to 80.5% in 2021). The loans and receivables portfolio decreased by 3.1% on 2021, mainly as a consequence of sovereign receivables which fell by 9.8% and accounted for 55% of the total portfolio. The weight of the trade component, which accounts for 45% of the portfolio, increased by 6.8%, from Euro 152.5 million to Euro 162.9 million.

Portfolio	31 December 2022	31 December 2021	Change
Outstanding guarantees	61,537.0	66,459.0	-7.4%
<i>principal</i>	54,978.3	59,422.7	-7.5%
<i>interest</i>	6,558.7	7,036.3	-6.8%
Receivables	365.2	376.8	-3.1%
Total exposure	61,902.1	66,835.7	-7.4%

The analysis by geo-economic region shows that the highest exposure was towards the Middle East and Northern Africa (30.1% compared to 28.8% in 2021), followed by Other European Countries and CIS countries (24.6% compared to 26.3% in 2021). The highest exposure by country was towards the USA (18.4%), followed by the Americas, in terms of region, which accounted for 22.5%, compared to 20.9% in 2021. The other geo-economic regions together account for 22.8% of the portfolio.

The analysis by type of risk reflects the decrease in the portfolio in 2022. The exposure to the private sector risk - considering both credit risk and surety bonds - continued to be the highest, accounting for 70.5% of the total portfolio.

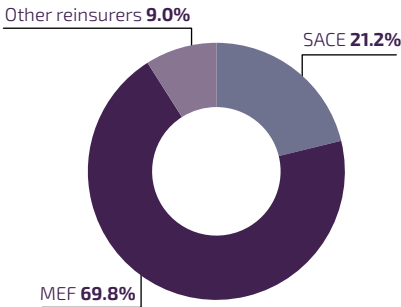
Type of risk	31 December 2022	31 December 2021	Change
Sovereign	15,983.8	16,715.7	-4.4%
Political	2,163.7	2,704.7	-20.0%
Private sector risk	43,389.4	47,038.6	-7.8%
Total	61,536.9	66,459.0	-7.4%

Within the private sector risk, the banking and the corporate - surety business risks decreased by 34.7% and 19.6%, respectively.

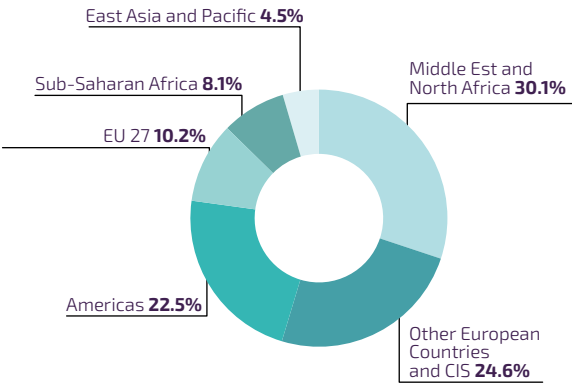
Type of risk	31 December 2022	31 December 2021	Change
Backed corporate	15,795.3	15,846.3	-0.3%
Corporate - credit business	12,980.0	14,866.6	-12.7%
Project Finance	11,453.3	12,362.4	-7.4%
Corporate - surety business	1,440.8	1,791.2	-19.6%
Structured finance	1,268.8	1,526.9	-16.9%
Banking	310.8	476.1	-34.7%
Aviation (Asset Based)	140.4	169.2	-17.0%
Total	43,389.4	47,038.7	-7.8%

The first five sectors account for 61.7% of the total portfolio. The cruise sector continues to dominate, accounting for 37.5% of the portfolio, followed by the gas and oil sectors (9.4% and 6.2%, respectively).

TOTAL EXPOSURE BY REINSURER (%)



TOTAL EXPOSURE BY GEO-ECONOMIC REGION (%)



3.9 Technical provisions

Technical provisions are calculated in order to cover the best estimate for the Provision for unearned premiums using the CreditMetrics method (calculating the expected loss of the entire portfolio until its run off). The provision for claims outstanding is determined according to a prudent estimation on the basis of an objective analysis of each claim. A risk margin is also determined to cover the non-hedgeable components of the portfolios.

The total value is calculated as the sum of:

- the provision for premium instalments, amounting to Euro 2,757.9 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 Euro 1,503.5 million;
- the provision for claims outstanding, amounting to Euro 775.8 million;
- the equalisation provision for the credit insurance business, amounting to Euro 768.4 million.

3.10 Investments

SACE S.p.A. conducts its financial management activities according to guidelines provided by the Board of Directors, pursuing two macro objectives:

- to preserve the value of company assets: in line with new legislation and changes in the financial context of reference, SACE S.p.A. pursues an integrated asset-liability management strategy that includes hedging transactions to partially offset negative variations in the loan and guarantee portfolio in case of any worsening of risk factors;
- to help the company pursue its economic goals through targeted and effective investments.

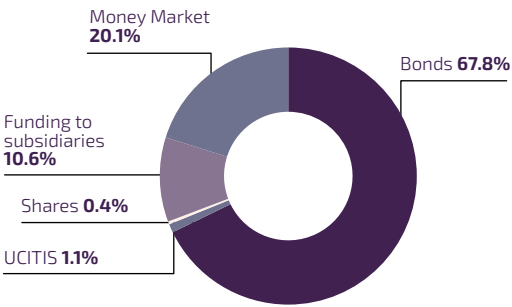
This strategy, which involves the use of highly liquid instruments with a limited risk profile, has confirmed values in line with the established limits for each type of investment, mainly based on VaR and sensitivity analysis techniques, and with the investment guidelines.

Total assets at the end of 2022 amounted to Euro 7,821.7 million and may be broken down as follows: 48.3% invested in bonds, 0.4% in shares, 1.1% in UCITS, 10.6% in funding to subsidiaries and 20.13% in money market instruments.

The non-current portfolio, equal to Euro 3,776.7 million, accounts for 48.3% of total assets and consists entirely of bonds, 79% of which are bonds issued by the government and supranational institutions. The modified duration of securities is 4.04, while the portfolio average rating is BBB.

The investment portfolio (Euro 4,044.9 million) consists of bonds (37.7%), shares (0.7%), UCITS made up of bonds (2.1%), funding to subsidiaries (20.5%) and money market instruments (38.9%). Furthermore, in 2021, SACE S.p.A. entered into a loan agreement in favour of the subsidiary Sace Fct. This loan, for which no disbursement has yet been requested and for which a maximum total amount of Euro 825 million is envisaged, may be granted in a single or in several instalments and will have a maximum duration of 36 months from the date the agreement is signed (July 30, 2021).

BREAKDOWN OF THE PORTFOLIO BY ASSET CLASS



3.11 Analysis of the impacts of Covid-19

In March 2020, the novel COVID-19 coronavirus spread to many countries around the world and, on March 11, 2020, the World Health Organisation declared the situation to be a "pandemic". The pandemic had a considerable impact on SACE in 2020, attributable to the downgrading of the counterparties' credit ratings by rating agencies and moratoria on guaranteed loan payments. Counterparties operating in sectors in which SACE's guarantee portfolio has the greatest exposures, such as the cruise ship and the aviation industries, have been particularly badly affected. More specifically, these factors resulted in an increase in credit risk, measured using the expected loss model, with a consequent impact on best estimates and the impairment of loans, deposits and securities.

In 2022, the severe geo-political tensions between Russia and Ukraine, which escalated into war, sharply worsened the global economic and financial environment.

The main impacts of the Covid-19 pandemic and the context worsened by the ongoing geo-political and energy crises, are summarised below.

(in millions of euros)	Gross expected loss
December 31, 2019	2,920
December 31, 2020	4,045
December 31, 2021	4,115
December 31, 2022	4,614
Change (2022 vs 2019)	1,694
of which due to Covid-19	1,134

The gross expected loss due to the effects of the Russian-Ukrainian crisis is approximately Euro 875 million and relates to Russian exposures.

The impact of Covid-19 and the geopolitical crisis on financial instruments measured at fair value is not significant, both due to the short-term maturities of these instruments and as a result of the measures adopted by the Central Banks. The change in the fair value of items existing prior to the pandemic crisis

is negligible. On the other hand, with respect to new purchases, the volatility of market factors led to benefits in terms of profitability of the new portfolio. With respect to the liquidity risk, the pandemic crisis has not and is not expected to cause structural tensions given the high degree of liquidity of the financial portfolio, whose bond component is mainly eligible for repurchase agreements.

3.12 Analysis of the Climate Risk

In accordance with the OECD Recommendation "Common approaches for officially supported export credits and environmental and social due diligence", SACE carries out an environmental and social assessment of all export transactions within its scope to ensure compliance with the World Bank Group's international standards applicable to each transaction. The World Bank standards require a process to identify potential risks and impacts, including those associated with climate change and adaptation (art. 7, IFC PS1); the level of analysis depends on the vulnerability of the operation to climate change, based on the type of infrastructure and the geographical location of the project (Guidance Note 32-35 to IFC PS1).

The company is also conducting a preliminary assessment aimed first at defining the scope of exposure to this type of risk and subsequently at assessing risk levels, using appropriately calibrated judgements obtained from an external info provider, with the aim of developing an internal model for the impact on default probabilities and losses in case of climate risk events. Specifically, SACE has identified two categories of impact risk: physical risk and transition risk. In defining the scope of the exposure to physical risk, which identifies "the financial risks linked to climate change, including more frequent extreme weather events and gradual changes in the climate, as well as environmental degradation, i.e. air, water and soil pollution, water stress, loss of biodiversity and deforestation", the geographical location and type of exposure (project finance, corporate, sovereign exposures) were taken into account. On the other hand, transition risk identifies "the financial loss that an organisation may incur, directly or indirectly, as a result of the adjustment process towards a low-carbon and more environmentally sustainable economy". The exposure to this risk depends on the business sector, the regulatory framework of the relevant country and the size of the counterparty. After identifying the risk drivers, the portfolio was broken down into the following sub-categories:

- Asset-based corporate exposures (57% of the portfolio) where the risk exposure is influenced by the underlying project (project finance, corporate with collateral, etc.).
- Exposure to Corporate (15% of the analysed portfolio): in this case the risk is determined by the location of the relevant assets of the counterparties at risk.
- Exposure to sovereign counterparties (29% of the portfolio) where the risk depends on the economic-financial impact of climate risk events on central counterparties.
- At present, the company is analysing the identified portfolios in order to allocate a risk score, for each area, on a quantitative-qualitative scale, to the exposures in the portfolio and subsequently define a quantitative model to link climate change events to the credit risk of the counterparties in the portfolio.

3.13 Relations with other Export Credit Agencies (ECAs) and international organisations

With respect to relations with overseas institutions, SACE has signed a total of 26 reinsurance agreements with other ECAs. In 2022, advisory services were provided for the Saudi ECA Saudi Export-Import Bank and the Bahraini ECA "Export Bahrain". Furthermore, in 2022, the advisory contract for the modernisation of the Greek ECA ECG was also signed.

3.14 Risk management

Risk management is based on constant improvement of processes and technology and investments in human resources, and is integrated in decision-making processes (risk-adjusted performance). The steps of identifying, measuring and controlling risks are essential factors in joint evaluation of company assets and liabilities using the most effective asset liability management techniques.



The company implements its risk management in accordance with the fundamental principles of supervisory regulations⁹.

There are two main types of risks:

- **Technical risk:** meaning **underwriting risk**.
For the guarantees portfolio of SACE S.p.A., this is the risk of financial losses arising from unfavourable trends in actual compared to expected claims (premium risk) or differences between the cost of claims and reserved cost (reserve risk). Both risks are managed by adopting prudent pricing and provisioning strategies, which are defined according to market best practice, and through prudent underwriting policies, permanent monitoring and active portfolio management.
- **Market risk:** this category includes the risks generated by market operations involving financial instruments. It includes the interest rate, the currency, the credit and the equity risks. SACE S.p.A. monitors and manages market risk using asset-liability management techniques and keeps it within previously

⁹ IVASS Regulation no. 38 of July 3, 2018, European Solvency II Directive no. 2009/138

defined limits by adopting guidelines on asset allocation and maximum exposure to individual risk components, using quantitative risk measurement models (Market VaR).

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

- **Liquidity risk:** the risk of incurring losses resulting from the company's reduced ability to meet financial obligations generated by its core business and financial liabilities. Following the coming into force of Law decree no. 23/2020 which, inter alia, amended SACE's governance and its business (introducing the co-insurance system with the State in 2021), monitoring of this risk is increasingly important. Specifically, while technical forms of underwriting that enable claim settlement to be spread out over time continue to exist, accurate management and continuous monitoring of this risk component are increasingly important in the current and future contexts. Consequently, the investment policy is closely linked to the specific liquidity requirements of the insurance portfolios. All the securities in the portfolios used to cover technical provisions are traded in regulated markets, many of which can be refinanced with central banks. The average life of the investment portfolio, which is consistent with the time profile of the guarantees and debts, mitigates this type of risk.
- **Operational risk:** the risk of incurring losses resulting from inadequate or failed internal processes, personnel or systems, or from external events. This definition includes, inter alia, losses resulting from fraud, human errors, business disruption, system unavailability, breach of contract and natural disasters. This risk also pertains to exposures that SACE assesses on behalf of the State, with reference both to the export credit business operations and to those relating to the other public guarantees for which, in compliance with the specific applicable legislative provisions, SACE performs risk assessment and management activities. In light of this, operational risk assessment and measurement activities are carried out on the different types of operations.
- **Reputation risk:** the current and forward-looking impact of a decline in profits, sanctions, losses or damage to SACE's institutional role arising from a negative perception of the image of company by customers, counterparties, shareholders, investors, regulators or other stakeholders. The prevention and monitoring of events that could pose a risk to its business reputation is a priority for SACE, which has set up a system of internal controls to mitigate this risk and adopted specific measures to prevent the occurrence of such events in its business operations.
- **Risk of belonging to a group: "contamination" risk,** intended as the risk that, as a result of transactions between the company and other group entities or difficulties experienced by one entity within the group may have negative effects on the company; risk of conflict of interest..
- **Risk of non-compliance with regulations:** the risk of incurring legal or administrative fines, suffering losses or damage to reputation as a consequence of

violation of compulsory requirements (laws, regulations) or self-regulatory measures (e.g., Articles of Association, codes of conduct). SACE S.p.A. has developed a process for managing the risk of non-compliance in order to ensure that internal processes and procedures are consistent with the objective of preventing any infringement of regulations, whether imposed by the authorities or the companies.

The Risk Management division:

- defines and coordinates risk management activities for SACE, contributing to the defined strategic guidelines, proposing capital optimisation actions and assessing the impact and effectiveness also of risk transfer policies,
- defines guidelines on risk management and transfer, submitting them to the Board of Directors, and takes care, in cooperation with the other divisions in charge, of defining and reviewing the company's risk appetite framework, monitoring the correct allocation of economic capital;
- defines, in line with developments in regulations, the market and reference corporate guidelines, the methodologies and tools for the identification, measurement and integrated control of risks, at SACE and other group companies level, continuously verifying the adequacy of the relative procedures;
- defines risk-adjusted pricing policies, ensuring the adequacy of the risk/return profile;
- defines the strategies and policies of the operational risk management and control system;
- ensures the methodological alignment and coordination of risk management in group companies;
- measures exposure to credit and market risk, preparing scenario analyses and stress tests;
- defines operating limits for core and financial operations and monitors compliance therewith;
- develops and implements methodologies, models and systems for the measurement and integrated control of risks, monitoring the correct allocation of economic capital, in compliance with the applicable legislation.

SACE's Risk Management Division also guarantees monitoring of operational risks at group level, by implementing and validating specific risk identification and quantification methodologies, with a view to moving their individual risk management systems to converging policies, while contributing to a single policy. The operational risk management and monitoring process is governed by the policy on "Managing operational risks", which describes the methodological framework and the relevant operational tools. The adoption of this framework strengthens risk controls and improves the overall effectiveness and efficiency of processes, reducing the variability of the profits for the year relating to specific risk categories and protecting assets from significant unexpected losses.

The activities and processes carried out in this respect are as follows:

- Risk Self Assessment (RSA), which assesses the company's exposure to operational risks by organisational unit and business process and qualitatively and quantitatively identifies the exposure to operational risks in terms of

both frequency and impact. The main risk factors are identified in relation to the business processes and organisational units covered by the assessments;

- Loss Data Collection (LDC): this process constantly collects and manages – in a structured manner and according to severe criteria – internal loss data related to operational risk events that have occurred within the company; it defines mitigation actions aimed at minimising the risk identified in business processes in order to guarantee increasingly stronger security levels and safeguards and mitigate risk exposure;
- assessment of the operational risk inherent in the launch of new products, promoting the implementation of control frameworks that minimise the residual operational risk.

The cyber risk monitoring and management process is governed by a specific framework that guarantees the identification of the related peculiarities with respect to other types of operational risk, based on performance and risk indicators developed within an Information Security Dashboard used for the annual assessment of the level of exposure and effectiveness of the control and monitoring safeguards implemented for this type of risk. Furthermore, this activity also identifies, where necessary, the need for adjustment and streamlining actions to ensure the strengthening of security levels and mitigate risk exposure.

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

- **Board of Directors:** has ultimate responsibility for the corporate governance system and defines the strategic guidelines, while ensuring its completeness, functionality and effectiveness;
- **Risk and Control Committee:** assists the Board of Directors with risk issues and internal controls and provides consulting support and proposals;
- **Management Committee:** examines and evaluates the strategies, objectives and operational planning guidelines of SACE and the other group companies and oversees their implementation, assesses the performance of operations and identifies the measures necessary to achieve better profitability results and investigates key issues regarding management and operational guidelines of SACE and the other group companies;
- **Operations Committee:** assesses proposed operations falling within the remit of the Board of Directors (risk taking, changes, restructuring or settlement agreements with policyholders, claims, commercial recoveries, agreements for political recoveries) and other relevant operation, expressing a favourable or unfavourable opinion on the operation, possibly with recommendations and/or request for further details.
- **Risk Committee:** assists the Risk and Control Committee with the implementation of an effective risk management and control system; assesses proposals for determining the risk appetite framework; assesses the guidelines for risk management and transfer; expresses opinions in line with the guidelines for the overall risk management, for improving the overall quality of exposures, proposing actions on the technical and financial portfolios to rebalance risk positions, interventions to optimise capital, reserves and liquidity; analyses, assesses and expresses opinions on risk methodologies and models (i.e.,

rating models, risk-adjusted pricing models, etc.); assesses specific issues in accordance with applicable legislation;

- **Investment Committee:** periodically defines company portfolio investment strategies to optimise the risk/yield profile of financial activities and the compliance of the guidelines established by the Board of Directors. It monitors the trends and outlook of investment performance, reporting any critical areas to the competent functions. It submits proposals for updating the guidelines on financial activities by the decision-making body.

3.15 Reinsurance

Reinsurance is an effective business tool that supports the underwriting policy, optimising the existing exposures and mitigating risks through active portfolio management.

Indeed, the aim of reinsurance is to spread the risk in order to:

- create a more balanced portfolio;
- enhance financial soundness;
- stabilise operating results;
- increase underwriting capacity.

Reinsurance policies are selected with a view to optimising the trade-off between the financial impact of the policy cost and the benefit in terms of risk mitigation, as well as the complexity level of the transaction structure. In this sense, the reference form of reinsurance relates to quota share reinsurance: aimed mainly at enhancing underwriting capacity. This type of policy provides for the proportional transfer of the premium to the reinsurer, equal to the transferred portion of risk, and the retrocession of the ceding commission by the reinsurer. In the case of claims, the reinsurer must settle its share of the claim.

The Reinsurance division studies, proposes and implements the most effective reinsurance solutions based on the relevant objectives and manages the related operational processes.

Based on the portfolio at December 31, 2022, the most significant form of risk transfer for SACE S.p.A. was the reinsurance with the MEF pursuant to the agreement signed in 2014 with the MEF, approved with Prime minister decree of November 20, 2014 and registered with the Court of Auditors on December 23, 2014, which regulated the proportional transfer of risks that may result in high levels of concentration for SACE, which was subsequently increased as part of the measures to support exports, internationalisation and business investments pursuant to Law decree no. 23 of April 8, 2020 (Liquidity decree), article 2.6, converted, with amendments, by Law no. 40 of June 5, 2020. Accordingly, the percentage of reinsurance of existing commitments on the date of the decree's entry into force was increased to 90%, excluding any share reinsured by third parties and with some specific limitations in respect of exposures for which the risk profile is badly impaired. In addition to state reinsurance, part of the portfolio is reinsured with leading specialised private counterparties, in line with the requirements of the reinsurance strategy. The coverage in place with the private market refers both to treaties for compulsory proportionate cession, signed in 2019 and 2020, and to contracts for optional cession on individual transactions signed by SACE between 2014 and 2020.

At December 31, 2021, the transactions completed totalled Euro 77.4 billion (of which Euro 61.5 billion in SACE financial statements and Euro 15.9 billion co-insured by the MEF pursuant to article 1.b) of the Liquidity decree. Out of the transactions completed totalling Euro 61.5 billion, Euro 48.5 billion was ceded in reinsurance (78.8%). Approximately 88.6% thereof is reinsured with the MEF and includes the portion ceded pursuant to the Liquidity decree up to the 90% threshold mentioned above, 10.1% is reinsured with the private reinsurance market, represented by the main counterparties operating at global level and the remaining 1.3% is reinsured with other ECAs pursuant to current bilateral agreements.

With reference to the cessions of the year, against resources mobilised for a total of Euro 12.2 billion, approximately Euro 244.7 million was reinsured, of which (i) Euro 217.9 million ceded to the MEF, (ii) Euro 23.9 million ceded to the reinsurance treaty with the private market, for transactions approved prior to January 1, 2021 and finalised in the current year or for changes in transactions finalised before December 31, 2021 and (iii) Euro 2.8 million ceded in reinsurance to other ECAs.

3.16 Internationalisation Financial Guarantees

With respect to financial guarantees for internationalisation (Law no.80/2005, article 11-quinquies), the number of approved transactions and commitments rose on the previous year (+17%) while premiums approved decreased (-9%). In 2022, SACE supported approved commitments with Euro 82 million (2021: Euro 69.8 million) against loans granted for Euro 155.3 million (2021: Euro 136.6 million). 60% of guarantees were issued to SMEs (in terms of number of transactions), which accounted for around 32% of total commitments approved, and the remainder to businesses with a turnover of between Euro 50 and Euro 250 million.

Internationalisation guarantees: FY 2022	Total portfolio	of which SME
Loans guaranteed	Euro 155.3 million	Euro 50.7 million
Exposure approved (K + I)	Euro 82.0 million	Euro 26.1 million

The portfolio accumulated was not concentrated in any particular region of Italy: 30.9% of total commitments in the Centre-South, 26.1% in the Centre-North, 21.7% in the North-West and 21.4% in the North-East¹⁰.

3.17 New business of 2020 and 2022 (Liquidity, Relaunch, Simplification and Aid decrees)

The new business launched in 2020 and 2022 included the following schemes: "Garanzia Italia", "Garanzia DL Energia", "Garanzia Supportitalia", "Assicurazione del Credito a breve termine", "Green New Deal".

¹⁰ The geographical division used reflects the organisation of the company by regions. The country is divided into four macro-areas:
- North-West: Lombardy, Piedmont, Liguria and Valle d'Aosta;
- North-East: Veneto, Trentino Alto Adige and Friuli Venezia Giulia;
- Centre-North: Emilia Romagna, Marche, Umbria;
- Centre-South: Tuscany, Lazio, Abruzzo, Campania, Puglia, Basilicata, Calabria, Molise, Sicily and Sardinia.

3.17.1 “Garanzia Italia” scheme (article 1 of the Liquidity decree)

In 2022, following the applications received through the “Garanzia Italia” portal (which ceased operations on June 30, 2022), 2,090 guarantees were issued for a total of Euro 10,945¹¹ million and a guaranteed maximum amount¹² of Euro 9,989 million. Of these, over 99% followed a “simplified” procedure with the guarantee being granted in less than two working days (2,084 according to the simplified procedure).

The guarantees may be analysed by technical form as follows:

Technical form	Guarantees	Amount financed € millions	Maximum guaranteed amount € millions
Loan	2,011	10,843	9,888
Debt securities	16	54	57
Factoring	13	27	25
Leases	50	21	19
Total	2,090	10,945	9,989

The breakdown by geographical region may be analysed as follows: North 70% (1,324 guarantees for Euro 7,662 million), Central 17% (467 guarantees for Euro 1,876 million), South and Islands 13% (299 guarantees for Euro 1,406 million). The main industrial sectors in which the guarantees were issued were: the Non-Financial Services sector (49.8%), the Infrastructure and Construction sector (12.4%) and the Metallurgy sector (9.3%).

The main industrial sectors in which the guarantees were issued were: Refinancing (34.2%), Working Capital (31.9%) and Investments (31.1%).

The guarantees issued by December 31, 2022 numbered 2,373 for a total loan amount of Euro 11,697 million and a guaranteed maximum amount of Euro 10,717 million.

In relation to the guarantees issued up to December 31, 2022, the fees received and the receivables to be collected amounted to Euro 177 million and Euro 21 million, respectively¹³.

Acquisition costs in connection with the “Garanzia Italia/Supportitalia” schemes amounted to Euro 7.1 million. These refer to the costs incurred by SACE S.p.A. for the issue of contracts received, the checks carried out and the information flows. The project-related activities included, inter alia, the extension of the possibility of underwriting guarantees to June 30, 2022. This involved (i) adapting the “Garanzia Italia/Supportitalia” portal, (ii) customer care support, (iii) adapting the wording of the guarantees, (iv) communication activities, (v) pursuing control activities and drafting information flows.

The changes to the portal continued, along with the drafting of policy condi-

¹¹ Included Euro 4,460,000 related to the Energy decree.

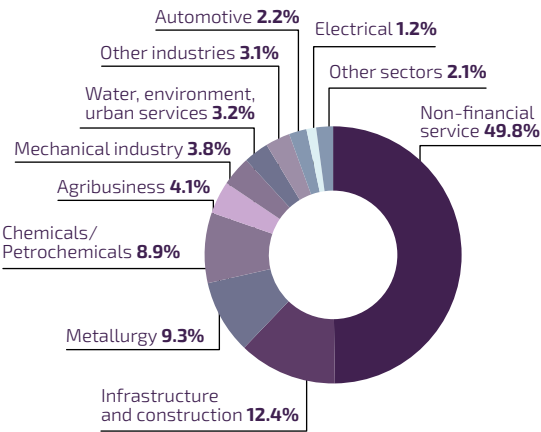
¹² The guaranteed amount is the principal plus ancillary charges and interest, net of the percentage cover, upon issuing of the guarantee

¹³ This figure includes the Garanzia Supportitalia scheme

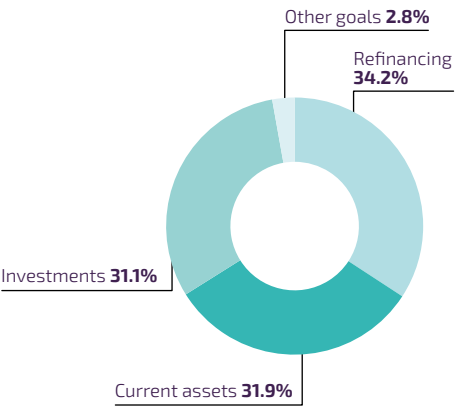
tions, reporting to banks and underwriting activities in order to implement the guarantees under the Aid decree (Supportitalia Guarantee scheme), which became effective in July.

With respect to the guarantee under the Energy decree (article 8.2), which came into force on April 28, 2022 and expired on June 30, 2022, two guarantees were issued for a financed amount of Euro 4,460,000 as part of the “Liquidity related to the instalment of bills payment”. The acquisition costs in connection with the issue of the two guarantees covered by the Energy decree amounted to Euro 1.7 million.

**GUARANTEES ISSUED BY AMOUNT FINANCED
IN 2022 BY INDUSTRIAL SECTOR**



**GUARANTEES ISSUED BY AMOUNT FINANCED
IN 2022 BY GOAL**



3.17.2 Supportitalia scheme (article 15 of the “Aid” decree)

In the period from July 22, 2022 to December 31, 2022, following the applications received through the “Supportitalia” portal, 1,030 guarantees were issued for a total of Euro 18,016 million and a guaranteed maximum amount of¹⁴ Euro 14,369 million. Of these, over 99.7% followed a “simplified” procedure with the guarantee being granted in less than two working days (1,027 according to the simplified procedure).

The guarantees may be analysed by technical form as follows:

Technical form	Guarantees	Amount financed € millions	Maximum guaranteed amount € millions
Loan	1,000	17,844	14,214
Factoring	19	166	149
Leases	11	6	6
Total	1,030	18,016	14,369

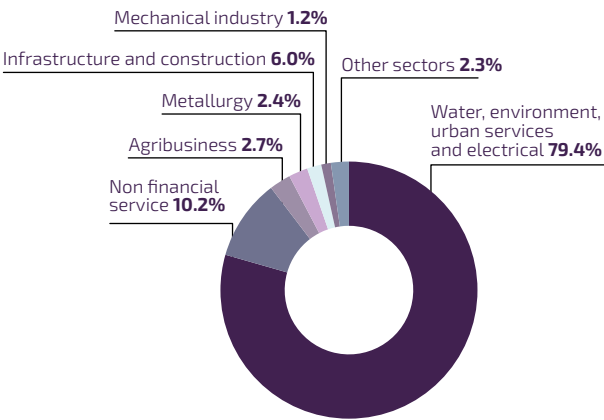
¹⁴ The guaranteed amount is the principal plus ancillary charges and interest, net of the percentage coverage, upon issuing of the guarantee

The breakdown by geographical region may be analysed as follows: North 26% (655 guarantees for Euro 4,638 million), Central 72% (226 guarantees for Euro 12,914 million), South and Islands 3% (149 guarantees for Euro 464 million).
The main industrial sectors in which the guarantees were issued were: the Water, environment, urban services sector (79.4%), the Non-financial services sector (10.2%) and the Agricultural sector (2.7%).

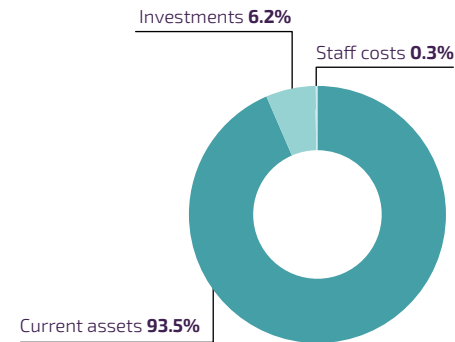
The main industrial sectors in which the guarantees were issued were: Working capital (93.5%), Investments (6.2%) and Staff (0.3%).

The guarantees issued by December 31, 2022 numbered 696 for a total loan amount of Euro 3,964 million and a guaranteed maximum amount of Euro 3,712 million.
The acquisition costs in connection with the "Garanzia Supportitalia" scheme were included in those related to the "Garanzia Italia" scheme.
At December 31, 2022, the available ceiling equalled Euro 144,783.9 million.

GUARANTEES ISSUED BY AMOUNT FINANCED IN 2022 BY INDUSTRIAL SECTOR



GUARANTEES ISSUED BY AMOUNT FINANCED IN 2022 BY GOAL



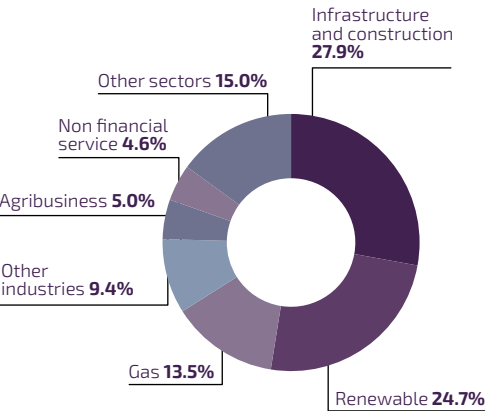
3.17.3 Short-term credit insurance (article 35 of the Relaunch decree)

The SACE-Reinsured Agreement pursuant to article 35 of Decree law no. 34 of May 19, 2020 come into force on November 5, 2020. Five credit insurance companies, operating in Italy and accounting for 86% of the market (based on 2019 premiums), joined the Agreement. Thanks to this guarantee, the participating companies were able to reactivate insurance limits (until June 30, 2021, the end of the guarantee) for more than Euro 27 billion, compared with the June 2020 balances. Since its launch, the reinsurance premiums, net of fees, have amounted to Euro 288.8 million. The claims paid totalled Euro 69.3 million (gross of recoveries of Euro 4.3 million). The acquisition costs incurred by SACE in 2022 to control management and accounting information flows received and perform checks and credit recovery activities amounted to Euro 0.7 million.

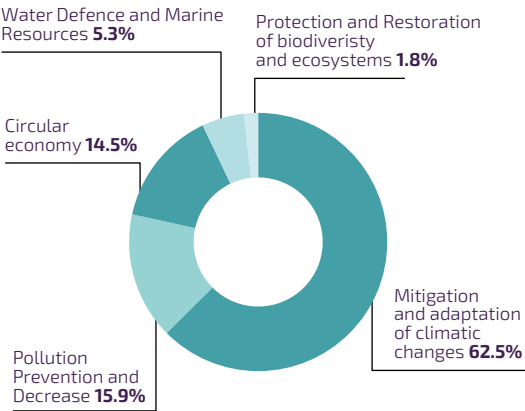
3.17.4 Green New Deal (article 76 of the Simplification decree)

In 2022, SACE approved the issue of 246 guarantees for total financing of Euro 4,264.3 million and a guaranteed commitment (principal and interest) of Euro 2,965.8 million. A total of 244 guarantees were issued (resources mobilised) in 2022, for total financing of Euro 3,020.3 million and a guaranteed commitment (principal and interest) of Euro 2,090.6 million.
The main industrial sectors in which the guarantees were approved were the Infrastructure and Construction (27.9%), the Renewables (24.7%) and the Gas (13.5%) sectors.
With respect to environmental goals, most approved transactions (177) related to projects that focused on climate-change mitigation and adaptation. The other environmental goals pursued during the year through the above approved transactions included: (i) prevention and reduction of pollution (45), (ii) circular economy (41), (iii) protection of water and marine resources (15), (iv) protection and restoration of biodiversity and ecosystems (5). Some projects concurrently contribute to the pursuit of several environmental goals.
At December 31, 2022, the available ceiling equalled Euro 34.2 million. In 2022, the premiums earned amounted to Euro 31 million.

GUARANTEES APPROVED IN 2022 PER FINANCED AMOUNT BY INDUSTRIAL SECTOR



GUARANTEES APPROVED IN 2022 BY GOAL



3.18 Human resources

At December 31, 2022 there were 646 employees on the payroll, an increase of 41 units compared to the previous year end. During the year, 94 resources were hired and 53 left the company.

Distribution of staff by grade	No.	%
Executives	43	6.7%
Officials	324	50.1%
Office workers	279	43.2%
Total	646	100%

Distribution of staff by age group	Breakdown	Change
Under 30	20%	+4%
Between 31 and 40	30%	-1%
Between 41 and 50	31%	-1%
Over 50	19%	-2%

Distribution of staff by qualification	Breakdown	Change
Degree	88.5%	+0.5%
Secondary school certificate/other	11.5%	-0.5%

In 2022, in order to guarantee the training offer and strengthen specialist technical, business and soft skills and increase their effectiveness, synchronous and asynchronous training courses continued, necessary to strengthen and acquire comprehensive knowledge and skills.

Two blended training courses (Mid Year Review and Evaluation and Feedback) were launched on a digital learning channel to assist managers during the performance process and provide them with tools that make performance more constructive and objective, identifying the biases that alter perceptions in managing gender and generational diversity, with a focus on evaluation and the assignment of objectives, and to strengthen the culture of feedback, encouraging open discussion and dialogue with employees in order to acquire and strengthen the skills necessary to evaluate people in the best possible way.

Everyone at the company underwent an assessment of their performance. These assessments considered technical and soft skills and each employee's specific activities and objectives. They resulted in structured feedback, a shared training plan and a Mid Year Informal Feedback.

In the second half of 2022, a cultural change project was launched within the company, which led to the definition of SACE Purpose, Mission, Vision, and Values. The new Leadership model was designed in line with these Values as a distinctive SACE style. The project entailed:

- the collaborative construction of a Vision, a Mission, a Purpose and Values shared by all the people within the company and with a guiding role for the Leadership Team, through discussions, group work, surveys, qualitative analyses, in order to gather all diversities and include them with a view to enhancing each contribution;
- the identification of the behaviours and mindset related to Values that enable them to be practicable and usable in everyday life, in addition to setting up a new and evolved leadership model.

During the year, phase I was completed and phase II of the "New Views of Working" project was launched and concluded, with the aim of redesigning together - company and people - the working methods of the future and leading SACE into a new era, starting the planning of the implementation of tangible future actions, defining a cross-cutting work plan among the divisions involved in the four pillars of the project.

The e-learning portal on Team System HR was enriched with 22 technical/business training pills. The new content focuses on the following topics: risk assessment methodologies, the group's insurance-financial products, risk management (claims, political and commercial recoveries, portfolio management and pricing). The story-boards of the training pills were drafted in close collaboration between HR and the heads of each product so that the content is up-to-date and ready to use by all employees.

Again in 2022, the Early Career Program (ECP) continued. This is a program for young hires based on the principles of equity, competitiveness and performance. All the program's initiatives were implemented: training courses on soft and hard skills; project work on strategic/business topics; potential assessments; mentoring, a project aimed at pairing an ECP resource with a mentor with high seniority, in order to support and accelerate the professional development and integration of young people in the company.

During the year, the growth map was defined, i.e., a growth framework aimed at developing and enhancing people's potential, from hiring to management, starting from the information gathered during the Talent Review and Succession Plan process. In addition to the ECP, which is now a consolidated program, further paths were identified and implemented (e.g., SACE Lead and Paths for new managers), which involved a total of 71 people in Potential Assessment, with the drafting and discussion of specific individual Development Plans.

In confirming the central role of health as a primary and essential value for each employee, a new check-up plan was launched for all permanent employees. The plan's multiple analyses, checks and specialist visits are aimed at the primary and secondary prevention of all factors that may lead to the onset or deterioration of specific diseases. In addition, in 2022, prevention campaigns were also organised, offering flu vaccination and, specifically, with respect to Covid-19, in addition to an internal protocol to constantly update all employees about regulatory and health developments. During the year, SACE also offered the possibility of having rapid serological tests and Covid 19 rapid molecular swabs.

A totally free and anonymous psychological listening and support service is also available to all colleagues, at any time of the day, to enable them to discuss issues that may generate concern and anxiety. The service, provided in collaboration with Stimulus Italia, is available both in-person (five free meetings) and by phone, chat, video-call or message. Finally, a legal, tax and social-welfare consultancy service is available through the same platform.

3.19 Litigation

At December 31, 2022, SACE was defendant in 15 lawsuits for a contested amount of around Euro 43.1 million, and plaintiff in 5 cases for a total of approximately Euro 179 million, including two international recoveries (totalling approximately Euro 46 million).

SACE was a plaintiff in a further 37 proceedings which included oppositions to the statement of liabilities and summary proceedings pursuant to article 702-bis of the Italian code of civil procedure to obtain recognition of its privilege pursuant to Legislative decree no. 123/1998 to payment before other creditors in insolvency proceedings, for claims paid (or being paid) against guarantees to support the internationalisation of businesses.

3.20 Corporate Governance**Organisation, management and control model pursuant to Legislative decree no. 231/01**

The management of SACE is based on principles of compliance and transparency and the adoption of a framework of prevention and control that is described below. The most recent version of the Organisation, management and control model ("Model") was approved on May 28, 2020 by SACE's Board of Directors pursuant to and for the effects specified by Legislative decree no. 231/01 (the "Decree"). The Model is regularly updated on the basis of audits which include the definition of a risk map and analysis of internal controls. The Model includes:

- a general part that illustrates the principles of the Decree, the analysis of the System of Internal Controls, the Supervisory Body, the disciplinary system, staff training and dissemination of the Model both within and outside the company;
- a special part that identifies the areas of specific interest in relation to the business activities undertaken, for which a potential risk of committing a crime is theoretically possible. This part includes references to the System of Internal Controls with regard to the prevention of crimes.

The function of monitoring the suitability and application of the Model has been assigned to the Supervisory Body, a collective body appointed by the Board of Directors. It has three members, who must meet the following characteristics: proven experience, knowledge of the company and expertise in their respective professional fields. At the time of appointing the Supervisory Body, the Board also appoints one member as the Chair.

The Supervisory Body provides an annual report to the Board of Directors and the Board of Statutory Auditors. The Supervisory Body also meets the Supervisory Bodies of the other SACE group companies at least once a year. This meeting is an opportunity to jointly examine issues concerning the activities of said Bodies, to discuss the work undertaken during the previous year and that planned for the coming year and to agree upon any joint action to be taken within the scope of their activities.

The Code of Conduct

The Code of Conduct sets out the principles and rules of conduct with which SACE and its subsidiaries are expected to comply in their relations with stakeholders. Compliance by all addressees is fundamental for the good operation, reliability and reputation of SACE and its group companies. It is separate from the Model, although they are both an integral part of the prevention system that has been adopted. The Code recognizes the legal relevance and mandatory effect of the principles and values that the addressees must comply with.

It applies to:

- members of statutory bodies
- employees
- collaborators
- consultants
- partners
- suppliers
- counterparties of business activities.

To make all internal and external stakeholders aware of the Code, it is published on each company's internet and Intranet site and is largely disseminated to all employees through specific communications and training. The Code of Conduct has been drawn up to clearly define the set of values that SACE recognizes, accepts and shares and the set of responsibilities it assumes vis-à-vis parties within and outside the company. SACE Group's Code of Conduct was updated in 2021.

Internal control and risk management system

The internal control and risk management system is built around a set of rules, processes, procedures, functions, organisational structures and resources aimed at ensuring the correct functioning and good performance of the company and achievement of the following objectives: implementation of company strategies and policies; adequate control of current and future risks and containment of risk within the limits indicated in the reference framework for determining the company's risk appetite; the effectiveness and efficiency of company processes; the timeliness of company reporting systems; the reliability and integrity of company, accounting and management information and security of IT data and procedures; the safeguarding of assets, their value and protection from losses, including over the medium and long term; the compliance of transactions with the law and supervisory regulations, as well as internal regulations, policies and procedures.

All levels have specific responsibilities within the internal control and risk management system. In detail:

- Ultimate responsibility for the system lies with the Board of Directors, which must ensure its completeness, functionality and efficacy at all times. The Board of Directors approves the company's organisational structure and the assignment of duties and responsibilities to the various operational units and is responsible for ensuring their continued adequacy. It also has responsibility for ensuring the adequacy of the risk management system to identify, evaluate and control risks, including future risks, when implementing the company's business strategies and policies and in view of the evolution of internal and external factors, in order to guarantee the safeguarding of the company's assets, including in the medium and long term. Lastly, it promotes a high level of business integrity, ethical conduct and a culture of internal control in order to raise awareness among everyone at the company about the importance and usefulness of such controls.
- Senior management is responsible for the application, maintenance and monitoring of the internal control and risk management system and for defining its organisational structure, functions and responsibilities.
- The Board of Statutory Auditors must assess the efficacy and efficiency of internal controls, especially as regards the actions of the Internal Audit function by checking that it complies with the requirements of autonomy, independence and functionality. It must also inform the Board of Directors of any irregularities or weaknesses in internal controls, suggest appropriate corrective measures and see that these are implemented.

The internal control and risk management system is organised on three levels:

1. first level controls. The operational units and heads of each unit identify, evaluate, monitor, mitigate and report the risks associated with the company's ordinary business activities, in accordance with the risk management process. They must see that operations are carried out properly and that established limits are respected in line with the risk objectives and the procedures of the risk management process.
2. second level controls. The Risk management function is responsible for ensuring (i) correct implementation of the risk management process and that (ii) the various functions respect the established operating limits. The Compliance and Anti-money laundering function uses a risk-based approach to manage the risk of non-compliance with regulations, the money laundering and terrorism financing risk, as well as the reputational risk connected with the business transactions;
3. third level controls. The Internal Audit function is responsible for monitoring and periodically assessing the effectiveness and efficiency of the risk management, control and governance system, in relation to the type and intensity of the risks.

In addition to the Supervisory Board, SACE also appointed a manager in charge of financial reporting who checks the adequacy and application of the administrative and accounting procedures necessary to prepare separate and consolidated financial statements. SACE defined and implemented the coordination approach between the above parties in order to maximise the efficiency of internal controls and the risk management system, while avoiding unnecessary duplication of activities.

The relevant paragraph also includes information relating to the "Report on corporate governance and the ownership structure" pursuant to article 123-bis of Legislative decree no. 58/1998 (Consolidated Finance Law). As allowed by this article, for companies whose shares are not traded on regulated markets, the company opted not to disclose the information referred to in article 123-bis.1 and 2. Accordingly, it only provides the information referred to in paragraph 2, point b).

Internal Audit

The Internal Audit function performs independent and impartial assurance and consultancy activities on behalf of SACE and its subsidiaries, aimed at improving the efficacy and efficiency of the organisation. It helps the company to pursue its objectives by adopting a systematic approach that generates added value by evaluating and improving the governance, risk management and control processes and identifying sources of inefficiency in order to enhance corporate performance. The policy relating to Internal Audit activities is approved by the Board of Directors and formalises the objectives, powers, responsibilities and lines of reporting to top management regarding the results of the work carried out and the annual plan. The plan is approved by the Board of Directors and establishes the audit work priorities, identified on the basis of the company's strategic objectives and the assessment of current and future risks in view of trends in operating performance. The annual plan may also be reviewed and amended

in response to significant changes that affect the company's business, plans, systems, activities, risks or controls. Furthermore, where necessary, the Internal audit function performs controls in addition to those envisaged by the plan. It also monitors internal controls at all levels and works to promote a culture of control endorsed by the Board of Directors. It carries out its activities in compliance with the regulatory framework, international standards for the professional practice of internal auditing and the Code of Ethics of the Institute of Internal Auditors (IIA).

Manager in charge of financial reporting

The provisions of article 13 of the Articles of Association of SACE S.p.A. establishing the professional requirements and procedures for appointing and dismissing the manager in charge of financial reporting, are provided below.

- Article 13 of SACE S.p.A.'s Articles of Association (Paragraphs 10.1 - 10.8)
 - 10.1. The Board of Directors may, with the compulsory consent of the Board of Auditors, appoint a manager responsible for preparing the corporate accounting documents, of which in art. 154-bis of the Consolidation Act for dispositions on financial matters (Legislative decree 58 dated 1998 and subsequent amendments), for a period of not less than the term of office of the Board and not more than six business years.
 - 10.2. The manager responsible for preparing the corporate accounting documents must be in possession of the same probity requirements as the directors.
 - 10.3. The manager responsible for preparing the corporate accounting documents must be chosen on the basis of criteria of professionalism and skills from among the directors who have acquired an overall experience of at least three years in the management of businesses or consultancy firms or professional firms.
 - 10.4. The Board of Directors may dismiss the manager responsible for preparing the corporate accounting documents only for legitimate reasons and with the consent of the Board of Auditors.
 - 10.5. The manager responsible for preparing the corporate accounting documents shall withdraw from office in the absence of the requirements necessary for taking office. Withdrawal will be declared by the Board of Directors within thirty days of becoming aware of the absence of requirements.
 - 10.6. The manager responsible for preparing the corporate accounting documents will set adequate accounting and administrative procedures for drawing up the financial statements and the consolidated financial statements, if provided.
 - 10.7. The Board of Directors will ensure that the manager responsible for preparing the corporate accounting documents is conferred with adequate powers and means for exercising the duties conferred and ensure the effective respect of the management and accounting procedures.
 - 10.8. The Chief Executive Officer and the manager responsible for preparing the corporate accounting documents will certify the effective application of the procedures of which in paragraph 6 during the course of the business year to which the documents refer, in a suitable report attached to the bu-

business year financial statements and consolidated financial statements, if provided, and certify their correspondence to the findings in the accounts books and documents and their suitability

- in terms of providing a truthful and correct representation of the equity, economic and financial situation of the company and the group of companies in the scope of consolidation, in the case of the consolidated financial statements being provided.

3.21 Environmental, social and cultural commitments

The respect for the environment is the basis of numerous awareness-raising initiatives that have involved SACE employees for years. SACE offices are plastic free, all waste is recycled through separate collection and, as part of the Zero Waste initiative, disused but still functional company assets have been donated to employees and the related proceeds invested in environmental projects. In addition, thanks to the development of the digitisation and paperless campaigns, the use of paper in offices has been drastically reduced. SACE actively protects the environment with ongoing efficiency actions, including the recent implementation of an energy-consumption containment plan for the Rome office, which has been fully powered by renewable energy from 2019. With respect to corporate mobility, the main measures introduced include: the adoption of a Home-Work Travel Plan; a contribution, through the corporate CRAL (company social and recreational club), to purchase public transport passes; the transition of the corporate fleet based on hybrid and electric cars; car sharing agreements for employees and family members of the Rome and Milan offices and agreements with various operators for the use of electric scooters and scooters; a bike point and an internal parking area for bicycles in the Rome office. Furthermore, specific intragroup and cross-functional groups were set up to encourage the adoption of good practices and promote an environmental culture.

With respect to social commitments, SACE gave priority support to gender equality-related issues. Specifically, it supported the "D.i.RE" grassroots entrepreneurship project for female workers in anti-violence centres and the "Fondo Rifugio" project; it promoted membership of the Young Women Network association for more than 40 young female colleagues in order to foster their empowerment and strengthen their professional network; it renewed its partnership with Valore D and Maschile Plurale in order to promote awareness-raising and training activities for staff on gender equality, language and gender identity issues. With respect to LGBT+ inclusion, SACE supported "Parks" and "Rete Lenford", offering its employees training sessions on allyship practices in the workplace, coming out and identification of discriminatory practices. In 2022, training activities on social sustainability were also extended outside the company by providing a specific training module for SMEs, as part of the "Officine PNRR" project, dealing with gender certification, generational confrontation and inclusion of people with disabilities.

In December, a social engagement project was launched with the voluntary sector in order to organise corporate volunteering activities that have a positive impact on the community and the area in which the company operates. The first

phase of the project saw a collaboration with the following associations: Binario 95, Italian Red Cross, Comunità di Sant'Egidio, Liberi Nantes and Oasi di Brenda.

3.22 Subsidiaries and Parent

As part of its business operations, SACE S.p.A. has never engaged in any transactions with its subsidiaries that are atypical or outside its normal scope of business. All intragroup 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 office lease;
- reinsurance business and non-recurring deposits with SACE BT S.p.A.;
- non-recurring deposits for SACE Fct S.p.A.;
- personnel seconded to the group companies (SACE Fct, SACE BT and SACE SRV). The amount reflects the reimbursement of the costs incurred by the seconding company for remuneration and related costs.

A summary of the financial performance of the subsidiaries is provided below:

- SACE Fct (wholly owned) posted a net profit for the year of Euro 2.4 million;
- SACE BT (wholly owned) posted a profit for the year of Euro 0.7 million.

3.23 Other information

The following information is provided below:

- As a result of the transfer to the MEF, the tax consolidation scheme in place with Cassa Depositi e Prestiti ceased in 2022. In the same tax period, the option for consolidated taxation with the investees Sace Fct, Sace BT and Sace SRV for the 2022-2024 three-year period was communicated to the relevant tax authorities. Consolidated taxation balances are included in payables and receivables pursuant to OIC 25.
- For information about the Consolidated Non-Financial Statement pursuant to Legislative decree no. 254 of December 30, 2016, reference should be made to the separate document, approved by the Board of Directors and published together with these financial statements.

3.24 Outlook for 2023 and significant events after the reporting date

According to the consensus, the global economic outlook for this year is still deteriorating. This is mainly due to the possible effects of less favourable global financial conditions, in a fiscal policy framework characterized by gradually shrinking room for manoeuvre. In addition, the progressive erosion of household purchasing power and the expected slowdown in industrial production should be considered.¹⁵ In a baseline scenario, namely with a higher likelihood of occurrence, the growth rate of global GDP in 2023 is expected to drop to +1.3% according to Oxford Economics¹⁶, more than two percentage points lower than the pre-war projections. This forecast is, moreover, more than half what was

¹⁵ According to the results of the surveys conducted among business purchasing managers, the global manufacturing Purchasing Managers' Index continues to mark a general moderation of economy activity and since last September has remained just below the expansion threshold, suggesting a slight contraction of global industrial production in the short-term, attributable mainly to the drop in new orders.

¹⁶ Far more pessimistic than the IMF which, instead, indicates +2.9% in its recent World Economic Outlook Update of January 2023.

projected until a few months ago, reflecting the deterioration of the risk situation observed since the second half of last year. If this forecast is confirmed, in 2023, global GDP would record the slowest growth rate in recent history, after the contractions recorded during the Global Financial Crisis and the pandemic. Volumes of international trade of goods and services will suffer the most. The former, which are now expected to decline slightly to -0.7% (in line with indications from the foreign new orders of the global manufacturing Purchasing Managers' Index), will be weighed down by weak demand, as well as a physiological slowdown after the very positive performance of the past two years, and the shift in consumer preferences towards services. The latter, whose growth has been revised downwards to around +6%, will continue to benefit from the lively recovery of tourist flows and activities related to travel (especially long-distance) and the hospitality channel.

In this scenario of the weak economic cycle, global inflation is estimated to drop to around 5%. Consumer price pressures are, in fact, expected to reduce, partly held back by a lesser push in demand and at the same time by the normalisation of the raw materials markets (although the prices are still well above the pre-pandemic period and are volatile). There are, however, some signs of persistence in the core inflation rate, namely the rate excluding more volatile components such as energy and food, reflecting the delayed indirect effects of the high prices of oil and natural gas and the appreciation of the dollar¹⁷ seen over the last year, as well as the increase in nominal salaries in solid labour markets.

At geographical level, for the advanced economies, economic growth will be largely nil, mainly attributable to the stagnation of the United States and the Eurozone and the slight decline in the United Kingdom. The sudden paradigm shift in monetary policy, aimed at resolutely combating price pressures by keeping inflation expectations anchored to the cost of lower demand (particularly lower investments) is the main factor behind the economic weakness expected for these countries. The expected trend for emerging economies (+2.9%) will be affected by the slowdown of the advanced economies through the decline in imports and the more restrictive global financial conditions; in addition to these factors, there are also more specific domestic risks - albeit influenced by the international context - such as food security (one of the main challenges for some developing countries), the energy crisis and the geopolitical tensions in some regions (primarily the uncertainty of the evolution of the Russia-Ukraine conflict, etc.). Last but not least, the prospects for the Chinese economy will play a crucial role: although China's GDP is expected to accelerate, it cannot be excluded that the anti-Covid strategy may continue to encumber its activity. In particular, at the end of last year, the Beijing Government decided to abandon the zero tolerance policy, despite the critical epidemiological situation at that time; this means that, on one side, the reopening will encourage economic recovery during 2023, while, on the other, the resurgence of infections could trigger further slowdowns in logistics and in transport due to the reduced personnel, thus

generating a downside risk in the short-term, above all for Asian countries and, more generally, for international supply chains; the potential effects of greater Chinese demand for energy goods on global inflation (through an increase in prices, particularly of oil) and on supplies (particularly of gas) should also not be overlooked.

The same flat trend is expected in 2023 also for the Italian economy according to Oxford Economics, which is more pessimistic than the recent forecasts of the IMF and the Bank of Italy (which are instead more in line with the estimate of the +0.4% variation circulated by ISTAT) and the European Commission (which instead assumes a +0.8% increase). In any case, a marked slowdown in economic activity is expected, in line with the deterioration of the international context. The worsening outlook mainly reflects that of household consumption (following the negative effects caused by the loss of purchasing power) and business investments (held back by the uncertainty of the macroeconomic context, the pressures on production costs and the higher financing costs associated with the rise in interest rates). Exports, usually the main growth driver of the Italian economy, are expected to be strongly impacted by the slowdown in international trade, especially in goods. Similarly, inflationary pressures are expected to slow down to +5.2% (+2.8%, net of energy). With respect to the short-term outlook for industrial production, the manufacturing PMI index in January returned to slight growth, to 50.3 points (after six consecutive months of results below the neutral threshold of 50), indicating a plausible stabilisation, also in line with the slight improvement in confidence noted in the same period for sector companies. On the other hand, production in the construction sector is expected to suffer a setback in the next few months, as shown by the sector's PMI indicator for January which, once again, indicates a drop in new orders, in turn linked to a weakness in demand from customers. In addition to this, the disruptions caused by the continuing shortage of material at suppliers have an effect on the distribution chain. In a scenario of macroeconomic weakening, the hike in interest rates will generate restrictive effects. At the same time, the growth of bank loans is expected to slow down, potentially affecting the repayment capacity of businesses. In line with Bank of Italy scenarios which point to a gradual increase in the rate of credit deterioration in 2023, insolvencies are expected to grow over the next year. With an expected increase averaging around 30%, the bankruptcies of Italian businesses will exceed 10,000 for the first time in the past three years, approaching - albeit slowly - the level deemed "physiological" in 2019 (around 11,000). A negligible part of this expected increase reflects, inter alia, the insolvencies of those businesses that would have gone bankrupt anyway, but that were "kept alive" by the support measures available. Excluding this consideration, the growth of bankruptcies in 2023 would still be relatively small compared to past experience.

The risks to the global macroeconomic outlook remain tilted to the downside. The evolution of the conflict between Russia and Ukraine continues to be one of the negative factors that could accentuate the slowdown of global economic activity. However, an alternative improved scenario cannot be excluded, based on more favourable assumptions with respect to global supply condition, with

¹⁷ During 2022, the nominal effective exchange rate of the dollar, calculated against a large basket of foreign currencies, appreciated on average by 6.8% on a year-on-year basis. An increase in this rate is reflected in higher imported inflation, at global level, by way of the purchase of dollar-denominated foreign commodities and services.

its normalisation - already underway - occurring at a faster pace than expected. This would significantly ease inflationary pressures to the extent attributable to the disruptions affecting international supply chains, with benefits for business and household confidence. In this scenario, global GDP growth would be revised upwards by 0.9 percentage points, driven by a rebound in consumption and a positive trend in international trade in goods.

No significant events have occurred after the reporting date.

Rome, March 30, 2023

On behalf of the Board of Directors
Chief Executive Officer
Alessandra Ricci



Balance sheet and Income Statement

Balance sheet and Income Statement

Annex 1

Company	SACE S.p.A.
Subscribed capital	€ 3,730,323,610
Paid	€ 3,730,323,610
Registered offices	Rome

Financial Statements

Balance Sheet

2022

(Amounts in euros)

				Previous year	
					181
		182			
183					
184		185			
		186			
		187			
		188			
		189	2,320,948		190 2,320,948
		191	58,719,174		
		192	800,407		
		193			
		194			
		195		196 59,519,581	
197					
198	394,349,262				
199					
200	10,179,906				
201		202	404,529,168		
203	299,999,353				
204					
205					
206					
207		208	299,999,353		
209					
210					
211					
212					
213		214		215 704,528,521	
		to be carried forward			2,320,948

Balance Sheet

Non life insurance business assets

Current year									
						carried forward		2,669,014	
C. INVESTMENTS (continued)									
III Other financial investments									
1. Shares and interests									
a) Listed shares		36	7,952,389						
b) Unlisted shares		37							
c) Interests		38		39	7,952,389				
2. Shares in common investment funds				40	87,936,635				
3. Bonds and other fixed-income securities									
a) listed		41	5,297,016,453						
b) unlisted		42	1,993,229						
c) convertible debentures		43		44	5,299,009,682				
4. Loans									
a) loans secured by mortgage		45	1,041,212						
b) loans on policies		46							
c) other loans		47		48	1,041,212				
5. Participation in investment pools				49					
6. Deposits with credit institutions				50	1,994,791,487				
7. Other financial investments				51	21,243,370	52	7,411,974,775		
IV Deposits with ceding companies						53	35,305	54	7,650,991,872
D. INVESTMENTS FOR THE BENEFIT OF LIFE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS									
I - Investments relating to contracts linked to investment funds and market indexes						55			
II - Investments relating to the administration of pension funds						56		57	
D. bis REINSURERS' SHARE OF TECHNICAL PROVISIONS									
I NON-LIFE BUSINESS									
1. Provisions for unearned premiums				58	3,508,282,081				
2. Provisions for claims outstanding				59	560,508,496				
3. Provisions for profit-sharing and premium refunds				60					
4. Other technical provisions				61		62	4,068,790,576		
II - LIFE BUSINESS									
1. Provisions for policy liabilities				63					
2. Unearned premium provision for supplementary coverage				64					
3. Provision for sums to be paid				65					
4. Provisions for profit-sharing and premium refunds				66					
5. Other technical provisions				67					
6. Technical provisions where the investments risk is borne by the policyholders and relating to the administration of pension funds				68		69		70	4,068,790,576
to be carried forward								11,722,451,462	

				Previous year	
carried forward				2,320,948	
216	14,663,650				
217					
218		219	14,663,650		
				220	101,482,293
221	2,497,722,116				
222					
223		224	2,497,722,116		
225	1,348,043				
226					
227		228	1,348,043		
				232	3,416,932,133
				233	38,561
				234	4,181,018,796
				235	
				236	

Balance Sheet

Non life insurance business assets

					Current year	
carried forward					11,722,451,462	
E. RECEIVABLES						
I Reseivables arising out of direct insurance business:						
1. Policyholders						
71	139,310,218					
72	7,407,651	73	146,717,868			
2. Insurance intermediaries						
3. Current accounts with Insurance companies						
4. Policyholders and third parties for recoveries					77	423,724,182
II Receivables arising out of reinsurance operations:						
1. Insurance and Reinsurance companies					78	147,898,526
2. Reinsurance intermediaries					79	147,898,526
III Other debtors					81	352,311,449
F OTHER ASSETS						
I Tangible assets and stocks:						
1. Furniture, office machines and internal transport vehicles					83	1,796,055
2. Vehicles listed in public registers					84	
3. Machinery and equipment					85	1,107
4. Stocks and other goods					86	68,167
II Cash at bank and in hand:						
1. Bank and Postal accounts					88	32,008,218,069
2. Cheques and cash on hand					89	4,884
III Own shares or equity interests					91	
IV Other						
1. Deferred reinsurance items					92	19,782
2. Miscellaneous assets					93	161,983,559
G PREPAYMENTS AND ACCURRED INCOME						
1. Accrued interest					96	35,522,640
2. Rents					97	
3. Other prepayments and accrued income					98	1,479,951
TOTAL ASSETS					100	44,855,479,834

Valori dell'esercizio precedente					
carried forward				7,770,897,654	
251	124,324,038				
252	15,402,948	253	139,726,986		
		254			
		255			
		256	280,307,680	257	420,034,666
		258	51,304,743		
		259			
				260	51,304,743
				261	335,807,490
				262	807,146,899
		263	1,594,357		
		264			
		265	973		
		266	58,150	267	1,653,480
		268	37,175,877,744		
		269	5,266	270	37,175,883,010
				271	
		272	1,092		
		273	36,065,339	274	36,066,431
				276	19,926,071
				277	
				278	1,675,091
				279	21,601,162
		TOTAL ASSETS		280 45,813,248,636	

Balanche Sheet

Liabilities and Shareholders' Equity

Current year				
A. SHAREHOLDERS' EQUITY				
I	- Subscribed capital or equivalent fund	101	3,730,323,610	
II	- Share premium reserve	102	43,304,602	
III	- Revaluation reserve	103		
IV	- Legal reserve	104	290,368,075	
V	- Statutory reserves	105		
VI	- Reserves for own shares and shares of the controlling company	106		
VII	- Other reserves	107	431,589,656	
VIII	- Net profit (loss) brought forward	108	300,116,768	
IX	- Net profit (loss) for the year	109	83,826,584	
X	Riserva negativa per azioni proprie in portafoglio	401		110 4,879,529,296
B. LINKED LIABILITIES				
				111 497,500,000
C. TECHNICAL PROVISIONS				
I NON-LIFE BUSINESS				
1.	Provisions for unearned premiums	112	4,261,423,534	
2.	Provisions for claims outstanding	113	775,784,459	
3.	Provisions for profit-sharing and premium refunds	114		
4.	Other technical provisions	115		
5.	Equalization provision	116	768,426,337	117 5,805,634,330
II LIFE BUSINESS				
1.	Provisions for policy liabilities	118		
2.	Unearned premium provision for supplementary coverage	119		
3.	Provision for sums to be paid	120		
4.	Provision for profit-sgaring and premium refunds	121		
5.	Other technical provisions	122		123 5,805,634,330
D. PROVISIONS FOR POLICIES WHERE THE INVESTMENT RISK IS BORNE BY THE POLICYHOLDERS AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS				
I	Provisions relating to contracts linked to investment funds	125		
II	Riserve derivanti dalla gestione dei fondi pensione	126		127
to be carried forward				11,182,663,627

Previous year				
			281 3,730,323,610	
			282 43,304,602	
			283	
			284 285,088,282	
			285	
			286	
			287 422,811,450	
			288 293,322,571	
			289 105,595,851	
			501	290 4,880,446,367
				291 500,000,000
			292 3,762,407,575	
			293 718,143,809	
			294	
			295	
			296 753,878,094	297 5,234,429,479
			298	
			299	
			300	
			301	
			302	303 5,234,429,479
			305	
			306	307
to be carried forward				10,614,875,845

Balanche Sheet

Liabilities and Shareholders' Equity

Current year				
	carried forward			11,182,663,627
E. PROVISIONS FOR OTHER RISKS AND CHARGES				
Provisions for pensions and similar obligations		128		
Provisions for taxation		129	41,465,928	
Other provisions		130	18,510,927	131 59,976,855
F. DEPOSITS RECEIVED FROM REINSURERS				
				132
G. CREDITORS AND OTHER LIABILITIES				
I Creditors arising out of direct insurance operations:				
1. Insurance intermediaries	133			
2. Current accounts with Insurance companies	134			
3. Premium deposits and premiums due to policyholders	135	31,200,194		
4. Guarantee funds in favour of policyholders	136		137 31,200,194	
II Creditors arising out of reinsurance operations:				
1. Insurance and Reinsurance companies	138	1,053,379,181		
2. Reinsurance intermediaries	139		140 1,053,379,181	
III Debenture loans				
			141	
IV Amounts owed to banks and credit institutions				
			142	201,704,105
V Loans guaranteed by mortgages				
			143	
VI Miscellaneous loans and other financial liabilities				
			144	20,000,000
VII Provisions for employee termination indemnities				
			145	4,995,348
VIII Other creditors				
1. Premium taxes	146			
2. Other tax liabilities	147	48,077,830		
3. Social security	148	1,961,710		
4. Miscellaneous creditors	149	90,394,163	150 140,433,703	
IX Other liabilities				
1. Deferred reinsurance items	151	5,090		
2. Commissions for premiums in course of collection	152	3		
3. Miscellaneous liabilities	153	32,129,635,108	154 32,129,640,201	155 33,581,352,733
	902			
	to be carried forward			44,823,993,215

Previous year				
	carried forward			10,614,875,845
		308		
		309	36,753,746	
		310	36,148,395	311 72,902,141
				312 0
	313			
	314			
	315	30,108,231		
	316		317 30,108,231	
	318	821,479,716		
	319		320 821,479,716	
			321	
			322	103,112,620
			323	
			324	2,431,474,625
			325	4,418,321
	326			
	327	1,733,559		
	328	1,741,851		
	329	43,026,077	330 46,501,486	
	331	17,962		
	332	3		
	333	31,670,841,162	334 31,670,859,126	335 35,107,954,126
	to be carried forward			45,795,732,113

Balanche Sheet

Liabilities and Shareholders' Equity

Current year				
		carried forward		
H. ACCRUALS AND DEFERRED INCOME			44,823,993,215	
1. Accrued interest	156	17,175,088		
2. Rents	157			
3. Other prepayments and accrued income	158	14,311,531	159	31,486,619
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			160	44,855,479,834

Previous year				
		carried forward		
			45,795,732,113	
	336	17,198,630		
	337			
	338	317,894	339	17,516,524
			340	45,813,248,636

Annex 2

Company	SACE S.p.A.
Subscribed capital	€ 3,730,323,610
Paid	€ 3,730,323,610
Registered offices	Rome

Financial Statement Profit & Loss Account 2022

(Amount in euros)

Profit & Loss Account

Values of the year				
I TECHNICAL ACCOUNT – NON-LIFE INSURANCE BUSINESS				
1 PREMIUMS EARNED, NET OF REINSURANCE				
a) Gross premiums written	1	373,203,151		
b) (-) Outward reinsurance premiums	2	251,967,795		
c) Change in the gross provision for unearned premiums	3	499,015,958		
d) Change in the provision for unearned premiums, reinsurers' share	4	-414,659,067	5	36,878,465
2 (+) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-TECHNICAL ACCOUNT (Item III. 6)				6 48,947,335
3 OTHER TECHNICAL INCOME, NET OF REINSURANCE				7 124,233,082
4 CLAIMS INCURRED, NET OF RECOVERY AND REINSURANCE				
a) Claims paid				
aa) Gross amount	8	214,702,097		
bb) (-) reinsurers' share	9	139,690,829	10	75,011,268
b) Change in recoveries, net of reinsurance				
aa) Gross amount	11	-84,370,403		
bb) (-) reinsurers' share	12	-58,716,957	13	-25,653,446
c) Change in the provisions for outstanding claims				
aa) Gross amount	14	57,640,650		
bb) (-) reinsurers' share	15	66,573,599	16	-8,932,949
5 CHANGE IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE				17 40,424,873
6 PREMIUMS REFUNDS AND PROFIT-SHARING, NET OF REINSURANCE				18
7 OPERATING EXPENSES:				19 5,806,097
a) Acquisition commissions	20			
b) Other acquisition costs	21	26,734,548		
c) Change in commissions and other acquisition costs to be amortised	22			
d) Collecting commissions	23	643,942		
e) Other administrative expenses	24	71,041,839		
f) (-) Reinsurance commissions and profit-sharing	25	21,435,975	26	76,984,353
8 OTHER TECHNICAL CHARGES, NET OF REINSURANCE				27 3,373,583
9 CHANGE IN THE EQUALISATION PROVISION				28 14,548,243
10 BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS (Item III. 1)				29 68,921,733

Values of the previous year				
	111	438,986,939		
	112	325,039,631		
	113	33,397,340		
	114	-77,503,597	115	158,053,565
			116	32,832,598
			117	44,814,144
118	136,010,120			
119	47,108,122	120	88,901,999	
121	2,318,262			
122	-18,506,115	123	20,824,377	
124	212,015,834			
125	232,514,532	126	-20,498,697	127 89,227,678
				128
				129 2,717,415
	130			
	131	25,470,745		
	132			
	133	114,890		
	134	61,963,788		
	135	33,702,173	136	53,847,250
			137	4,799,910
			138	13,673,677
			139	71,434,377

Profit & Loss Account

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

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

Profit & Loss Account

				Values of the year	
7	PREMIUMS REFUNDS AND PROFIT-SHARING, NET OF REINSURANCE			65	
8	OPERATING EXPENSES:				
	a) Acquisition commissions	66			
	b) Other acquisition costs	67			
	c) Change in commissions and other acquisition costs to be amortised	68			
	d) Collecting commissions	69			
	e) Other administrative expenses	70			
	f) (-) Reinsurance commissions and profit-sharing	71		72	
9	INVESTMENT MANAGEMENT AND FINANCIAL CHARGES:				
	a) Investment management charges, including interest	73			
	b) Value adjustments on investments	74			
	c) Losses on the disposal of investments	75		76	
10	EXPENSES AND UNREALIZED LOSSES ON INVESTMENTS TO THE BENEFIT OF POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS			77	
11	OTHER TECHNICAL CHARGES, NET OF REINSURANCE			78	
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	
III NON TECHNICAL ACCOUNT					
1	BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS (Item I.10)			81	68,921,733
2	BALANCE ON THE TECHNICAL ACCOUNT FOR LIFE BUSINESS (Item II. 13)			82	
3	NON-LIFE INVESTMENT INCOME:				
	a) From shares and interests	83	174,019		
	(of which: from Group companies)	84			
	b) From other investments:				
	aa) income from land and buildings	85	174,068		
	bb) income from other investments	86	243,848,479	87	244,022,548
	(of which: from Group companies)			88	3,013,521
	c) Value re-adjustments on investments			89	4,464,410
	d)) Gains on the disposal of investments			90	192,868,865
	(of which: from Group companies)			91	
				92	441,529,842

Values of the previous year				
				175
		176		
		177		
		178		
		179		
		180		
		181	182	
		183		
		184		
		185	186	
				187
				188
				189
				190
				191 71,434,377
				192
		193		
	(of which: from Group companies)	194		
	195	420,117		
	196	171,271,538	197	171,691,655
	(of which: from Group companies)	198	1,038,943	
		199	9,573,433	
		200	84,360,605	
	(of which: from Group companies)	201		202 265,625,692

Profit & Loss Account

Values of the year			
4	(+) ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE LIFE TECHNICAL ACCOUNT (voce II. 12)		93
5	INVESTMENT MANAGEMENT AND FINANCIAL CHARGES NON-LIFE BUSINESS:		
	a) Investment management charges, including interest	94 145,579,493	
	b) Value adjustments on investments	95 14,825,286	
	c) Losses on the disposal of investments	96 76,564,825	97 236,969,604
6	(-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-LIFE INSURANCE BUSINESS TECHNICAL ACCOUNT (Item I.2)		98 48,947,335
7	OTHER INCOME		99 74,684,494
8	OTHER CHARGES		100 164,553,034
9	INCOME FROM ORDINARY OPERATIONS		101 134,666,096
10	EXTRAORDINARY INCOME		102 2,700,322
11	EXTRAORDINARY CHARGES		103 8,656,184
12	EXTRAORDINARY PROFIT OR LOSS		104 -5,955,862
13	PROFIT BEFORE TAXES		105 128,710,234
14	INCOME TAXES		106 44,883,650
15	NET PROFIT (LOSS) FOR THE YEAR		107 83,826,584

Values of the previous year			
			203
	204 77,018,071		
	205 6,909,156		
	206 42,680,335	207 126,607,561	
		208 32,832,598	
		209 49,048,590	
		210 89,107,301	
		211 137,561,199	
		212 1,789,232	
		213 896,200	
		214 893,032	
		215 138,454,231	
		216 32,858,380	
		217 105,595,851	

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

The legal representatives of the company (*)	Alessandra Ricci (**)
The Statutory Auditors	Silvio Salini
	Giovanni Battista Lo Prejato
	Angela Salvini

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.

** Chief Executive Officer and General Manager



Notes to the Financial Statements

Notes to the Financial Statements

Foreword

These financial statements, including a balance sheet, a profit and loss account, a cash flow statement and the notes thereto and related annexes, and accompanied by the directors' report, have been prepared in accordance with article 6.22 of Law decree no. 269/2003 ("Transformation of SACE into a company limited by shares"), the applicable provisions of Legislative decree no. 209 of 7 September 2005 and Legislative decree no. 173 of 26 May 1997, to the extent of the provisions governing the annual and consolidated accounts of insurance companies. The provisions of ISVAP Regulation no. 22 issued on 4 April 2008 and IVASS Ruling no. 53 of 6 December 2016 have only been adopted insofar as applicable to SACE. These financial statements have been audited by Deloitte & Touche S.p.A. pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010.

These notes describe, analyse and, in some cases, supplement the figures in the financial statements and provide the information required by article 2427 of the Italian Civil Code and are in line with the amendments introduced by Legislative decree no. 139/15 and the reporting standards promulgated by the Italian accounting standard setter ("OIC"). They include:

- Part A** - Valuation criteria and basis of presentation
- Part B** - Information on the balance sheet and income statement
- Part C** - Other information

All amounts in the financial statements are expressed in euros. All amounts in these notes are stated in thousands of euros.

Pursuant to Legislative decree no. 38 of 28 February 2005, consolidated financial statements have also been prepared in accordance with international financial reporting standards (IAS/IFRS) and ISVAP Regulation no. 7/2007 insofar as applicable to SACE.

These financial statements include the effects of the application of Decree law no. 23 (the "Liquidity decree" or "DL23") converted, with amendments, into Law

no. 40 of 5 June 2020. Specifically, SACE's financial position as at December 31, 2022 includes the effects of the application of article 2.9 of the Liquidity decree and, specifically, the transfer up to a reinsurance percentage of 90% of the performing portfolio at 8 April 2020 via the MEF's reinsurance of the portfolio concurrently recognizing, in 2020, a liability to the MEF of approximately Euro 1.5 billion (partly repaid in 2021). This amount was quantified in the Report on the capital endowment of SACE drafted in accordance with the above-mentioned law and subject to checks pursuant to paragraph 6 of said law. In quantifying the assets to be transferred, SACE took into account the Premium provision corresponding to the outstanding and transferred commitments, considering that it was able to exclude the amount set aside as the Equalisation provision (which, at 31 March 2020, amounted to Euro 710 million), taking into account the regulatory provisions governing the Equalisation provision and, in particular, the aim of stabilising the retained Technical account, the nature of this provision not directly attributable to the business in force, and the general market practice adopted in reinsurance transactions. In January 2021, as a result of discussions with the MEF that followed the transmission of the Report on the capital endowment of SACE, it was noted that the above-mentioned provision of the Liquidity decree could be subject to a broader interpretation. Indeed, this provision could refer to, in a broader sense, all the Technical provisions, which also include the Equalisation provision. As a result, an in-depth analysis was carried out, first to define, together with the MEF, the interpretation of the provision of the Liquidity decree and, subsequently, to identify, again with the MEF, where necessary, the criteria to calculate the portion of assets to be transferred, if any, including against the Equalisation provision, also taking into account the fact that this provision cannot be analytically attributed to the individual commitments transferred, as its aim is to cover the overall technical balance retained. At December 31, 2022 and still at the approval date of the financial statements by the Board of Directors, the in-depth analysis of both the interpretation of the above provision of the Liquidity decree and the possible subsequent quantification of the assets to be transferred are still in progress. The possible transfer of the assets against the above reserve, even based on the broadest interpre-

tation, would not affect SACE's financial statements since this higher amount would be included in the reserves transferred to the reinsurer, under assets, with a liability with the MEF as a balancing entry, confirming the solidity of SACE's equity and liquidity ratios.

The new business introduced in 2020 ("Garanzia Italia" scheme, article 35 Trade receivables, green guarantees) and in 2022 (DL Energy guarantees, Supportitalia guarantees) is recognized separately as required by applicable legislation. The full mitigation of risks for SACE was implemented through the setting up of MEF hedging funds. At December 31, 2022, SACE's financial position and financial performance include the reimbursement of the acquisition costs incurred during the year, mainly relating to expense for the personnel involved in the new business, and recognized in other technical income. The commissions relating to the products introduced by SACE's new business ("Garanzia Italia" scheme, article 35 Trade Receivables, green guarantees, DL energy guarantees and trade receivables DL energy) are credited to the MEF by recognizing a corresponding liability in SACE's financial statements, net of the reimbursement of the acquisition costs incurred.

Cash and cash equivalents include the cash held in the current account in the name of SACE relating to the Fund established pursuant to article 1.14 of the Liquidity decree, to cover the State's commitments in connection with the granting of guarantees related to SACE's new business, recognized with a balancing entry under other liabilities.

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 the Italian reporting standards. These accounting policies and measurement criteria are also based on the general principles of prudence, the accruals-basis of accounting and the assumption of going concern in order to give a true and fair view of the financial position and financial performance of SACE S.p.A..

Section 1 - Measurement criteria

The measurement criteria used to prepare the financial statements are set out below.

They comply with the regulatory provisions referred to in Legislative decree no. 139/2015 and the reporting standards issued by the OIC, as well as the requirements established by IVASS (the Italian insurance supervisory authority).

Intangible assets

These items are stated at purchase cost increased by any additional charges. Impairment losses 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 recognized at purchase cost increased by accessory charges, upkeep expenses and revaluations made in accordance with specific laws and decreased, where applicable, by impairment losses based on independent appraisals. Land and buildings are considered long-term assets as they are a permanent part of the assets of the company. The carrying amount of buildings is separated from that of the land on which they stand in accordance with OIC 16. The land on which the building stands is not depreciated, since its life is indefinite. Buildings are depreciated at a rate of 3%, considered representative of the useful life of the asset.

Equity investments

Equity investments are initially recognized at cost, increased by additional charges. As such investments are intended to be held for the longer term, they are considered financial fixed assets. Investments in subsidiaries and associates are measured using the equity method, in accordance with article 2426.4 of the Italian Civil Code, with the corresponding portion of shareholders' equity calculated based on the companies' most recently approved financial statements.

Investments

SACE's investments are divided into two categories: "held to maturity" and "held for trading". Securities held to maturity are recognized 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 impairment. Interest and coupons matured on securities in the portfolio are recognized on an accruals basis and recognized under accrued income.

Trading securities are recognized at the lower of weighted average cost and realizable value at market prices. The original carrying amount 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 only in exceptional and extraordinary cases and 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 recognized according to the criteria of the new category.

Receivables

These items are recognized at their estimated realizable value taking into account probable future losses for non-collection. Losses on receivables are recognized where supported by objective documentary evidence. Compensatory and arrears interest on receivables is recorded for the amount accrued each year. Any exceptions to the measurement criteria in the case of exceptional events are described in detail in the notes in accordance with article 2423-bis.2 of the Italian Civil Code.

Receivable 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 the contract is signed and, where applicable, the starting date of the risk. If future losses due to non-collection are probable, premiums receivable are written down to their estimated realizable value.

Reinsurers' share of technical provisions

These are determined according to contractual reinsurance agreements, on the basis of the gross amounts of technical provisions.

Tangible fixed assets and inventory

These items are recognized at purchase cost, increased by any directly attributable additional charges; they are written down in the case of impairment losses and 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 article 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 analytically to each policy on the basis of gross premiums. The provision for unearned premiums has also been aligned with the expected rate of claims not covered by the provision for premium instalments referring to insurance contracts signed by the reporting date (provision for unexpired risks). 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 expected costs, including settlement costs, 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, in accordance with the provisions of law, to offset fluctuations in the rate of claims in future years or to cover specific risks. The provision is set aside in years in which the balance on the technical account is positive and is used in years in which the technical result of credit business is negative.

Provision for pensions 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 occur-

rence 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 recognized at face value.

Accruals and deferred income

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

Off-balance-sheet transactions and derivatives

Transactions on derivatives, entered into for hedging purposes and efficient portfolio management, are recognized by taking unrealized gains and losses to profit or loss. The contract value is determined by referring to the respective market data and to the values and commitments connected to them. Derivative transactions carried out for micro fair value hedging purposes are measured considering the fair value changes of the hedged instrument related to the hedged risk component.

Gross premiums written

Gross premiums written are recognized according to the 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 measured at the spot closing rate, while costs and revenues in foreign currency are recognized at the exchange rate prevailing at the time of the transaction. Exchange rate differences arising from such adjustments are recognized under "Other income" and "Other charges". Unrealized gains and losses are recognized in the profit and loss account. With the approval of the financial statements and allocation of the net 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 realized.

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 article 55 of Legislative decree no. 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 and the opening and closing shareholders' equity to the net income of 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 taxes

Income taxes are determined as the best estimate of the taxable income, calculated in accordance with the requirements of current legislation. The reporting standards applicable to deferred tax assets and liabilities have also been taken into account. Therefore, deferred tax assets and the tax benefit on losses carried forward are recognized when there is reasonable certainty of future recovery, and deferred tax liabilities are not recognized if there is little likelihood of the related charge occurring.

Exchange rates

The main currencies were translated into euros using the following exchange rates:

	31/12/2022	31/12/2021	31/12/2020
US dollar	1.0666	1.1326	1.2271
GB pound	0.88693	0.84030	0.89903
Swiss franc	0.9847	1.0331	1.0802

Use of estimates

In preparing these financial statements, the directors are required to make estimates and evaluations which affect the carrying amounts of assets, liabilities, costs and revenues. With respect to the 2022 financial statements, we believe that the assumptions made are appropriate and, as a consequence, that the financial statements have been prepared clearly and give a true and fair view of the company's financial position and financial performance. In order to make reliable estimates and assumptions, the directors referred to historical experience and to other factors considered reasonable for the case under consideration, based on all available information. However, it cannot be excluded that changes in these estimates and assumptions may have an impact on the financial position and the contingent liabilities recognized for information purposes, should different assessment factors, compared to those expressed at the time, intervene. Specifically, the greater use of subjective assessments by the company management was necessary in the following cases: determining the technical provisions; determining the fair value of financial assets and liabilities when this could not be directly observed on active markets; determining the recoverable amount of recognized assets, estimating the recoverability of deferred tax assets and quantifying the provisions for risks and charges.

Functional currency

All amounts in the financial statements are expressed in euros. All amounts in the notes are expressed in thousands of euros.

Part B
Information on the Balance Sheet and Income Statement

BALANCE SHEET (in € thousands)	31/12/2022	31/12/2021
Intangible assets	2,669	2,321
Investments	7,650,992	4,181,019
Reinsurers' share of technical provisions	4,068,791	3,587,558
Receivables	923,934	807,147
Other assets	32,172,092	37,213,603
Prepayments and accrued income	37,003	21,601
Balance Sheet - Assets	44,855,480	45,813,249
Shareholders' equity:		
- Share capital	3,730,324	3,730,324
- Share premium reserve	43,305	43,305
- Revaluation reserves		
- Legal reserve	290,368	285,088
- Other reserves	431,590	422,811
- Net profit (Loss) brought forward	300,117	293,323
- Net profit (Loss) for the year	83,827	105,596
Linked liabilities	497,500	500,000
Technical provisions	5,805,634	5,234,429
Provisions for risks and charges	59,977	72,902
Creditors and other liabilities	33,581,353	35,107,954
Accrued and deferred income	31,487	17,517
Balance sheet - Liabilities	44,855,480	45,813,249

INCOME STATEMENT (in € thousands)	31/12/2022	31/12/2021
NON-LIFE BUSINESS TECHNICAL ACCOUNT		
Gross premiums	373,203	438,987
Change in the provision for unearned premiums and outward reinsurance premiums	(336,325)	(280,933)
Net premium income	36,878	158,054
Change in other technical provisions		
Allocated investment return transferred from the non-technical account	48,947	32,833
Change in the equalisation provision	(14,548)	(13,674)
Other technical income and charges	120,859	40,014
Claims incurred, net of recoveries	(40,425)	(89,228)
Premium refunds and profit sharing	(5,806)	(2,717)
Operating expenses	(76,984)	(53,847)
Balance on the non-life business technical account	68,922	71,434
NON-TECHNICAL ACCOUNT		
Non-life investment income	441,530	265,626
Investment management and financial charges for non-life business	(236,970)	(126,608)
Allocated investment return transferred to the non-life technical account	(48,947)	(32,833)
Other income	74,684	49,049
Other expense	(164,553)	(89,107)
Balance on the non-technical account	65,744	66,127
Income from extraordinary operations	(5,956)	893
Income tax	(44,884)	(32,858)
Profit for the year	83,827	105,596

Balance Sheet Assets

Section 1 - Item B - Intangible assets

1.1 Changes in the year

Details of changes in intangible assets are shown in Annex 4.

1.4 Breakdown of other multi-year costs (Item B.5)

The breakdown is as follows:

TABLE 1		
Description (in € thousands)	31-dic-22	31-dic-21
Property rights	600	329
Brands and licences	24	30
Software	2,036	1,962
Total other multi-year costs (Item B.5)	2,660	2,321

Software costs (Euro 2,036 thousand) mainly refer to costs for implementing the digital platform system for the SME product offering.

Section 2 - Item C - Investments (Annexes n. 4, 5, 6, 7, 8, 9,10)

2.1 Land and buildings - Item C.I

This item (euro 58,856 thousand) represents:

- a the carrying amount of the building owned by the company (euro 9,056 thousand), located in Piazza Poli 37/42, Rome, used in part for business purposes and in part leased to the subsidiaries;
- b the carrying amount of the land on which the building stands (Euro 49,800 thousand).

2.1.1 Changes during the year in land and buildings are shown in Annex n.4.

2.2 Investments in group companies and other shareholdings - Item C.II

Total investments amount to euro 180,126 thousand (December 31,2022: euro 704,529 thousand).

2.2.1 Shares and interests (Item C.II.1)

This item includes:

- the investment in the subsidiary SACE BT S.p.A., set up on May 27, 2004, the share capital of which, amounting to Euro 56,539 million, is fully subscribed by SACE S.p.A.;
- the investment in SACE Fct S.p.A., set up on March 24, 2009, the share capital

- of which, amounting to Euro 50,000 thousand, is fully subscribed by SACE S.p.A.;
- the investment in SACE Do Brasil, set up on May 14, 2012 and wholly owned. Its carrying amount is Euro 225 thousand;
- the investment in ATI (African Trade Insurance Agency) including of 100 shares worth usd 13.863 thousand.

Please note that on March 21, 2022 financial settlement of the transfer (with a cash payment of euro 228.4 million) to Cassa Depositi e Prestiti S.p.A. of the shareholding held by SACE in Simest has taken place.

Investments are measured using the equity method. The application of this criterion resulted in a total write-up of euro 4,429 thousand, recognized under "Income from equity investments", related to SACE Fct (euro 2,434 thousand), SACE BT (euro 713 thousand) and ATI (euro 1,282 thousand) and a total write-down of euro 158 thousand, included under "Financial charges" and related to SACE do Brasil.

Further details are provided in Annexes 6 and 7.

2.2.1 a) The changes in shares and quotas are shown in Annex 5.

2.2.1 b) Information on investees is shown in Annex 6.

2.2.1 c) The breakdown of changes is shown in Annex 7.

2.2.2 Debt issued by group companies (Item C.II.2).

Changes in this item are shown in Annex 5.

2.2.3 Loans to group companies (Item C.II.3)

Changes in this item are shown in Annex 5.

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 amount and present 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

List of government bonds and securities with issuer (in € thousands)	31 December 2022	31 December 2021
Government securities issued by Austria	41,391	40,761
Government securities issued by Greece	16,244	15,283
Government securities issued by Italy	4,097,441	2,302,869
Other listed securities	1,141,941	138,809
Other not listed securities	1,993	0
Total	5,299,010	2,497,722

Other listed securities mainly refer to bonds issued by bank and supranational issuers. Securities are deposited with banks. Information about the market value of securities is provided in Annex 8.

With reference to "Debt securities and other fixed-income securities" recognized under item C.III, trading differences and amortised cost taken to the profit and loss account may be analysed as follows:

TABLE 3

(in € thousands)	Positive	Negative
Differences	2,204	-
Amortised cost	129,621	6,393

2.3.2 Changes in the year in long-term assets included under the items indicated in point 2.3.1. See Annex 9.

2.3.3 Changes in loans – Item C.III.4 and deposits with credit institutions – Item C.III.6. See Annex 10.

2.3.4 Breakdown of significant loans secured by mortgage – Item C.III.4.a.

Loans include mortgages granted to employees, which amounted to euro 1,348 thousand at the beginning of the year. Instalments for euro 307 thousand were collected during the year. The balance for euro 1,041 thousand refers to the remaining amount receivable in relation to the loans granted.

2.3.5 Breakdown of deposits with credit institutions by duration – Item C.III.6

TABLE 4

Duration (in € thousands)	31 December 2022	31 December 2021
Within 6 months	1,994,791	781,000
Total	1,994,791	781,000

This item refers to non-recurring deposits in favour of the subsidiary SACE Fct and other bank counterparties.

2.3.6 Breakdown of other financial investments according to type – Item C.III.7

TABLE 5

Description (in € thousands)	31 December 2022	31 December 2021
Equity instruments	21,214	20,687
Other investments	29	29
Total	21,243	20,716

2.3.7 Breakdown of UCITS by country – Item C.III.2

TABLE 6

Description (in € thousands)	31 December 2022	31 December 2021
France	3,515	0
Italy	84,422	101,482
Total	87,937	101,482

The item "Italy" refers to Fondo Sviluppo Export units.

2.4 Deposits with ceding companies – Item C.IV

This item reflects the amount of guarantee deposits (Euro 35 thousand) with ceding companies regulated by current treaties. No write-downs were made on such deposits during the year.

Sezione 4 - Item D bis - Reinsurers' share of technical provisions.

This item, equal to euro 4,068,790 thousand, mainly refers to technical provisions arising from the reinsurance scheme with the MEF. It includes the amounts allocated to the MEF pursuant to the Liquidity decree, calculated in accordance with the criteria set out in the introduction section of these notes.

TABLE 7

Description (in € thousands)	31 December 2022	31 December 2021
Provision for unearned premiums	3,508,282	3,093,623
Provision for outstanding claims	560,508	493,935
Total	4,068,790	3,587,558

Section 5 – Item E – Receivables

TABLE 8

Description (in € thousands)	31 December 2022	31 December 2021
Receivables arising out of direct insurance business from policyholders (Item E.I.1)	146,718	139,727
Policyholders and third parties for recoveries (Item E.I.4)	277,006	280,308
Receivables arising out of reinsurance business (Item E.II.1)	147,899	51,305
Other debtors (item E.III)	352,311	335,807
Total	923,934	807,147

The breakdown of this item is as follows.

5.1 Receivables arising out of direct insurance business (E.I.1– E.I.4)

Item E.I.1: "Receivables arising out of direct insurance business from policyholders" (euro 146,718 thousand) includes the premium amounts to be collected on policies issued at the reporting date. In addition, it includes Euro 21,439 thousand relating to receivables for the "Garanzia Italia" scheme commissions, euro 84,241 thousand relating to Green Guarantees and euro 6,523 thousand relating to receivables for coinsurance operations which, under the Liquidity decree, as of January 1, 2021, are assumed by SACE and the State, to extent of 10% and 90%, respectively, of principal of interest of each commitment.

Item E.I.4: "Policyholders and third parties for recoveries" (euro 277,006 thousand) mainly consists of subrogation credits measured and recognized at their estimated realizable value, determined separately for each type of credit and counterparty. Of this amount, euro 127,988 thousand relates to subrogation credits for sovereign risk and euro 148,915 thousand to subrogation credits for commercial risk.

The change in receivables at December 31, 2022 compared to the previous year end is primarily due to the adjustment to their estimated realizable value (euro 33,302 thousand), collections (euro 33,734 thousand) and new claims to be recovered (euro 60,187 thousand). Closing rate adjustments for receivables in currencies other than the euro were positive for euro 3,616 thousand.

5.2 Receivables arising out of reinsurance business (Item E.II.1)

Item (E.II.1): "Receivables arising out of reinsurance business" amount to euro 147,899 thousand and refers to receivables from reinsurers for commissions in connection with outward reinsurance contracts (euro 33,222 thousand), of which euro 31,801 thousand refers to the reinsurance agreement with the MEF and 1,421 thousand to the treaty with reinsurers in the private market. This item also includes euro 102,634 thousand relating to receivables for claims and reimbursements on premiums, of which euro 98,021 thousand relating to the reinsurance agreement with the MEF e 1,456 thousand to the treaty with reinsurers in the private market and euro 12,043 thousand for reinsurance receivables.

5.3 Breakdown of "Other debtors" (Item E.III)

TABLE 9

Description (in € thousands)	31 December 2022	31 December 2021
Other debtors country	14,693	17,006
Compensatory interest on claims to be recovered	61,708	71,457
Receivables from tax authorities	41,338	5,493
Deferred tax assets	71,035	67,490
Other receivables	163,537	174,361
Other debtors (item E.III)	352,311	335,807

"Other debtors country" (euro 14,693 thousand) includes 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 due directly to SACE. "Compensatory interest on claims to be recovered" (euro 61,708 thousand) represents the total amount payable at the reporting date by foreign countries by way of interest under existing restructuring agreements.

"Receivables from tax authorities" (euro 41,338 thousand) includes euro 40,138 thousand related to IRES (corporate income tax) and IRAP (regional tax on production activities) advances paid in the year for tax consolidation and euro 780 thousand related to tax receivables for which reimbursement was claimed in previous years, increased by the interest accrued at December 31,2022. The item also includes the credit for withholding taxes incurred during the year and amounting to euro 404 thousand.

"Deferred tax assets" (euro 71,035 thousand), details of which can be found in table 30, refer to profit and loss account items that contribute to the calculation of the taxable income for years other than that in which they are recognized. This item is stated net of the reversal of the deferred tax assets accrued in previous years to the 2022 profit and loss account due to achievement of taxable income for IRES (corporate income tax) and IRAP purposes. The breakdown is shown in section 21.7 of these notes.

The item "Other receivables" (euro 163,537 thousand) includes margin trading for transactions with Cassa Depositi e Prestiti S.p.A. for Euro 145,470 thousand.

Receivables for amounts payable (sovereign and commercial risk) – breakdown by foreign currency

This item may be analysed as follows:

TABLE 10

Currency (in € thousands)	31 December 2022	31 December 2021
USD	154,720	160,677
EUR	208,100	215,823
CHF	2,513	2,121
Other currencies	5	6

Section 6 – item F - Other assets

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

TABLE 11

Description (in € thousands)	2021	Increase	Decrease	2022
Furniture and machinery	1,594	771	569	1,796
Works of art	53	-	-	53
Machinery and equipment	1	-	-	1
Inventory	5	10	-	15
Total	1,653	781	569	1,865

Cash and cash equivalents

Deposits with credit institutions amounted to euro 32,008,218 thousand, of which Euro 13,364 thousand in foreign currency. This item includes Euro 31 billion paid by the MEF on SACE's current account held with the Central Treasury (Bank of Italy) and related to the new business pursuant to the Liquidity decree, with a balancing entry under other liabilities. At December 31 2022, cash on hand amounted to Euro 5 thousand.

6.4 Other assets. The breakdown of the balance of this item is as follows:

TABLE 12

Description (in € thousands)	31 December 2022	31 December 2021
Capital gains on foreign exchange forward transactions	16	6,052
Receivables from CDP for tax consolidation	0	654
Receivables from subsidiaries for tax consolidation	907	0
Receivables from co-insurers for commissions	92,008	28,284
Other assets	69,053	1,075
Total	161,984	36,065

Section 7 - Prepayments and accrued income-Item G

TABLE 13

Description (in € thousands)	31 December 2022	31 December 2021
Accrued income for interest on government securities and bonds	27,381	13,346
Accrued income for interest on other financial investments	8,142	6,580
Total accrued income for interest	35,523	19,926
Other prepayments	1,480	1,675
Total prepayments	37,003	21,601

Interest on other financial investments (euro 8,142 thousand) reflects interest on time deposit, interest on the non-recurring deposit in favour of SACE Fct and interest on securities covered by Asset Swap e IRS. "Other prepayments" amounts to euro 1,480 thousand and relates to portions of general expenses to be allocated to subsequent years.

7.3 Indication of multi-year prepayments and accrued income and separate indication of those with a duration of more than five years.

Multi-year prepayments include euro 144 thousand in connection with costs for service contracts and leases. Prepayments with a duration of more than 5 years amount to euro 132 thousand and refer to leases.

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 14

Description (in € thousands)	Share capital	Retained earnings	Legal reserve	Other reserves	Share premium reserve	Profit for the year	Total
Balances at 1 January 2021	3,730,324	232,180	281,102	408,758	43,305	79,722	4,775,390
Allocation of 2020 net profit:							
- Distribution of dividends							
- Other allocations		61,143	3,986	14,593		(79,722)	
Increase in share capital							
Other changes				(540)			(540)
Profit for 2021						105,596	105,596
Balances at 31.12.2021	3,730,324	293,323	285,088	422,811	43,305	105,596	4,880,446
Allocation of 2021 net profit:							
- Distribution of dividends						(90,000)	(90,000)
- Other allocations		6,794	5,280	3,522		(15,596)	
Increase in share capital							
Other changes				5,256			5,256
Profit for 2022						83,827	83,827
Balances at 31.12.2022	3,730,324	300,117	290,368	431,589	43,305	83,827	4,879,529

The following table shows the individual items on the basis of their availability and possibility of distribution, in accordance with article 2427.7-bis of the Italian Civil Code.

TABLE 15

Description (in € thousands)	Amount	Possibility of utilisation	Available portion	Summary of utilisation in the previous 3 years
Capital at Dicembre 31, 2022	3,730,323,610			
Capital reserves:				
Equity-related reserves		A, B,C		
Share premium reserve	43,304,602	A,B,C when the legal reserve reaches 1/5 of share capital		
Income-related reserves:				
Legal reserve	290,368,075	B		
Other reserves	114,383,249	A, B	114,383,249	
Other reserves	317,206,407	A, B,C	317,206,407	
Retained earnings	300,116,768	A, B, C	300,116,768	
Total			731,706,424	
not distributable (1)			114,383,249	
distributable			617,323,175	

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

(1) the non-distributable portion includes euro 18,618 thousand related to the residual portion of the reserve for exchange rate gains, euro 1,155 thousand related to the portion of the reserve for the revaluation of receivables, euro 90,280 thousand for the revaluation of investments resulting from the application of the equity method and euro 4,330 thousand related to the measurement of cash flow hedges.

The share capital consists of 1,053,428 shares for a total nominal amount of Euro 3,730,323,610 thousand, held by Ministero dell'Economia e delle Finanze. The nominal amount of each share is Euro 3,541.13.

Sezione 9 – Linked liabilities

On 30 January 2015, SACE successfully placed an issue of perpetual subordinated bonds for a total of Euro 500 million. The bonds, aimed at institutional investors, pay an annual coupon of 3.875% for the first ten years and indexed to the ten-year swap rate plus 318.6 basis points for subsequent years. The bonds can be recalled by the issuer after 10 years and following each coupon payment date. They are listed on the Luxembourg Stock Exchange. On September 16, 2022, SACE repurchased own bonds for euro 2.5 million.

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 16

Description (in € thousands)	31 December 2022	31 December 2021
Provision for unearned premiums		
Provision for premium instalments	2,757,885	2,833,096
Provision for unexpired risks	1,503,539	929,311
Total	4,261,424	3,762,407
Provision for claims outstanding		
Provision for claims paid and direct expenses	755,128	699,139
Provision for settlement costs	13,775	12,517
Provision for late claims	6,881	6,488
Total	775,784	718,144

The provision for unearned premiums and the provision for claims outstanding refer to exposures in foreign currency for Euro 1,180,834 thousand and Euro 281,426 thousand, respectively. The provision for unearned premiums increased to reflect the higher risk of the portfolio and the trend in premiums for the year. The provision for claims outstanding rose due to the increase in the rate of claims for the year. It is deemed adequate to cover the potential cost of fully or partially unpaid claims as at the end of the year.

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

TABLE 17

Description (in € thousands)	DB 31-12-22	IB 31-12-22	DB 31-12-21	IB 31-12-21
Provision for unearned premiums				
Provision for premium instalments	2,597,157	160,728	2,645,600	187,496
Provision for unexpired risks	1,503,539		929,311	
Total	4,100,696	160,728	3,574,911	187,496
Provision for claims outstanding				
Provision for claims paid and direct expenses	620,187	134,941	567,966	131,173
Provision for settlement costs	13,775		12,517	
Provision for late claims	6,881		6,488	
Total	640,843	134,941	586,971	131,173

The Provision for unexpired risks, calculated using the CreditMetrics method (which calculates the expected loss of the entire portfolio until it is run off), relates to business trends and covers the portion of risk that falls in periods after the end of the year. As established by ISVAP Regulation no. 16, SACE opted to calculate the provision empirically rather than analytically. In detail, starting from the estimated expected loss of the entire portfolio, the main components taken into consideration in order to determine the provision for unexpired risks include:

- observed and expected trends in the portfolio of outstanding guarantees with specific focus on the risk profile, concentration by counterparty and industrial sector;
- the total exposure in foreign currency and observed and expected trends in exchange rates;
- the duration of the portfolio run-off and observed trends.

The assets guarantee coverage of the technical provisions at the reporting date.

The provision for outstanding claims includes the total of the sums which, according to a prudent evaluation based on objective elements, are necessary to settle claims (i) incurred in the year or in previous years regardless of when they were reported, and not yet settled (ii) the related settlement expenses, regardless of their origin and (iii) the provision for claims incurred but not yet reported on the valuation date. As envisaged by Regulation no. 16 for the credit business, SACE opted to deduct the estimate of amounts to be recovered from the amounts taken to provisions, based on previous trends in post-settlement recoveries.

The provision for claims incurred but not reported includes the total of the sums which, according to a prudent estimate, are necessary to settle claims incurred in the current year or in previous years, but which had not been reported at the valuation date and the related settlement expenses. To obtain an estimate of the IBNR claims provision, the number of IBNR claims (according to past records of claims reported late for each quarter) and the average cost of such claims (based on the average cost of claims reported late and the average cost of claims reported during the year) were estimated separately. In line with the method used to calculate the provision for claims reported, an average portfolio RR and an average portfolio underwriting rate were applied to the IBNR claims provision thus obtained as the product of the number of IBNR claims and the average cost. No particularly large or exceptional late claims were reported, taking into account the type of risks in this business line.

10.3 Equalisation provision

The equalisation provision, of Euro 768,426 thousand, increased with respect to the previous year by Euro 14,548 thousand. The provision is calculated in accordance with the provisions of article 37 of Legislative decree no. 209/2005 (and article 80 of Legislative decree no. 173/1997)

Section 12 - Provisions for risks and charges - Item E

Changes in this item are shown in Annex 15.

Provisions for risks and charges amount to Euro 59,977 thousand. This amount includes Euro 41,466 thousand for deferred tax liabilities and Euro 18,511 thousand for "Other provisions", the main components of which are listed below:

- euro 805 thousand related to ongoing disputes at the reporting date;
- euro 5,662 thousand for agreements currently being defined with policyholders;
- euro 97 thousand accrued for amounts to be assigned to policyholders by way of shares due;
- euro 885 thousand for estimated potential liabilities with policyholders, due to the non-maturity of said amounts;
- euro 4,060 thousand attributable to the "Intersectoral solidarity fund to provide income support and to support employment and professional retraining of employees of insurance and service companies" established by INPS, pursuant to Ministerial decree no. 78459 of 17 January 2014.

Section 13 - Creditors and other liabilities - Item G

Creditors arising out of direct insurance business (Item G.I).

TABLE 18

Description (in € thousands)	31 December 2022	31 December 2021
Advances for premiums	3	8
Accounts payable to policyholders for premium refunds	275	137
Front-end expenses	39	5
Accounts payable to co-insurers for interest and fees	64	0
Other payables arising out of direct insurance business	30,819	29,958
Premium deposits and premiums due to policyholders - item G.I.3.	31,200	30,108

"Other payables arising out of direct insurance business", for Euro 30,819 thousand, mainly include payables for amounts due to policyholders for deductibles on amounts recovered. The change on the previous year end is mainly due to the adjustment of foreign currency exposures.

TABLE 19

Description (in € thousands)	31 December 2022	31 December 2021
Accounts payable arising out of inward reinsurance business	11,348	987
Accounts payable arising out of outward reinsurance	1,042,031	820,493
Creditors arising out of reinsurance operations - Item G.II.1.	1,053,379	821,480

"Accounts payable arising out of inward reinsurance business" amount to Euro 11,348 thousand and include Euro 11,245 thousand related to debts to co-insurers for inward reinsurance premiums.

"Accounts payable arising out of outward reinsurance business" amount to Euro 1,042,031 thousand and relate to premiums ceded (Euro 290,124 thousand), claims (Euro 22,318 thousand) and the amount due to the MEF (Euro 663,900 thousand) for the technical provisions transferred as part of the Liquidity decree as described in the introduction section of these notes.

13.2 Amounts owed to banks and credit institutions (Item G.IV)

This item, of Euro 201,704 thousand (December 31, 2021: Euro 103,113 thousand) refers to asset swap transactions carried out with banks and Cassa Depositi e Prestiti S.p.A..

13.4 Miscellaneous loans and other financial liabilities (Item G.VI)

This item, of Euro 20 thousand (December 31, 2021: Euro 2,431,475 thousand) refers to the deposit agreed with SACE BT. Repurchase agreements, amounting to Euro 2,421,475 thousand at December 31, 2022, expired during the year.

13.5 Provision for severance indemnities (Item G.VII)

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

Other creditors – Item G.VIII

TABLE 20

Description (in € thousands)	31 December 2022	31 December 2021
Other tax liabilities	48,078	1,734
Social security	1,962	1,741
Miscellaneous creditors	90,394	43,026
Total	140,434	46,501

13.6 Breakdown of miscellaneous creditors – Item G.VIII.4

This item (totalling Euro 90,394 thousand) mainly includes amounts due to suppliers for Euro 14,269 thousand against general administrative costs for the year, amounts due to employees (Euro 12,955 thousand), amounts due to subsidiaries in connection with the tax consolidation scheme (Euro 1,010 thousand) and derivative margins (Euro 61,550 thousand).

13.7 Deferred reinsurance items – Item G.IX.1

The figures from ceding companies on provisional technical income for 2022 were carried forward to the technical account for the following year as deferred reinsurance items.

13.8 Miscellaneous liabilities – Item G.IX.3

This item, which totals Euro 32,129,635 thousand, includes the balancing entry of the deposit made by the MEF on the current account held by SACE with the central treasury (Euro 31 billion, recognized under "Other assets" in the balance sheet), the payable, net of acquisition costs incurred, for the commissions on transactions related to the "Garanzia Italia" scheme paid at December 31, 2022 (Euro 403,190 thousand), on short-term trade receivables reinsurance (Euro 221,580 thousand), the "Garanzia Green" scheme (Euro 87,744 thousand) and coinsurance transactions (Euro 412,984 thousand), in addition to the losses on contracts used to hedge foreign currency assets (Euro 3,956 thousand).

Section 14 - Accrued expenses and deferred income - Item H

TABLE 21

Description (in € thousands)	31 December 2022	31 December 2021
Accrued interest expense	17,175	17,199
Other prepayments and accrued income	14,312	318
Accruals and deferred income	31,487	17,517

14.1 Breakdown of other accrued expenses and deferred income by type (Item H.3).

"Accrued interest expense", of Euro 17,175 thousand, refers to the subordinated bond issue (Euro 17,113 thousand) (see section 9) and the interest expense accrued on the deposit with SACE BT (Euro 62 thousand).

14.3 Indication of multi-year accrued expenses and deferred income and separate indication of those with a duration of more than five years.

Deferred income, of Euro 14,312 thousand, refers to commissions on co-insurance premiums. Of the deferred income of Euro 8,945 thousand, those with a duration of more than five years amount to Euro 5,367 thousand.

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, Euro 2,522,955 thousand are due after one year and Euro 1,081,027 thousand after five years. The accounts payable under liability items F and G (Euro 119,958 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 shown in Annex 17.

17.1 Breakdown of commitments

Commitments total Euro 2,130,598,000 and relate to forward contracts for Euro 561,598 thousand and to asset swap transactions and IRS for Euro 1,569,000 thousand. The contracts traded were entered into with leading credit institutions with high ratings.

The effect of exchange rate transactions on foreign currency items that expired in the year produced a positive amount of Euro 73,947 thousand, and that of valuations of foreign currency items and existing derivatives at closing rates resulted in a negative amount of Euro 52,621 thousand.

These components are analysed in detail in section 22 of these notes to which reference should be made.

17.1 The breakdown of guarantees given and received and of commitments is shown in Annex 17.

17.4 Breakdown of securities deposited with third parties according to the entity with which they are deposited and indication of those related to group companies.

Securities are deposited with banks for Euro 5,331,692 thousand and asset management companies for Euro 84,422 thousand.

17.6 The schedule of commitments for transactions on derivatives is shown in Annex 18.

Income statement

Section 18 - Information on the non-life technical account

18.1 Gross premiums written

Gross premiums written amount to Euro 373,203 thousand (2021: Euro 438,987 thousand), of which Euro 3,276 thousand related to previous years.

In accordance with applicable legislation (article 11.5 of Law no. 80/2005), the internationalisation guarantees generated gross premiums of Euro 278 thousand and claims of Euro 1,452 thousand. Premiums ceded at December 31, 2022 amounted to Euro 251,968 thousand (2021: Euro 325,040 thousand), of which Euro 232,226 thousand related to the reinsurance agreement with the MEF.

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 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 no. 173/97 and in view of the positive balance of financial revenue, the amount to be transferred to the technical account is equal to Euro 48,947 thousand.

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

This item, of Euro 124,233 thousand, mainly relates to technical income from the management of insurance contracts (Euro 5,904 thousand), front-end expenses for the year (Euro 134 thousand), commissions on co-insurance premiums (Euro 108,731 thousand) and the reimbursement of the acquisition costs on the transactions carried out under the "Garanzia Italia" scheme (Euro 7,080 thousand), the Energy decree (Euro 2 thousand) and short-term trade receivables reinsurance (Euro 781 thousand).

18.5 Claims incurred net of recoveries and reinsurance

TABLE 22

Description (in € thousands)	DB 31-12-22	IB 31-12-22	Total 31-12-22	DB 31-12-21	IB 31-12-21	Total 31-12-21
Claims paid for the current year	(107,228)	(316)	(107,544)	(59,340)	(108)	(59,448)
Claims paid relating to previous years	(93,912)	(8,530)	(102,442)	(48,306)	(23,372)	(71,678)
Costs of claims management	(4,716)	-	(4,716)	(4,885)	-	(4,885)
Reinsurers' share	139,691	-	139,691	47,108	-	47,108
Change in recoveries	76,148	8,222	84,370	(7,549)	5,231	(2,318)
Reinsurers' share	(58,717)	-	(58,717)	(18,506)	-	(18,506)
Change in the provision for claims outstanding	(53,873)	(3,768)	(57,641)	(151,838)	(60,178)	(212,016)
Reinsurers' share	66,574	-	66,574	232,515	-	232,515
Total net claims incurred	(36,033)	(4,392)	(40,425)	(10,801)	(78,427)	(89,228)

The increase in recoveries (Euro 25,653 thousand) includes Euro 43,245 thousand recovered from foreign countries, principally from Iraq (Euro 16,695 thousand), Morocco (Euro 2,913 thousand), UAE (Euro 9,029 thousand) and Egypt (Euro 7,831 thousand).

The reinsurers' share amounts to Euro 139,691 thousand, of which Euro 126,441 thousand relate to the reinsurance agreement with the MEF.

18.7 Premium refunds and profit sharing, net of reinsurance – Item I.6

Premium refunds, reflecting premium refunds net of reinsurance, amount to Euro 5,806 thousand (2021: Euro 2,717 thousand).

Operating expenses - Item I.7

Details of this item are given in the table below:

TABLE 23

Description (in € thousands)	31 December 2022	31 December 2021
Collection commissions	644	115
Other acquisition costs	26,735	25,471
Other administrative expenses	71,041	61,963
Reinsurance commissions and profit sharing (I.7.f)	(21,436)	(33,702)
Operating expenses	76,984	53,847

"Other acquisition costs" include reinsurance commissions and general expenses made up of personnel costs (Euro 16,165 thousand) and other general administrative expenses (Euro 10,570 thousand). "Other administrative expenses"

include general expenses made up of personnel costs (Euro 45,546 thousand), other general administrative expenses (Euro 24,929 thousand), depreciation of capital goods (Euro 566 thousand). Personnel costs, a description thereof, the average number of employees during the year, the number of directors and statutory auditors and related fees are shown in Annex 32.

"Reinsurance commissions and profit-sharing" received from reinsurers (Euro 21,436 thousand), mainly include commissions in connection with the agreement signed with the MEF (Euro 18,086 thousand).

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

This item, equal to Euro 3,374 thousand, refers mainly 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 Euro 14,548 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 by business is shown 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 24

Description (in € thousands)	31 December 2022	31 December 2021
Income from investments in land and buildings	174	420
Income from other investments	244,023	171,272
Value re-adjustments on investments	4,464	9,573
Gains on the disposal of investments	192,869	84,361
Total	441,530	265,626

"Income from other investments" (Euro 244,023 thousand) mainly includes Euro 200,346 thousand for interest on government securities and bonds (of which Euro 7,353 thousand refers to the positive effect of the adjustment of foreign currency securities to closing rates), interest on repurchase agreements (Euro 8,465 thousand), interest on time deposits (8,704 thousand) and deposits with SACE Fct and interest income and income on securities hedged by asset swaps and IRSs (Euro 25,160 thousand). "Value re-adjustments on investments" (Euro 4,464 thousand) related to the investments in SACE Fct, SACE BT and ATI (Euro 4,429 thousand), gains from the valuation of forward contracts (Euro 16 thousand) and write-backs calculated on current securities in compliance with Italian accounting standards (Euro 19 thousand).

"Gains on the disposal of investments" (Euro 192,869 thousand) include Euro 186,612 thousand related to forward transactions and Euro 6,257 thousand related to gains on the sale of securities. The breakdown of each item is shown 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 25

Description (in € thousands)	31 December 2022	31 December 2021
Investment management charges and other charges	145,579	77,019
Value adjustments on investments	14,825	6,909
Losses on the disposal of investments	76,565	42,680
Total	236,969	126,608

"Investment management charges and other charges" (Euro 145,579 thousand) mainly include investment management fees (Euro 287 thousand), interest expense on securities hedged by asset swaps and IRSs (Euro 142,351 thousand), charges on repurchase agreements (Euro 105 thousand) and property management charges (Euro 1,218 thousand). "Value re-adjustments on investments" (Euro 14,825 thousand) refer to forward contracts (Euro 3,956 thousand), the write-down of Sace do Brasil (Euro 158 thousand), the write-down of current on securities in compliance with the Italian accounting standards (Euro 10,048 thousand) and the depreciation of the building (Euro 663 thousand). "Losses on the disposal of investments" (Euro 76,565 thousand) include Euro 75,485 thousand related to forward transactions and Euro 1,080 thousand pertaining to securities. The breakdown of each item is shown in Annex 23.

21.3 Breakdown of other income – Item III.7

TABLE 26

Description (in € thousands)	31 December 2022	31 December 2021
Compensatory interest on premiums	811	100
Compensatory interest on receivables	10,715	5,263
Interest earned and other income	2,170	674
Interest earned on tax credits	10	10
Gains on other receivables	3,029	3,660
Profits on exchange rates	11,448	3,470
Utilisation of provisions and non-existent liabilities	16,886	15,352
Valuation gains on exchange rates	26,409	16,432
Revenues from services to subsidiaries	3,206	4,088
Total	74,684	49,049

"Compensatory interest on receivables" (Euro 10,715 thousand) represents the interest accrued in the year on subrogation credit. "Realized exchange gains" (Euro 11,448 thousand) refer to exchange gains on foreign currency transactions. "Gains on other receivables" (Euro 3,029 thousand) relate to amounts acquired due to policyholders (Euro 3,012 thousand) and the collection of compensatory interest (Euro 17 thousand). "Unrealized exchange gains" (Euro 26,409 thousand) include the result of the measurement of foreign currency items at closing rates (for further details, see section 22 of these notes).

21.4 Breakdown of other charges - Item III.8

TABLE 27

Description (in € thousands)	31 December 2022	31 December 2021
Amortisation and depreciation	1,265	1,446
Accruals to risk provisions	7,307	6,870
Realized exchange losses	48,705	810
Valuation exchange losses	65,884	60,000
Write-downs of receivables - compensatory interest	1,018	207
Write-down of other receivables	2	310
Other financial liabilities	16,903	-
Other interest expense and financial liabilities	23,469	19,464
Total	164,553	89,107

"Unrealized exchange losses" (Euro 65,884 thousand) include the result of the measurement of foreign currency items at closing rates (for further details, see section 22 of these notes). "Other interest expense and financial charges" (Euro 23,469 thousand) relate to interest accrued on the bond issue (Euro 19,347 thousand).

Personnel costs are shown in Annex 32.

21.5 Breakdown of extraordinary income – Item III.10

TABLE 28

Description (in € thousands)	31 December 2022	31 December 2021
Gains on disposal of movable assets	-	-
Other non-operating income	2,700	1,789
Total	2,700	1,789

"Other non-operating income" mainly relates to adjustments to overheads not pertaining to the year and technical items.

21.6 Breakdown of extraordinary charges – Item III.11

TABLE 29

Description (in € thousands)	31 December 2022	31 December 2021
Losses on disposal of movable assets	3	8
Other non-operating expenses	8,653	888
Total	8,656	896

"Other non-operating expense" mainly includes the higher tax charge for IRAP purposes (Euro 5,884 thousand) prudentially determined when preparing the 2022 Form and related to the cancellation of the sovereign receivable from Somalia.

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

This item, totalling Euro 44,884 thousand, includes the following:

- a Euro 38,653 thousand for the IRES tax for the year;
- b Euro 6,723 thousand for the IRAP tax for the year;
- c Euro 492 thousand for deferred tax assets, determined as follows:
 - deferred tax assets of Euro 3,837 thousand, arising from the reversal of deferred IRES and IRAP accrued in previous year to profit or loss (Euro 14,747 thousand), net of the new deferred tax assets recognized (Euro 18,584 thousand);
 - deferred liabilities of Euro 3,345 thousand, arising from the reversal of deferred IRES accrued in previous year to profit or loss (Euro 3,026 thousand), net of the new deferred tax assets recognized (Euro 6,371 thousand), determined as described below.

The new deferred tax assets recognized in the year were calculated on the basis of the reasonable certainty of generating tax liable income in the future such as to enable their recovery. Further details are provided in the tables below.

Current taxes were calculated at the current rate of 24% for IRES and 6.82% for IRAP.

Details of deferred taxes are given in the following tables.

TABLE 30

IRAP (in € thousands)	Opening balance		Utilisation 2022		Change for the year		Closing balance	
Type of temporary differences	Temp. Diff.	Taxes	Temp. Diff.	Taxes	Temp. Diff.	Taxes	Temp. Diff.	Taxes
Recognized in the income statement								
<i>Differences giving rise to deferred tax assets</i>								
Depreciation on revaluation of property	1,194	82					1,194	82
Write-down of receivables for premiums	189	12	(25)	(2)			164	10
Other write-downs								
Total	1,383	94	(25)	(2)			1,358	92
IRES	Opening balance		Utilisation 2022		Change for the year		Closing balance	
Type of temporary differences	Temp. Diff.	Taxes	Temp. Diff.	Taxes	Temp. Diff.	Taxes	Temp. Diff.	Taxes
Recognized in the income statement								
<i>Differences giving rise to deferred tax assets</i>								
Reserve fund								
Provision for claims outstanding	121,410	29,139	(26,655)	(6,397)			94,755	22,742
Write-down of receivables for premiums	189	45	(25)	(6)			164	39
Potential liabilities fund	32,731	7,855	(24,840)	(5,962)	7,307	1,754	15,198	3,647
Exchange rate valuation losses	122,545	29,412	(9,919)	(2,381)	63,248	15,180	175,874	42,211
Depreciation on revaluation of property	1,326	318					1,326	318
Valuation losses on listed shares	1,394	334			6,839	1,641	8,233	1,975
Reserve fund					41	10	41	10
Recognized in the Shareholders' equity								
Asset swap	1,221	293	(1,221)	(293)				
Total	280,816	67,396	(62,660)	(15,039)	77,435	18,585	295,591	70,942
<i>Differences giving rise to deferred tax liabilities</i>								
Exchange rate valuation gains	153,141	36,754	(12,607)	(3,026)	26,544	6,371	167,078	40,099
Total	153,141	36,754	(12,607)	(3,026)	26,544	6,371	167,078	40,099
<i>Differences excluded from the determination of deferred tax assets</i>								
Subrogation credit write-downs – pol. risk								
Subrogation credit write-downs – com. risk	81,528						30,273	
Write-downs of other receivables – technical business								
Total deferred tax assets arising from temporary differences		67,396		(15,039)		18,585		70,942
Total deferred tax liabilities arising from temporary differences		36,754		(3,026)		6,371		40,099

Section 22 – Other information on the income statement

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

The breakdown of personnel costs for the Italian and foreign portfolios is shown in Annex 32.

The effect of exchange rate transactions on foreign currency positions that expired during the year generated a positive balance of Euro 73,947 thousand, while the effect of measuring the existing contracts and foreign currency items at closing rates generated a negative balance of Euro 52,621 thousand, as shown in the table below.

TABLE 31

Description (in € thousands)	31 December 2022	31 December 2021
REALIZED		
Losses on forward contracts and trading	(75.485)	(41.298)
Gains on forward contacts and trading	186.612	81.073
Net realized gains (losses) (A)	111.127	39.775
Exchange gains	11.526	3.614
Exchange losses	(48.706)	(811)
Net exchange gains (B)	(37.180)	2.803
Realized gains (losses) (A+B)	73.947	42.578
UNREALIZED		
Unrealized losses on forward contracts and derivatives	(3.956)	(1.397)
Unrealized gains on forward contracts and derivatives	16	6.052
Net unrealized gains (losses) (C)	(3.940)	4.655
Exchange gains – technical provisions	67.852	78.129
Exchange losses –technical provisions	(84.412)	(97.709)
Exchange gains – receivables and payables	26.266	15.685
Exchange losses - receivables and payables	(61.752)	(59.987)
Exchange gains – cash and cash equivalents	143	747
Exchange losses - cash and cash equivalents	(4.132)	(13)
Exchange gains on the non-current security portfolio	7.353	19.112
Unrealized net gains (losses) (D)	(48.681)	(44.036)
Net unrealized exchange gains (losses) (C +D)	(52.621)	(39.381)

Part C

Other information

1 Assets under Items A.I - A.X of the balance sheet

At December 31, 2022, the shareholders' equity of SACE S.p.A. amounted to Euro 4,879,529 thousand (Euro 4,880,446 thousand at December 31, 2021). At December 31, 2022, shareholders' equity was as follows:

- share capital: Euro 3,730,324 thousand;
- share premium reserve: Euro 43,305 thousand;
- legal reserve: Euro 290,368 thousand;
- other reserves: Euro 431,590 thousand;
- retained earnings: Euro 300,117 thousand;
- profit for the year: Euro 83,827 thousand.

2 Fees of directors with executive powers¹⁸:

Taking into account the functions/powers assigned under the Articles of Association and by the Board of Directors to the Chair of the Board of Directors and the Chief Executive Officer, the following fees were paid during the year:

Chairman of the Board of Directors (Amounts in €)	Annual fee for the term of office 2022-2024
Fixed component: fee for position held - art. 2389(1)	40,000
Fixed component: fee for powers assigned – art. 2389(3)	200,000

The fixed component of the remuneration of the Chair of the Board of Directors includes a fee for the position held (article 2389.1 of the Italian Civil Code) and a fee based on the powers assigned (article 2389.3 of the Italian Civil Code).

Chief Executive Officer ¹⁹ (Amounts in €)	Annual fee for the term of office 2022-2024
Fixed component: fee for position held – art. 2389.1	25,000
Fixed component: fee for powers assigned – art. 2389(3)	100,000
Short-term variable component (MBO) (annual tranche)	50,000

The fixed component of the remuneration reflects the strategic role held for the company and includes a) a fee for the position held (article 2389.1 of the Italian Civil Code) and b) a fee based on the powers assigned (article 2389.3 of the Italian Civil Code).

¹⁸ Specifically, these meet the requirement established by the Directive of the Ministry of Economy and Finance dated June 24, 2013 (which recommends, inter alia, that directors "should adopt remuneration policies in line with international best practices, but which are also consistent with the company's performance and are in any case based on the principles of transparency and moderation, in the light of the overall economic conditions in the country, also so as to establish a connection between the overall remuneration of directors with executive powers and the median salary across the company").

¹⁹ The total annual fees payable to Dr Alessandra Ricci, as Chief Executive Officer and General Manager, are euro 625,000

Short-term variable component

Based on the powers assigned, an annual variable component (MBO - Management By Objectives) is also paid to the Chief Executive Officer upon the achievement of the qualitative and quantitative objectives assigned for each year of reference.

3 Cash Flow Statement

(in € thousands)	2022	2021
Profit (loss) for the year before tax	128,710	138,454
Changes in non-cash items	(125,827)	(1,028,630)
Change in the provision for unearned premiums - non-life business	123,044	(844,970)
Change in the provision for claims outstanding and other technical provisions - non-life business	5,615	(6,825)
Change in the general provision	9,569	1,431
Non-cash income and expense from financial instruments, investment property and equity investments	(126,364)	(58,971)
Other changes	(137,691)	(119,295)
Change in receivables and payables generated by operations	(2,077,642)	1,723,999
Change in receivables and payables arising from direct insurance and reinsurance business	130,754	172,104
Change in other receivables and payables	(2,208,394)	1,551,896
Tax paid	(44,884)	(32,858)
TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES	(2,119,641)	800,965
Net cash flows generated/used by investment property		
Net cash flows generated/used by financial investments	(3,343,613)	1,707,932
Net cash flows generated/used by plant, property and equipment and intangible assets	1,271	2,009
TOTAL NET CASH FLOWS FROM INVESTMENT ACTIVITIES	(3,342,342)	1,709,942
Increase +/- Repayment of share capital		
Equity-related reserves	5,256	(540)
Revaluation of property		
Distribution of dividends	(90,000)	
Net cash flows generated/used by other financial liabilities	203,478	39,813
TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES	118,735	39,273
Effect of exchange differences on cash and cash equivalents		
CASH AND CASH EQUIVALENTS - OPENING BALANCE	5,787,736	3,237,555
INCREASE (REDUCTION) IN CASH AND CASH EQUIVALENTS	(5,343,248)	2,550,181
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	444,488	5,787,736

The cash flow statement has been prepared without taking into account the amounts in the cash pooling account held by SACE and relating to the Fund established pursuant to article 1.14 of the Liquidity decree and the corresponding balancing entry recognized under other liabilities

4 Independent auditors' fees

Pursuant to Legislative decree no. 39 of January 27, 2010, the fees due to Deloitte & Touche S.p.A. for the audit of the 2022 financial statements amount to Euro 109 thousand.

5 Management and coordination (article 2497 bis of the Italian Civil Code)

SACE S.p.A. is wholly owned by the Ministry of Economy and Finance.

6 Disclosure pursuant to Law no. 124/2017

With respect to social commitments, SACE supported IPE (Institute for Educational Research and Activities), the Italian Red Cross, Comunità di Sant'Egidio and the Italian Committee for Unicef, with a cash donation of Euro 61 thousand.

7 Significant events of the period

Pursuant to article 2427.22-quater of the Italian Civil Code, with respect to the nature, description and financial effects of the events which took place after the reporting date, reference should be made to the "Report on operations", paragraph of the Directors' report.

8 "Garanzia Italia" scheme, Energy decree, Commercial credit pursuant to article 35, Commercial credit pursuant to the Energy decree and Green New Deal

The commissions on the transactions carried out under the "Garanzia Italia" scheme at December 31, 2022 amount to Euro 7.1 million; the reinsurance balance pursuant to article 35 of the Relaunch decree on the transactions completed at December 31, 2022 amounts to Euro 0.8 million. Individual balances may be analysed as follows:

Garanzia Italia (in € millions)	31 December 2022
Balance sheet non life insurance business assets	
F.II Cash at bank and in hand	23,803
E.I Receivables arising out of direct insurance business	21
E.III Other debtors	
Balance sheet Liabilities	
G.I Creditors arising out of direct insurance operations	
G.VII Other liabilities	(23,817)
Profit and loss account	
I.3 Other technical income, net of reinsurance	7
I.7 b Spese di gestione	

GI Energy Decree
(in € million)**31 December 2022**

Balance sheet non life insurance business assets	
F.II Cash at bank and in hand	900
E.I Receivables arising out of direct insurance business	
E.III Other debtors	
Balance sheet Liabilities	
G.I Creditors arising out of direct insurance operations	
G.VII Other liabilities	(900)
Profit and loss account	
I.3 Other technical income, net of reinsurance	
I.7 b Operating expenses	

Trade receivables under article 35
(in € million)**31 December 2022**

Balance sheet non life insurance business assets	
F.II Cash at bank and in hand	1,924
E.I Receivables arising out of direct insurance business	
E.III Other debtors	
Balance sheet Liabilities	
G.I Creditors arising out of direct insurance operations	
G.VII Other liabilities	(1,923)
Profit and loss account	
I.3 Other technical income, net of reinsurance	1
I.7 b Operating expenses	

Trade receivables Energy Decree
(in € million)**31 December 2022**

Balance sheet non life insurance business assets	
F.II Cash at bank and in hand	5,000
E.I Receivables arising out of direct insurance business	
E.III Other debtors	
Balance sheet Liabilities	
G.I Creditors arising out of direct insurance operations	
G.VII Other liabilities	(5,000)
Profit and loss account	
I.3 Other technical income, net of reinsurance	
I.7 b Operating expenses	

Green New Deal
(in € million)**31 December 2022**

Balance sheet non life insurance business assets	
F.II Cash at bank and in hand	4
F.IV Other assets	
E.I Receivables arising out of direct insurance business	84
E.III Other debtors	
Balance sheet Liabilities	
G.VII Other liabilities	(88)
H. Accrued expenses and deferred income	
Profit and loss account	
I.3 Other technical income, net of reinsurance	
I.7 b Operating expenses	

9 Proposed allocation of the profit for the year

The shareholder is invited to approve the financial statements at December 31, 2022 and the allocation of the profit for the year of Euro 83,826,584 as follows:

€ 83,826,584	Profit of the year
€ 4,191,329	to the Legal reserve pursuant to article 2430 of the Italian Civil Code
€ 4,429,143	to Other reserves with respect to the measurement of equity investments using the equity method (article 2426.1.4 of the Italian Civil Code)
€ 75,206,112	according to resolutions to be passed by the Shareholders' Meeting.

Rome, March 30, 2023

on behalf of the Board of Directors

Chief Executive Officer

Alessandra Ricci

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

The legal representatives of the company (*)	Alessandra Ricci (**)
The Statutory Auditors	Silvio Salini
	Giovanni Battista Lo Prejato
	Angela Salvini

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

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

** Chief Executive Officer and General Manager



Annexes to the Notes to the Financial Statements

Annexes to the Notes to the Financial Statements

Annexes to the notes pursuant to Legislative Decree 173/97

No.	DESCRIPTION
1	Balance sheet - non-life business
3	Breakdown of operating profit (loss) between non-life and life business
4	Assets - Changes in intangible assets (Item B) and in land and buildings (Item C.I)
5	Assets - Changes in the year in investments in group companies and other investees: shares and interests (Item C.II.1), bonds (Item C.II.2) and loans (Item C.II.3)
6	Assets - Information about investees
7	Assets - Breakdown of changes in investments in group companies and other investees: shares and interests
8	Assets - Breakdown of financial investments according to use: shares and interests in companies, units of mutual funds, bonds and other fixed-income securities, participation in investment pools and other financial investments
9	Assets - Changes in the year in other long-term financial investments: shares and interests, units of mutual funds, bonds and other fixed-income securities, participation in investment pools and other financial investments
10	Assets - Changes in the year in loans and deposits with credit institutions (Items C.III.4, 6)
13	Liabilities - Changes in the year in components of the provision for unearned premiums (Item C.I.1) and provision for outstanding claims (Item C.I.2) of the non-life business
15	Liabilities - Changes in the year in provisions for risks and charges (Item E) and for employee severance indemnities (Item G.VII)
16	Breakdown of assets and liabilities related to group companies and other investees

17	Breakdown of classes I, II, III and IV of "guarantees, commitments and other memorandum accounts"
18	Breakdown of liabilities for derivative transactions
19	Summary information about the non-life technical account
21	Investment income (Items II.2 and III.3)
23	Capital and financial charges (Items II.9 and III.5)
25	Non-life insurance - Summary of technical accounts by line of business - Italian portfolio
26	Summary of technical accounts for all lines of business - Italian portfolio
29	Summary of technical accounts for non-life and life business - Foreign portfolio
30	Transactions with group companies and other investees
31	Summary of premiums written for direct business
32	Personnel costs, directors' and statutory auditors' fees

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

Company	SACE SpA
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Subscribed capital € 3,730,323,610 Versato € 3,730,323,610

Registered offices	<u>Roma - Piazza Poli, 37/42</u>
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Business register	<u>Roma Iscrizione N 142046/99</u>
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Annexes to the notes to the Financial Statements

FY 2022

(Amounts in thousands of euros)

Annex 1
Balance Sheet
Non-life business - Assets

Current year			
A SUBSCRIBED CAPITAL UNPAID			1
of which called-up	2		
B INTANGIBLE ASSETS			
1. Deferred acquisition commissions	4		
2. Other acquisition costs	6		
3. Start-up and capital costs	7	9	
4. Goodwill	8		
5. Other multi-year costs	9	2,660	10 2,669
C INVESTMENTS			
I Land and buildings			
1. Property used in company operations	11	58,354	
2. Property used by third parties	12	502	
3. Other property	13		
4. Other property rights	14		
5. Assets under construction and advances	15		16 58,856
II Investments in group companies and other shareholdings			
1. Shares and interests in:			
a) controlling companies	17		
b) subsidiary companies	18	168,932	
c) affiliated companies	19		
d) associated companies	20	11,193	
e) other companies	21	22 180,126	
2. Bonds issued by:			
a) controlling companies	23		
b) subsidiary companies	24		
c) affiliated companies	25		
d) associated companies	26		
e) other companies	27	28	
3. Loans to:			
a) controlling companies	29		
b) subsidiary companies	30		
c) affiliated companies	31		
d) associated companies	32		
e) other companies	33	34	35 180,126
to be carried forward			2,669

Previous year			
			181
	182		
	184		
	186		
	187		
	188		
	189 2,321		190 2,321
	191 58,719		
	192 800		
	193		
	194		
	195	196 59,520	
197			
198 394,349			
199			
200 10,180			
201	202 404,529		
203 299,999			
204			
205			
206			
207	208 299,999		
209			
210			
211			
212			
213	214	215 704,529	
	to be carried forward		2,321

				Current year	
				2,669	
C	INVESTMENTS (contd.)				
III	Other financial investments				
	1. Shares and interests				
	a) Listed shares	36	7,952		
	b) Unlisted shares	37			
	c) Interests	38	39	7,952	
	2. Shares in common investment funds		40	87,937	
	3. Bonds and other fixed-income securities				
	a) listed	41	5,297,016		
	b) unlisted	42	1,993		
	c) convertible debentures	43	44	5,299,010	
	4. Loans				
	a) loans secured by mortgage	45	1,041		
	b) loans on policies	46			
	c) other loans	47	48	1,041	
	5. Participation in investment pools		49		
	6. Deposits with credit institutions		50	1,994,791	
	7. Other financial investments		51	21,243	
IV	Deposits with ceding companies			52	7,411,975
				53	35
				54	7,650,992
D bis	REINSURERS' SHARE OF TECHNICAL PROVISIONS				
	I - NON-LIFE BUSINESS				
	1. Provision for unearned premiums	58	3,508,282		
	2. Provision for claims outstanding	59	560,508		
	3. Provision for profit-sharing and premium refunds	60			
	4. Other technical provisions	61			
	to be carried forward			62	4,068,791
					11,722,451

				Previous year	
carried forward				2,321	
216	14,664				
217					
218	219	14,664			
	220	101,482			
221	2,497,722				
222					
223	224	2,497,722			
225	1,348				
226					
227	228	1,348			
	229				
	230	781,000			
	231	20,716	232	3,416,932	
			233	39	234 4,181,019
238	3,093,623				
239	493,935				
240					
241					242 3,587,558
to be carried forward				7,770,898	

Balance Sheet

Non-life business - Assets

						Valori dell'esercizio			
						carried forward		11.722,451	
E RECEIVABLES									
I Receivables arising out of direct insurance business:									
1. Policyholders									
a) for premiums for the year						71	139,310		
b) for prior year premiums						72	7,408	73	146,718
2. Insurance intermediaries								74	
3. Current accounts with insurance companies								75	
4. Policyholders and third parties for recoveries						76	277,006	77	423,724
II Receivables arising out of reinsurance operations:									
1. Insurance and reinsurance companies						78	147,899		
2. Reinsurance intermediaries						79		80	147,899
III Other debtors								81	352,311
								82	923,934
F OTHER ASSETS									
I Tangible assets and stocks:									
1. Furniture, office machines and internal transport vehicle						83	1,796		
2. Vehicles listed in public registers						84			
3. Machinery and equipment						85	1		
4.Stocks and other goods						86	68	87	1,865
II Cash at bank and in hand									
1. Bank and postal accounts						88	32,008,218		
2. Cheques and cash on hand						89	5	90	32,008,223
III Own shares or equity interests						91			
IV Other									
1. Deferred reinsurance items						92	20		
2. Miscellaneous assets						93	161,984	94	162,003
								95	32,172,092
of which Liaison account with life business						901			
G PREPAYMENTS AND ACCRUED INCOME									
1. Accrued interests								96	35,523
2. Rents								97	
3. Other prepayments and accrued income								98	1,480
								99	37,003
TOTAL ASSETS								100	44,855,480

Valori dell'esercizio precedente					
carried forward				7,770,898	
251	124,324				
252	15,403	253	139,727		
		254			
		255			
		256	280,308	257	420,034
		258	51,305		
		259		260	51,305
				261	335,807
				262	807,147
		263	1,594		
		264			
		265	1		
		266	58	267	1,653
		268	37,175,878		
		269	5	270	37,175,883
				271	
		272	1		
		273	36,065	274	36,066
		903			
				276	19,926
				277	
				278	1,675
				279	21,601
				280 45,813,249	

Balance Sheet

Non-life business

Liabilities and Shareholders' Equity

Current year			
A SHAREHOLDERS' EQUITY			
I	Subscribed capital or equivalent fund	101	3,730,324
II	Share premium reserve	102	43,305
III	Revaluation reserves	103	
IV	Legal reserve	104	290,368
V	Statutory reserves	105	
VI	Reserves for shares of the parent	106	
VII	Other reserves	107	431,590
VIII	Net Profit (loss) brought forward	108	300,117
IX	Net Profit (loss) for the year	109	83,827
X	Negative reserve for own shares	401	110 4,879,529
B	LINKED LIABILITIES		111 497,500
C TECHNICAL PROVISIONS			
I	NON-LIFE BUSINESS		
1.	Provision for unearned premiums	112	4,261,423
2.	Provision for claims outstanding	113	775,784
3.	Provision for profit-sharing and premium refunds	114	
4.	Other technical provisions	115	
5.	Equalisation provision	116	768,426
	to be carried forward		117 5,805,634
			11,182,664

Previous year			
		281	3,730,324
		282	43,305
		283	
		284	285,088
		285	
		286	
		287	422,811
		288	293,323
		289	105,596
		501	290 4,880,446
			291 500,000
292	3,762,408		
293	718,144		
294			
295			
296	753,878		297 5,234,429
to be carried forward			10,614,876

Balance Sheet

Non-life business

Liabilities and Shareholders' Equity

					Current year			
					carried forward		11,182,664	
E PROVISIONS FOR RISKS AND CHARGES								
1 Provision for pensions and similar obligations					128			
2 Provisions for taxation					129 41,466			
3 Other provisions					130 18,511		131 59,977	
F DEPOSITS RECEIVED FROM REINSURERS							132	
G CREDITORS AND OTHER LIABILITIES								
I Creditors, arising out of direct insurance operations:								
1. Insurance intermediaries 133								
2. Current accounts with insurance companies 134								
3. Premium deposits and premiums due to policyholders 135 31,200								
4. Guarantee funds in favour of policyholders 136					137 31,200			
II Creditors, arising out of reinsurance operations:								
1. Insurance and reinsurance companies 138 1,053,379								
2. Reinsurance intermediaries 139					140 1,053,379			
III Debenture loans					141			
IV Amounts owed to banks and credit institutions					142 201,704			
V Loans guaranteed by mortgages					143			
VI Miscellaneous loans and other financial liabilities					144 20,000			
VII Provision for employee indemnities					145 4,995			
VIII Other Creditors								
1. Premium taxes 146								
2. Other tax liabilities 147 48,078								
3. Social security 148 1,961								
4. Miscellaneous creditors 149 90,394					150 140,434			
IX - Other liabilities								
1. Deferred reinsurance items 151 5								
2. Commissions for premiums being collected 152								
3. Miscellaneous liabilities 153 32,129,635					154 32,129,640		155 33,581,353	
of which Liaison account with life business 902								
to be carried forward							44,823,993	

				Previous year	
carried forward				10,614,876	
		308			
		309	36,754		
		310	36,148	311	72,902
				312	
313					
314					
315	30,108				
316		317	30,108		
318	821,480				
319		320	821,480		
		321			
		322		103,113	
		323			
		324	2,431,475		
		325		4,418	
326					
327	1,734				
328	1,742				
329	43,026	330		46,501	
331					
332					
333	31,670,841	334	31,670,859	335	35,107,954
904					
to be carried forward				45,795,732	

Balance Sheet

Non-life business

Liabilities and Shareholders' Equity

Current year			
		carried forward	
H	ACCRUALS AND DEFERRED INCOME		44,823,993
	1	Accrued interest	15617,175
	2	Rents	157
	3	Rents	15814,312
			15931,487
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			16044,855,480

Previous year			
		carried forward	
			45,795,732
	336	17,199	
	337		
	338	318	33917,517
			34045,813,249

Annex 3

Breakdown of operating profit (loss) between non-life and life business

	Non-life business		Life business		Total	
Balance on the technical account	1	68,922	21		41	68,922
Investment income	+	2	441,530		42	441,530
Capital and financial charges	-	3	236,970		43	236,970
Allocated investment return transferred from the technical account of life business	+		24		44	
Allocated investment return transferred to the technical account of non-life business	-	5	48,947		45	48,947
Interim operating profit (loss)		6	224,535	26	46	224,535
Other income	+	7	74,684	27	47	74,684
Other expense	-	8	164,553	28	48	164,553
Extraordinary income	+	9	2,700	29	49	2,700
Extraordinary charges	-	10	8,656	30	50	8,656
Profit (loss) before taxes		11	128,710	31	51	128,710
Income taxes for the year	-	12	44,884	32	52	44,884
Net profit (loss) for the year		13	83,827	33	53	83,827

Annex 4

Assets - Changes in intangible assets (Item B) and in land and buildings (Item C.I)

		Intangible assets B		Land and buildings C.I	
Gross opening balance	+	1	18,539	31	71,913
Increases during the year	+	2	1,628	32	
for: purchases or additions		3	1,628	33	
reversals of impairment losses		4		34	
revaluations		5		35	
other changes		6		36	
Decreases during the year	-	7	15	37	
for: sales or decreases		8		38	
permanent write-downs		9		39	
other changes		10	15	40	
Gross closing balance (a)		11	20,152	41	71,913
Amortisation/depreciation:					
Opening balance	+	12	16,218	42	12,393
Increases during the year	+	13	1,265	43	664
for: amortisation/depreciation charge for the year		14	1,265	44	664
other changes		15		45	
Decreases during the year	-	16		46	
for: disposals		17		47	
other changes		18		48	
Amortisation/depreciation closing balance (b) (*)		19	17,483	49	13,057
Carrying amount (a - b)		20	2,669	50	58,856
Current value		21		51	108,000
Total revaluations		22		52	
Total write-downs		23		53	

Annex 5

Assets - Changes in investments in group companies and other investees: 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
Opening balance	+	1404,529	21299,999	41
Increases during the year:	+	24,429	22	42
for: acquisitions, subscriptions or issues		3	23	43
reversals of impairment losses		44,429	24	44
revaluations		5		
other changes		6	26	46
Decreases during the year:	-	7228,833	27299,999	47
for: sales or repayments		8228,406	28	48
write-downs		9158	29	49
other changes		10269	30299,999	50
Carrying amount		11180,126	31	51
Current value		12180,126	32	52
Total revaluations		13		
Total write-downs		14158	34	54

Item C.II.2 includes:

Listed bonds	61	0
Unlisted bonds	62	
Carrying amount	63	0
of which convertible bonds	64	

Annex 6

Assets - Information about investees (*)

No.	Type (1)	Listed Unlisted (2)	Business activity (3)	Name and registered office	Currency	Share capital		Shareholders' equity (4)	Profit or loss for the last year (4)	Interest held (5)		
						Amount (4)	No. of shares/ quotas			Direct %	Indirect %	Total %
1	b	NQ	1	Sace BT SpA	euro	56,539	56,539	60,246	713	100		100
2	b	NQ	2	Sace Fct SpA	euro	50,000	50,000	108,461	2,355	100		100
3	d	NQ	1	ATI (African Trade Insurance Agency)	usd	365,300	3,653	516,251	34,870	2,74		2,74
4	b	NQ	1	SACE Do Brasil	R\$	6,147	6,147	1,271	-1,145	100		100

(*) Group companies and other companies in which a direct interest is held, including through

(1) Type
a = Parents
b = Subsidiaries
c = Related companies
d = Associated companies
e = Other

(2) Q for securities traded in regulated markets and NQ for others

(3) Business activity
1 = Insurance company
2 = Financial company
3 = Bank
4 = Real estate company
5 = Trust company
6 = Mutual fund management or distribution company
7 = Consortium
8 = Industrial undertaking
9 = Other company or body

(**) Only for subsidiaries and associated companies

(4) Amounts in original currency

(5) Total investment held

Annex 7

Assets - Breakdown of changes in investments in group companies and other shareholdings: shares and interests

[illegible]

(1) Must match that indicated in Annex 6

(2) Tipo
a = Parents
b = Subsidiaries
c = Related companies
d = Associated companies
e = Other

(3) Indicate:

- D for investments allocated to non-life business (Item C.I.1)
- V for investments allocated to life business (Item C.I.1)
- V1 for investments allocated to life business (Item C.I.1)
- V2 for investments allocated to life business (Item D.2)

Even if only a portion, the investment should be identified with

Even if only a portion, the investment should be identified with the same number

(4) Mark (*) if measured using the equity method (for Types b and d only)

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)

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

Annex 9

Assets - Changes in the year in other long-term financial investments:
shares and interests, share in common investment funds, bonds
and other fixed-income securities, participation in investment pools
and other financial investments (Items C.III.1, 2, 3, 5, 7)

	Shares and interests C.III.1	Shares in common investment funds C.III.2	Bonds and other fixed-income securities C.III.3	Participation in investment pools C.III.5	Other financial investments C.III.7
Opening balance	1	21	41	81	101
Increases during the year:	2	22	42	82	102
for: purchases	3	23	43	83	103
reversals of impairment losses	4	24	44	84	104
transfer from the short-term portfolio	5	25	45	85	105
other changes	6	26	46	86	106
Decreases during the year:	7	27	47	87	107
for: sales	8	28	48	88	108
write-downs	9	29	49	89	109
transfer to the short-term portfolio	10	30	50	90	110
other changes	11	31	51	91	111
Carrying amount	12	32	52	92	112
Current value	13	33	53	93	113

Annex 10

Assets - Changes in 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
Opening balance	1	21
Increases during the year:	2	22
for: issues	3	23
reversals of impairment losses	4	24
other changes	5	25
Decreases during the year:	6	26
for: repayments	7	27
write-downs	8	28
other changes	9	29
Carrying amount	10	30

Annex 13

Liabilities - Changes in the year
in components of the provision for unearned
premiums (Item C.I.1) and provision
for outstanding claims (Item C.I.2) of the
non-life business

Type	FY		Previous year		Change	
Provision for unearned premiums:						
Provision for premium instalments	1	2,757,885	11	2,833,096	21	(75,211)
Provision for unexpired risks	2	1,503,539	12	929,311	22	574,228
Carrying amount	3	4,261,424	13	3,762,407	23	499,017
Provision for claims outstanding:						
Provision for claims paid and direct expenses	4	755,128	14	699,139	24	55,989
Provision for settlement costs	5	13,775	15	12,517	25	1,258
Provision for late claims	6	6,881	16	6,488	26	393
Carrying amount	7	775,784	17	718,144	27	57,640

Annex 15

Liabilities - Changes in the year in provisions
for risks and charges (Item E)
and for employee severance indemnities
(Item G.VII)

		Provision for pensions and similar obligations	Provisions for taxation	Other provisions	Provisions for employee severance indemnities
Opening balance	+	1	11 36,754	21 36,148	31 4,418
Accruals for the year	+	2	12 6,304	22 7,307	32 417
Other increases	+	3	13 1,434	23 295	33 599
Utilisations for the year	-	4	14 3,026	24 24,230	34 339
Other decreases	-	5	15	25 1,010	35 100
Carrying amount		6	16 41,466	26 18,511	36 4,995

Annex 16

Breakdown of assets and liabilities related to group companies and other investees

I: Assets

	Parents		Subsidiaries		Related companies		Associated companies		Other		Total	
Shares and interests	1		2	168,932	3		4	11,193	5		6	180,126
Bonds	7		8		9		10		11		12	
Loans	13		14		15		16		17		18	
Participation in investment pools	19		20		21		22		23		24	
Deposits with credit institutions	25		26		27		28		29		30	
Other financial investments	31		32	831,000	33		34		35		36	831,000
Deposits with ceding companies	37		38	34	39		40		41		42	34
Investments related to contracts linked to investment funds and market indexes	43		44		45		46		47		48	
Investments related to the administration of pension funds	49		50		51		52		53			
Receivables arising out of direct insurance	55		56	291	57		58		59		60	291
Receivables arising out of reinsurance	61	129,822	62		63		64		65		66	129,822
Other receivables	67	7,951	68	4,656	69		70		71		72	12,607
Bank and postal accounts	73		74		75		76		77		78	
Other assets	79	92,008	80	265	81		82		83		84	92,273
Total	85	229,780	86	1,005,178	87		88	11,193	89		90	1,246,152
of which subordinated assets	91		92		93		94		95			96

II: Liabilities

	Parents		Subsidiaries		Related companies		Associated companies		Other		Total	
Linked liabilities	97		98		99		100		101		102	
Deposits received from reinsurers	103		104		105		106		107		108	
Creditors arising out of direct insurance operations	109	64	110		111		112		113		114	64
Creditors arising out of reinsurance operations	115	1,031,878	116	40	117		118		119		120	1,031,917
Due to banks and financial institutions	121		122		123		124		125		126	
Accounts payable secured by collateral	127		128		129		130		131		132	
Miscellaneous loans and other financial liabilities	133		134	20,000	135		136		137		138	20,000
Other creditors	139		140	4,900	141		142		143		144	4,900
Other liabilities	145	32,125,498	146		147		148		149		150	32,125,499
Total	151	33,157,439	152	24,939	153		154		155		156	33,182,380

Annex 17

Breakdown of classes I, II, III and IV of "guarantees, commitments and other memorandum accounts"

		FY	Previous year
I	Guarantees given:		
a)	sureties and endorsements given in the interests of parents subsidiaries and related companies	1	31
b)	sureties and endorsements given in the interests of associates and other investees	2	32
c)	sureties and endorsements given in the interests of third parties	3	33
d)	other personal guarantees given in the interests of parents, subsidiaries and related companies	4	34
e)	other personal guarantees given in the interests of associates and other investees	5	35
f)	other personal guarantees given in the interests of third parties	6	36
g)	collateral for obligations of parents, subsidiaries and related companies	7	37
h)	collateral for obligations of associates, and other investees	8	38
i)	collateral for obligations of third parties	9	39
l)	guarantees given for obligations of the company	10	40
m)	assets deposited for inward reinsurance	11	41
Total		12	42
II	Guarantees received:		
a)	from group companies, associates and other investees	13	43
b)	from third parties	14	1,880 44 1,773
Total		15	1,880 45 1,773
III	Guarantees issued by third parties in the interests of the company:		
a)	by group companies, associates and other investees	16	46
b)	by third parties	17	47
Total		18	48
IV	Commitments:		
a)	commitments for purchases with obligation of resale	19	49
b)	commitments for sales with obligation of repurchase	20	50
c)	other commitments	21	2,130,598 51 1,873,315
Total		22	2,130,598 52 1,873,315
	Assets related to pension funds managed in the name		
V	and on behalf of third parties	23	53
VI	Securities deposited with third parties	24	5,246,043 54 3,121,082
Total		25	5,246,043 55 3,121,082

Annex 18

Breakdown of liabilities for derivative transactions

Derivatives		Current year				Previous year			
		Purchase		Sale		Purchase		Sale	
		(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
Futures:	on shares	1	101	21	121	41	141	61	161
	on bonds	2	102	22	122	42	142	62	162
	on currencies	3	103	23	123	43	143	63	163
	on rates	4	104	24	124	44	144	64	164
	other	5	105	25	125	45	145	65	165
Options	on shares	6	106	26	126	46	146	66	166
	on bonds	7	107	27	127	47	147	67	167
	on currencies	8	108	28	128	48	148	68	168
	on rates	9	109	29	129	49	149	69	169
	other	10	110	30	130	50	150	70	170
Swaps:	on currencies	11	111	31	131	51	151	71	171
	on rates	12	112	32 1,569,000	132 (80,215)	52	152	72 1,114,000	172 (172,555)
	other	13	113	33	133	53	153	73	173
Other transactions		14	114	34 561,598	134 (3,940)	54	154	74 759,315	174 4,655
Total		15	115	35 2,130,598	135 (84,155)	55	155	75 1,873,315	175 (167,900)

NB: - Include only derivative transactions existing at the reporting date which imply a commitment for the company.

Where the derivative does not exactly match one of the above items or relates to more than one item, it should be included in the most similar one.

Offsetting is not allowed except for purchase/sale transactions relating to the same derivative category (same content, maturity, underlying asset, etc.)

- Derivatives which involve or may involve capital forward exchanges should be stated at their regulated price; all other derivatives should be stated at their nominal value.

- Derivatives involving two currency swaps should be stated only once, referring to the currency to be purchased. Derivatives involving both interest rate and currency swaps should only be included in currency swaps.

Derivatives relating to interest rate swaps are classified as "purchases" or "sales" depending on whether or not they imply the fixed-rate purchase or sale.

(1) Derivatives which involve or may involve capital forward exchanges should be stated at their regulated price; all other derivatives should be stated at their nominal value.

(2) Indicate the fair value of the derivatives;

Annex 19

Summary information about 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 (classes 1 and 2)	1	2	3	4	5
TPL land vehicles (class 10)	6	7	8	9	10
Hulls land vehicles (class 3)	11	12	13	14	15
Marine, aviation and transport (classes 4, 5, 6, 7, 11 and 12)	16	17	18	19	20
Fire and other property damage (classes 8 and 9)	21	22	23	24	25
Non-motor TPL (class 13)	26	27	28	29	30
Credit and surety (classes 14 and 15)	31 363,869	32 (161,915)	33 183,580	34 97,776	35 (334,514)
Sundry pecuniary losses (class 16)	36	37	38	39	40
Legal fees (class 17)	41	42	43	44	45
Assistance (class 18)	46	47	48	49	50
Total direct business	51 363,869	52 (161,915)	53 183,580	54 97,776	55 (334,514)
Reinsurance business	56 9,102	57 35,201	58 4,282	59 628	60
Total Italian portfolio	61 372,971	62 (126,714)	63 187,862	64 98,404	65 (334,514)
Foreign portfolio	66 233	67 901	68 110	69 16	70
Grand total	71 373,204	72 (125,813)	73 187,972	74 98,420	75 (334,514)

Annex 21

Investment income
(Items 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 investees	1	41	81
Dividends and other income from shares and interests in other companies	2174	42	82174
Total	3174	43	83174
Income from investments in land and buildings	4174	44	84174
Income from other investments:			
Income from bonds of group companies and investees	5	45	85
Interest on loans to group companies and investees	62,839	46	862,839
Income from units in mutual funds	7	47	87
Income from bonds and other fixed-income securities	8200,856	48	88200,856
Interest on loans	919	49	8919
Income from shares in investment pools	1063	50	9063
Interest on deposits with credit institutions	115,864	51	915,864
Income from other financial investments	1234,208	52	9234,208
Interest on depositis with ceding companies	13	53	93
Total	14243,848	54	94243,848
Value re-adjustments on investments in:			
Land and buildings	15	55	95
Shares and interests in group companies and investees	164,429	56	964,429
Bonds issued by group companies and investees	17	57	97
Other shares and interests	18	58	98
Other bonds	1919	59	9919
Other financial investments	2016	60	10016
Total	214,464	61	1014,464
Profit on the disposal of investments:			
Gains on the disposal of land and buildings	22	62	102
Gains on shares and interests in group companies and investees	23	63	103
Income from bonds issued by group companies and investees	24	64	104
Gains on other shares and interests	25	65	105
Gains on other bonds	266,257	66	1066,257
Gains on other financial investments	27186,612	67	107186,612
Total	28192,869	68	108192,869
GRAND TOTAL	29441,530	69	109441,530

Annex 23

Capital and financial charges
(Items II.9 and III.5)

	Non-life business	Life business	Total
Investment management charges and other charges			
Charges relating to shares and interests	1	31	61
Charges relating to investments in land and buildings	21,218	32	621,218
Charges relating to bonds	3	33	63
Charges relating to units in mutual funds	4	34	64
Charges relating to participation in investment pools	5	35	65
Charges relating to sundry financial investments	6144,361	36	66144,361
Interest on deposits received from reinsurers	7	37	67
Total	8145,579	38	68145,579
Value re-adjustments on investments in:			
Land and buildings	9	39	69
Shares and interests in group companies and investees	10158	40	70158
Bonds issued by group companies and investees	11	41	71
Other shares and interests	126,839	42	726,839
Other bonds	133,209	43	733,209
Other financial investments	144,619	44	744,619
Total	1514,825	45	7514,825
Losses on the disposal of investments			
Losses on the sale of land and buildings	16	46	76
Losses on shares and interests	17308	47	77308
Losses on bonds	18771	48	78771
Losses on other financial investments	1975,485	49	7975,485
Total	2076,565	50	8076,565
GRAND TOTAL	21236,970	51	81236,970

Non-life insurance - Summary of technical accounts by line of business - Italian portfolio

Direct business gross of reinsurance	Class 01	Class 02	Class 03	Class 04	Class 05	Class 06
	Accident (name)	Health (name)	Hulls land vehicles (name)	Hulls railway rolling stock (name)	Hulls aircraft (name)	Hulls marine, river, lake craft (name)
Premiums written	1	1	1	1	1	1
Change in the provision for unearned premiums (+ or -)	2	2	2	2	2	2
Charges related to claims	3	3	3	3	3	3
Change in sundry technical provisions (+ or -) (1)	4	4	4	4	4	4
Balance of other technical items (+ or -)	5	5	5	5	5	5
Operating expenses	6	6	6	6	6	6
Direct business technical balance (+ or -) A	7	7	7	7	7	7
Result of outward reinsurance (+ or -) B	8	8	8	8	8	8
Inward reinsurance net result (+ or -) C	9	9	9	9	9	9
Change in the equalisation provision (+ or -) D	10	10	10	10	10	10
Allocated investment return transferred from the non-technical account E	11	11	11	11	11	11
Balance on the technical account (+ or -) (A + B + C - D + E)	12	12	12	12	12	12
Direct business gross of reinsurance	Class 07	Class 08	Class 09	Class 10	Class 11	Class 12
	Goods transported (name)	Fire and natural forces (name)	Other property damage (name)	TPL land vehicles (name)	TPL aircraft (name)	TPL marine, river and lake craft (name)
Premiums written	1	1	1	1	1	1
Change in the provision for unearned premiums (+ or -)	2	2	2	2	2	2
Charges related to claims	3	3	3	3	3	3
Change in sundry technical provisions (+ or -) (1)	4	4	4	4	4	4
Balance of other technical items (+ or -)	5	5	5	5	5	5
Operating expenses	6	6	6	6	6	6
Direct business technical balance (+ or -) A	7	7	7	7	7	7
Result of outward reinsurance (+ or -) B	8	8	8	8	8	8
Inward reinsurance net result (+ or -) C	9	9	9	9	9	9
Change in the equalisation provision (+ or -) D	10	10	10	10	10	10
Allocated investment return transferred from the non-technical account E	11	11	11	11	11	11
Balance on the technical account (+ or -) (A + B + C - D + E)	12	12	12	12	12	12
Direct business gross of reinsurance	Class 13	Class 14	Class 15	Class 16	Class 17	Class 18
	Non-motor TPL (name)	Credit (name)	Suretyship (name)	Pecuniary losses (name)	Legal fees (name)	Assistance (name)
Premiums written	1	1	1	1	1	1
Change in the provision for unearned premiums (+ or -)	2	2	2	2	2	2
Charges related to claims	3	3	3	3	3	3
Change in sundry technical provisions (+ or -) (1)	4	4	4	4	4	4
Balance of other technical items (+ or -)	5	5	5	5	5	5
Operating expenses	6	6	6	6	6	6
Direct business technical balance (+ or -) A	7	7	7	7	7	7
Result of outward reinsurance (+ or -) B	8	8	8	8	8	8
Inward reinsurance net result (+ or -) C	9	9	9	9	9	9
Change in the equalisation provision (+ or -) D	10	10	10	10	10	10
Allocated investment return transferred from the non-technical account E	11	11	11	11	11	11
Balance on the technical account (+ or -) (A + B + C - D + E)	12	12	12	12	12	12

Annex 26

Summary of technical accounts for all lines of business Italian portfolio

	Direct insurance risk			Indirect insurance risk		Risks retained Total 5 = 1 - 2 + 3 - 4
	Direct insurance 1	Risks ceded 2	Inward reinsurance 3	Risks retroceded 4		
Premiums written	1	11	21	31	41	(121,002)
Change in the provision for unearned premiums (+ or -)	2	12	22	32	42	85,025
Net charges related to claims	3	13	23	33	43	40,315
Change in sundry technical provisions (+ or -) (1)	4	14	24	34	44	
Balance of other technical items (+ or -)	5	15	25	35	45	(115,068)
Operating expenses	6	16	26	36	46	76,968
Technical balance (+ or -)	7	17	27	37	47	(33,762)
Change in the equalisation provision (+ or -)	8				48	14,185
Allocated investment return transferred from the non-technical account	9		29		49	(47,726)
Balance on the technical account (+ or -)	10	20	30	40	50	(67,302)

(1) In addition to the change in "Other technical provisions", this item includes the change in the "Provision for profit-sharing and premium refunds"

Annex 29

Summary of technical accounts for non-life and life business - foreign portfolio

Section I: Non-life business

	Total lines of business	
Direct business gross of reinsurance	1	
Premiums written	1	
Change in the provision for unearned premiums (+ or -)	2	-
Charges related to claims	3	-
Change in sundry technical provisions (+ or -) (1)	4	-
Balance of other technical items (+ or -)	5	
Operating expenses	6	-
Direct business technical balance (+ or -) A	7	
Result of outward reinsurance (+ or -) B	8	
Inward reinsurance net result (+ or -) C	9	(761)
Change in the equalisation provision (+ or -) D	10	363
Allocated investment return transferred from the non-technical account E	11	(1.222)
Balance on the technical account (+ or -) (A + B + C - D + E)	12	(1.619)

Section II: Life business

	Total lines of business	
Direct business gross of reinsurance	1	
Premiums written	1	+
Charges related to claims	2	-
Change in sundry technical provisions (+ or -) (2)	3	-
Balance of other technical items (+ or -)	4	-
Operating expenses	5	+
Income from investments net of the allocated investment return transferred to the non-technical account	6	-
Result of direct business gross of reinsurance (+ or -) A	7	
Result of outward reinsurance (+ or -) B	8	
Inward reinsurance net result (+ or -) C	9	
Change in the equalisation provision (+ or -) D	10	
Allocated investment return transferred from the non-technical account E	11	
Balance on the technical account (+ or -) (A + B + C)	12	

(1) In addition to the change in "Other technical provisions", this item includes the change in the "Provision for profit-sharing and premium refunds"
(2) "Sundry technical provisions" include, among others, "Other technical provisions" and "Technical provisions where the investment risk is borne by the policyholders and relating to pension fund administration".
(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 the income statement

Annex 30

Transactions with group companies and other investees

I: Income

	Parents	Subsidiaries	Related companies	Associated companies	Other	Total
Investment income						
Income from land and buildings	1	2 168	3	4	5	6 168
Dividends and other income from shares and interests	7	8	9	10	11	12
Income from bonds	13	14	15	16	17	18
Interest on loans	19	20	21	22	23	24
Income from other financial investments	25	26 2,839	27	28	29	30 2,839
Interest on deposits with ceding companies	31	32	33	34	35	36
Total	37	38 3,008	39	40	41	42 3,008
Unrealised gains and losses on investments for the benefit of policyholders who bear the risk and relating to the administration of pension funds	43	44	45	46	47	48
Other income						
Interest on receivables	49	50	51	52	53	54
Recoveries of administrative expenses and charges	55	56	57	58	59	60
Other income and recoveries	61	62 2,868	63	64	65	66 2,868
Total	67	68 2,868	69	70	71	72 2,868
Profit on the disposal of investments (*)	73	74	75	76	77	78
Extraordinary income	79	80 51	81	82	83	84 51
GRAND TOTAL	85	86 5,927	87	88	89	90 5,927

II: Charges

	Parents	Subsidiaries	Related companies	Associated companies	Other	Total
Investment management charges and interest expense:						
Investment charges	91	92 69	93	94	95	96 69
Interest on subordinated liabilities	97	98	99	100	101	102
Interest on deposits from reinsurers	103	104	105	106	107	108
Interest on accounts payable arising out of direct insurance business	109	110	111	112	113	114
Interest on accounts payable arising out of reinsurance business	115	116	117	118	119	120
Interest on accounts payable to banks and financial institutions	121	122	123	124	125	126
Interest on accounts payable secured by collateral	127	128	129	130	131	132
Interest on other accounts payable	133	134	135	136	137	138
Losses on receivables	139	140	141	142	143	144
Administrative and third-party charges	145	146	147	148	149	150
Other charges	151	152	153	154	155	156
Total	157	158 69	159	160	161	162 69
Unrealised gains and losses on investments for the benefit of policyholders who bear the risk and relating to the administration of pension funds	163	164	165	166	167	168
Losses on the disposal of investments (*)	169	170	171	172	173	174
Extraordinary charges	175	176 35	177	178	179	180 35
GRAND TOTAL	181	182 105	183	184	185	186 105

(*) With reference to the counterparty

Annex 31

Summary 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: Italy	1363,869	5	11	15	21363,869	25
other EU countries	2	6	12	16	22	26
non-EU countries	3	7	13	17	23	27
Total	4363,869		14	18	24363,869	28

Annex 32

Personnel costs, directors' and statutory auditors' fees

Personnel costs						
	Non-life business		Life business		Total	
Expenses for employees:						
Italian portfolio:						
- Wages and salaries	1	41,453	31		61	41,453
- Social security contributions	2	11,281	32		62	11,281
- Accruals to the provision for employee severance indemnities and similar obligations	3	4,684	33		63	4,684
- Sundry personnel costs	4	7,686	34		64	7,686
Total	5	65,103	35		65	65,103
Foreign portfolio:						
- Wages and salaries	6	1,063	36		66	1,063
- Social security contributions	7	289	37		67	289
- Sundry personnel costs	8	197	38		68	197
Total	9	1,549	39		69	1,549
Grand total	10	66,653	40		70	66,653
Consultants' fees:						
Italian portfolio	11	6,868	41		71	6,868
Foreign portfolio	12	176	42		72	176
Total	13	7,044	43		73	7,044
Total personnel costs	14	73,696	44		74	73,696

II: Description of items							
		Non-life business		Life business		Total	
Investment management charges		15	1,489	45		75	1,489
Charges related to claims		16	4,246	46		76	4,246
Other acquisition costs		17	18,728	47		77	18,728
Other administrative expenses		18	49,233	48		78	49,233
Administrative and third-party charges		19		49		79	
		20		50		80	
Total		21	73,696	51		81	73,696

III: Average number of workers during the year			
	Number		
Managers	91	41	
White collar	92	588	
Blue collar	93		
Other	94		
Total	95	629	

IV: Directors and statutory auditors			
	Number		Fees
Directors	96	9	98592
Statutory auditors	97	5	9929

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

The legal representatives of the company (*)	Alessandra Ricci (**)
The Statutory Auditors	Silvio Salini
	Giovanni Battista Lo Prejato
	Angela Salvini

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

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

** Chief Executive Officer and General Manager

Certification of the Financial Statements pursuant to article 13, para. 10.8 of the corporate bylaws of SACE S.p.A.

We the undersigned, Alessandra Ricci, in my capacity as CEO and Nicoletta Cassano, in my capacity as manager responsible for preparing the financial reports 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 December 31, 2022.

The adequacy of the administrative and accounting procedures used to prepare the financial statements for the year ended at December 31, 2022 was assessed on the basis of a process defined by SACE in accordance with generally recognised international standards.

We hereby also certify that:

- the financial statements at December 31, 2022:
 - correspond to the results of company records and accounting entries;
 - were drawn up according to 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 management report on operations includes a fair review of the operating performance and result and the situation of the company, together with a description of the main risks and uncertainties to which it is exposed.

Rome, March 30, 2023

Alessandra Ricci
CEO

Nicoletta Cassano
Manager responsible
for preparing the company's
financial reports



Report of the Board of Statutory Auditors



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INDEPENDENT AUDITOR’S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND
ARTICLE 10 OF THE EU REGULATION N. 537/2014

To the Shareholder of
SACE S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SACE S.p.A. (the “Company”), which comprise the balance sheet as at December 31, 2022, the income statement for the year then ended and the explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2022 and of its financial performance for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to the audit of the financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona
Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.
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Evaluation of Provision for unearned premiums

Description of the key
audit matter

At December 31, 2022, the Company recorded in item C.I "Technical Provisions – Non life business" – liabilities of the balance sheet – a provision for unearned premiums for Euro 4,261.4 million, including the provision for unexpired risks.

As highlighted by the Directors into the Notes to the Financial Statements, “Part A - Valuation criteria and basis of the presentation”, the technical provisions calculation is affected by complex subjective judgments and estimates based on past experience, which, with regards to the current fiscal year, may even be affected by the uncertainty related to the current macroeconomic context. The use of such subjective judgements and estimates influences the carrying amounts of the financial statements.

The Company, in the Notes to the Financial Statements, “Part A - Valuation criteria and basis of the presentation” and “Part B - Information on the balance sheet and income statement”, provides details for the criteria adopted and the methodology applied in calculating the provision for unearned premiums. The provision for unearned premiums is determined on an accruals basis, applied analytically to each policy on the basis of gross premiums. The provision for unearned premium has also been integrated to take into account the expected rate of claims referring to insurance contracts in portfolio signed by the reporting date (so-called “provision for unexpired risks”). In respect of the determination of this component, the Directors highlight that the Company used a method based on the estimate of the expected loss of the entire portfolio; the main components taken into consideration includes:

- the observed and expected trends in the portfolio of outstanding guarantees with specific focus on the risk profile, concentration by counterparty and industrial sector;
- the exposure in foreign currency and observed and expected trends in exchange rates;
- duration of the portfolio run-off and observed trends.

In the light of the significance of the provision for unearned premiums amounts registered into the financial statements, of the complexity of the measurement criteria and of the variability of the assumptions made to determine the expected loss affecting the provision for unexpired risks and even in the light of the current macroeconomic context, we have considered the evaluation of the provision for unearned premiums a key audit matter for the financial statements of SACE S.p.A. as of December 31, 2022.



Audit procedures performed	<p>The audit procedures, also carried out with the support of specialists belonging to the Deloitte network, included, among others, the following:</p> <ul style="list-style-type: none">• understanding of the process of formation of the provision for unearned premiums and detection and verification of the implementation of the relevant controls on the determination process of the aforementioned provision;• carrying out verification procedures in relation to the completeness and adequacy of the portfolios taken into consideration and their databases;• verification of the correctness of the amounts related to the unearned premiums provision through the independent recalculation of the same for a sample of insurance contracts in the portfolio;• reasonableness analysis of the methods and of the main technical and evolutionary hypotheses on which the estimate of the overall expected loss of portfolio has been based for the purpose of determining the provision for unexpired risks;• verification of the computation of the provision for unexpired risks through the application of simplified methods in order to evaluate the reasonableness of the provision amounts determined by the Group Management;• verification of the completeness and adequacy of the information provided by the Group with respect to the provisions of the applicable legislation.
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Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or unintentional behaviors or events.

In preparing the financial statements, the Directors are responsible for assessing the Company’s ability to continue as a going concern, and, in preparing the financial statements, for the appropriateness of using the going concern assumption, as well as for adequate disclosure in matter.

The Directors use the going concern assumption in the preparation of the financial statements unless they have assessed that the conditions exist for the liquidation of the Company or for the interruption of the activity or do not have realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company’s financial reporting process.



Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or unintended behaviors or events, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or unintended behaviors or events and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from unintended behaviors or events, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate the related risks or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of SACE S.p.A. has appointed us on October 17, 2019 as auditors of the Company for the years from December 31, 2020 to December 31, 2028.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Management Control Committee, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree no. 39 of January 27, 2010, and art. 123-bis, paragraph 4, of Legislative Decree no. 58 of February 24, 1998

The Directors of SACE S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structures of SACE S.p.A. as at December 31, 2022, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree no. 58 of February 24, 1998, with the financial statements of SACE S.p.A. as at December 31, 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the financial statements of SACE S.p.A. as at December 31, 2022 and are prepared in accordance with the law.



With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree no. 39 of January 27, 2010, made on the basis of the knowledge and understanding of the Company and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Vittorio Frigerio
Partner

Rome, Italy
April 13, 2023

This independent auditor’s report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

SACE S.p.A.

Report of the Board of Statutory Auditors

Financial Statements at December 31, 2022

Dear Shareholder,

This report has been prepared by the Board of Statutory Auditors of SACE S.p.A. ("SACE" or the "company") pursuant to article 2429.2 of the Italian Civil Code. It has been approved by us and filed with the company's registered office in accordance with the provisions set out in article 2429.3 of the Italian Civil Code.

As part of the performance of our duties, we acted in accordance with the Code of conduct for statutory auditors recommended by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili). Similarly to the Board of Directors, we were appointed by the resolution of the Shareholders' Meeting held on May 18, 2022 for three years and, thus, until the Shareholders' Meeting that will be called to approve the 2024 financial statements. The Chair of this body, whose office is confirmed, ensures the continuity with the previous body.

During the year, in view of the fact that the statutory audit is the responsibility of the independent auditors appointed for that purpose, we acted in a supervisory capacity in accordance with article 2403 of the Italian Civil Code, working in conjunction with the Internal audit and control function and with the involvement of the heads of the departments responsible for the matters investigated. On March 30, 2023, SACE Directors approved the draft financial statements at December 31, 2022, together with the schedules and annexes thereto, in addition to their report, in accordance with the requirements of company law and legislation governing the specific business of SACE.

We held six meetings during the year, as recorded in our register. During the year, we also participated in all of the Board Meetings and meetings of the Risk and Control Committee and the Sustainability and Scenario Committee and received information about operations and the most significant transactions from the Board of Directors and management and satisfied ourselves that the operations approved and implemented complied with the law, the company's Articles of Association and resolutions, were in line with correct management practices and consistent with the structure and size of the company and its assets.

Relations with the company and its Directors, employees and consultants are based on mutual collaboration and respect of individual roles. Board resolutions were supported by adequate analyses and reasons.

We fostered and gathered a sufficient flow of information on general operations, receiving information, clarifications and explanations from the Chief Executive Officer and from those responsible for specific functions, in accordance with article 2381 of the Italian Civil Code.

The operating performance is consistent with the objectives set by the Board of Directors and the latter was periodically informed about the company's operations via adequate reports. Specifically, with respect to the 2023 objectives, at our meeting of January 23, we examined the 2023 budget, which was approved by the Board of Directors on January 25, in line with the company's 2023-2025 business plan.

Based on the above and without prejudice to the fact that the reorganisation of the SACE Group (with the transfer of the investment held in SIMEST by SACE to CDP and the transfer of the investment held in SACE by CDP to the MEF) is effective as of March 21, 2022, the date of the endorsement of the shares and the related entries on SACE and SIMEST shareholder registers, the main issues we analysed were as follows:

- examination - before the department heads and based on the specific documentation prepared by them - of the organisational, functional and performance aspects of the Legal, Compliance, Corporate & Public Affairs, Risk Management and Planning, Administration, Finance & Sustainability departments;
- the activities performed by the Risk management function, also with respect to the preparation of the SACE-MEF cumulative Risk Appetite Framework and the SACE Risk Appetite Framework;
- Internal audit activities, conducted on the basis of a specific plan approved by the Board of Directors, covered by six-monthly reports;
- annual planning of the work of the Compliance function and regular reviews of the findings of checks carried out and the corrective measures identified;
- the activities of the Supervisory Body pursuant to Legislative decree no. 231/2001 which, based on the annual action plan submitted to the Board, were discussed during the Board Meeting of March 30, 2023;
- the work conducted by the independent auditors Deloitte & Touche S.p.A.. Specifically, pursuant to article 2409-septies of the Italian Civil Code, we periodically exchanged with the independent auditors useful information about the activities within our respective remit, planning specific informative meetings, the most recent on March 29, 2023, in order to check the process underlying the preparation of the 2022 financial statements;
- the review of the performance management system.

We also examined two requests received from the independent auditors for a supplement of the fees, both for the regulatory changes that, starting from 2020, have significantly changed SACE's operations, and for the audit activities to be performed on the annual and half-year consolidated financial statements, following the coming into force of IFRS 17. After carrying out the relevant audits and following the in-depth analyses performed with the support of the relevant functions, on March 29, 2023, we finalised two reasoned proposals, which will be submitted to the Shareholders' Meeting of SACE S.p.A..

As part of our functions, we also monitored compliance with the provisions of Legislative decree no. 254/2016, covering the process for the preparation and the content of the Non-Financial Statement ("NFS"). In particular, on November 22, 2022, we expressed a favourable opinion on assigning to Deloitte & Touche S.p.A., which was selected after a negotiated procedure, the engagement to carry out a limited assurance engagement on the NFS pursuant to Legislative decree no. 254/2016. Having examined the report issued by Deloitte & Touche S.p.A. on today's date, we checked that no instances of non-compliance and/or violation of the regulations pursuant to Legislative decree no. 254/2016 were identified. During the year, we also monitored the adequacy of the company's organisational, administrative and accounting structure. We acknowledge that, based on the corresponding reports, the organisational, administrative and accounting structure is in line with the company's needs and is backed by efficient corporate procedures.

The information received from the Supervisory Body on the adequacy of the organisation, management and control model, pursuant to Legislative decree no. 231/2001, did not highlight any inefficiencies in the procedures adopted by the company. Furthermore, no critical issues emerged with respect to the organisation model, such to be disclosed in this report.

The functions within the Board of Directors are well distributed and in line with the powers conferred.

Again on today's date, the independent auditors Deloitte & Touche S.p.A. issued their report on the financial statements at December 31, 2022 in accordance with the rules on statutory audits implemented in Italy with Legislative decree no. 135/2016. Specifically, the independent auditors: i) issued their report stating that the separate financial statements give a true and fair view of the company's financial position, performance and cash flows as at and for the year ended December 31, 2022, in accordance with the Italian legislation governing their preparation; ii) expressed their opinion on the consistency of the directors' report and some specific information included in report on corporate governance and ownership structure set out in article 123-bis.4 of Legislative decree no. 58/1998 with SACE's financial statements at December 31, 2022 and that this report has been drawn up in accordance with the law; iii) with reference to the statement pursuant to article 14.2.e) of Legislative decree no. 39/2010, made on the basis of their knowledge and understanding of the company and the context in which it operates, obtained in the course of their audit, they had nothing to report.

On April 13, 2023, the independent auditors also provided us with their report pursuant to article 11 of Regulation (EU) no. 537/2014, according to which they did not identify any instances of actual or alleged non-compliance with laws and regulations or the articles of association to be brought to our attention. In our capacity as Internal control and audit committee, we will forward the above-mentioned Additional report to the administrative body pursuant to article 19.1.a) of Legislative decree no. 39/2010. The independent auditors also provi-

ded us with the annual confirmation of their independence pursuant to article 6 of Regulation (EU) no. 537/2014 and of their compliance with all ethical and independence requirements.

We supervised the general layout of the financial statements, their overall compliance with the law in terms of the basis of preparation and structure and also checked compliance with the law concerning the preparation of the directors' report.

We did not receive or file any petitions or complaints pursuant to articles 2408 and 2409 of the Italian Civil Code. During the performance of our supervisory activities, as described above, no significant facts emerged which required disclosure in this report. Moreover, no measure was necessary in respect of any omission by the Board of Directors pursuant to article 2406 of the Italian Civil Code.

We did not note any atypical and/or unusual transactions, including transactions with related or intragroup parties, that were not carried out under normal market conditions.

Based on the above, we are in favour of the approval of the separate financial statements as prepared by the Board of Directors and their proposed allocation of the profit for the year **(Euro 83,826,584)** as follows:

€ 4,191,329	equal to 5% of the profit for the year, to the legal reserve, in accordance with article 2430 of the Italian Civil Code;
€ 4,429,143	to Other reserves;
€ 75,206,112	in accordance with the resolutions to be passed by the sole shareholder (MEF).

Rome, April 13, 2023

THE BOARD OF STATUTORY AUDITORS

Silvio Salini (Chairman)
Giovanni Battista Lo Prejato (Standing auditor)
Angela Salvini (Standing auditor)

Consolidated Financial Statement

Meeting of the Board of Directors of March 30, 2023

SACE S.p.A.

Registered Office and Head Office in Piazza Poli 37/42, Rome, Italy

Share capital (fully paid in) Euro 3,730,323,610

Tax no. and Rome Companies Registration no. 05804521002 – R.E.A. 923591

Sole shareholder Ministero dell'Economia e delle Finanze

Company Officers and Boards Board of Directors

Chairman	Filippo GIANSANTE
Deputy chairman	Ettore Francesco SEQUI ¹
Chief Executive Officer and General Manager	Alessandra RICCI ²
Directors	Vincenzo DE FALCO
	Paola FANDELLA
	Federico LOVADINA
	Marco SIMONI
	Cristina SGUBIN
	Francesca UTILI

Board of Statutory Auditors

Chairman	Silvio SALINI
Standing Auditors	Giovanni Battista LO PREJATO
	Angela SALVINI
Substitute Auditors	Marco CANZANELLA
	Giuliana TULINO
Statutory Delegate of the Court of Auditors	Natale Maria Alfonso D'AMICO ³
Independent Auditors	Deloitte & Touche S.p.A. ⁴

Company Boards appointed by the Shareholders' Meeting on May 18, 2022 and in office for three years.

1 Appointed Deputy Chairman by resolution of the Board of Directors on May 24, 2022

2 Appointed CEO and General Manager by resolution of the Board of Directors on May 24, 2022

3 Appointed financial reporting manager of SACE S.p.A. as of January 1, 2020

4 Appointed for the period 2020-2028 by resolution of the Shareholders' Meeting on October 17, 2019

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Management Report

Management Report

1 The Economic Scenario

1.1 The global macroeconomic environment

In the last three years the global context has been characterized by a succession of three shocks of extraordinary magnitude, often overlapping: (i) the pandemic emergency, (ii) the Russian invasion of Ukraine with consequent energy and food crisis, (iii) the return of sustained inflation and the end of ultra-expansive monetary policies. In addition to this, extreme natural events caused by climate change have become increasingly frequent, widespread and unexpected, generating highly negative impacts on the socio-economic balances, both locally and globally. Some observers have used the word "permacrisis" to emphasize an extended period of high uncertainty on a global scale¹, which deteriorates confidence and economic activity. During this period of time, however, there was no shortage of resilience and robustness factors that allowed the world economy to recover rapidly from the 2020 contraction linked to Covid-19 and to position itself once again on a positive path of growth for the subsequent two years. These include – amongst others – the international trade of goods (despite criticalities along global value chains), household savings (partly accumulated during lockdown) and the adjustment capacity of businesses (thanks also to considerable fiscal support). The recovery and resilience of the world economy was made possible, however, at the cost of high levels of public and private debt.

In particular, in 2022, global GDP grew by 3% according to the most recent estimates of Oxford Economics², about one percentage point lower than the forecasts made prior to the outbreak of the Russian-Ukraine war. The main (but not only) transmission channel of the conflict is represented by commodities, given the crucial role played by these two countries as global suppliers of strategic raw materials. During the early part of the year, prices soared on the financial markets, in terms of energy, industrial metals and cereals, accelerating the bullish phase already seen since the second half of 2021. In parallel, the main maritime and air transport indicators marked further increases, which

¹ The Economic Policy Uncertainty is a widely used benchmark whose global index remains at high levels, albeit below the peak achieved during the Great Lockdown.

² Oxford Economics, World Economics Prospects Monthly, January 2023.

were also affected by China's "zero Covid" policy with the return of various restrictions which entailed serious repercussions on global logistics. It was only from about the second half of 2022 that there were signs of a partial downward correction of the prices of raw materials and transport costs, reflecting the mitigation of the critical issues affecting international supply chains (supply) and the increasing fears of a further slowdown of the global economy in 2023 (demand). Overall, the increase in production costs applied strong upward pressure on consumer prices, with global inflation returning to sustained growth, close to 8% and driving the Central Banks of numerous advanced and emerging countries (led by the United States and the Eurozone, but with significant exceptions, such as China) to accelerate the normalisation of the monetary policy. The increases in the benchmark interest rates, accompanied by the partial or total conclusion of quantitative easing programs, are reflected in a general tightening of financing conditions, also affected by the rise in risk premium given the increased uncertainty, with potential repercussions on the credit cycle and, more generally, on the trend of the global GDP during 2023. Although the tighter stance will reduce the risks of sustained inflation in the medium term (in line with the objective of numerous monetary authorities), at the same time, an increase in short-term financial vulnerabilities is likely. The increased interest rates, lower liquidity and reduction of the risk appetite of investors are in fact part of a context characterized by a high level of global debt (public and private) which reached 343% of GDP³.

Despite the uncertain and complex environment, the volume of international trade in goods performed satisfactorily in the first eleven months of 2022, up 3.9% period-on-period as measured by the Central Planning Bureau. However, according to OE, it is expected to average close to 5%. Growth in international trade in services is estimated at about 11% in terms of volumes. However, it is not yet back to pre-pandemic levels. Conversely, global foreign direct investment flows performed weakly in 2022, driven downwards mainly by cross-border M&A transactions. More stringent financing conditions, rising interest rates and increased uncertainty in the financial markets had a negative impact.⁴

1.2 The Italian economy and industrial sectors

Despite the shock caused by the military conflict between Russia and Ukraine and the resulting energy crisis, in 2022, Italy's GDP growth was close to 4%

³ According to the latest available data for the third quarter of 2022 (Source: International Institute of Finance, Global Debt Monitor, November 2022).

⁴ Source: Unctad, Global Investment Trends Monitor, January 2023.

thanks to resilient consumption and investments (which drove demand) and the double-digit performance of exports of goods (which, however, was more than offset by that of imports, due to the increase in raw material prices). Between January and December, Italy's industrial production volume was flat (+0.5% year-on-year). However, it was better compared to France and Germany (the latter country performed negatively). With respect to the main industry groupings, this trend was affected by intermediate goods (-2.3%) and, to some extent, by energy goods (-1.3%, affected, in particular, by the sharp drop in mining), against the positive growth recorded by consumer goods (+3.5%) and equipment (+1.5%). Specifically, the best-performing sectors include the fashion industry, refined products, electronics and pharmaceuticals, while instrumental mechanics and means of transport grew more moderately and rubber-plastics, chemicals and metallurgy performed negatively. The production volume index for the construction sector recorded a significant increase in the first 11 months of 2022 (+12.5% period-on-period), well above that of the average in the Euro zone. Tax incentives drove the recovery of demand in construction, extended to all areas (in particular the residential one). This is combined with the projects funded by Italy's National Recovery and Resilience Plan (PNRR), which support public investments (and, via the reforms, private ones too) in green and digital infrastructure.⁵

In the first nine months of 2022, foreign direct investments amounted to Euro 8,485 million, while the flows from Italy to other countries amounted to Euro 4,828 million.⁶

1.3 Italian exports

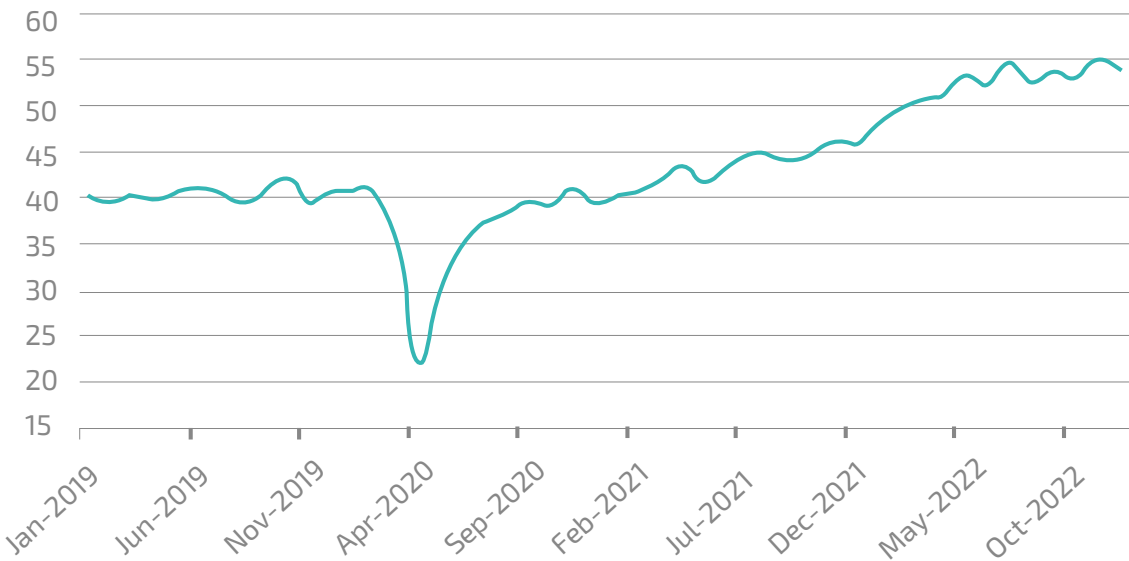
In 2022, cross-border sales of Made in Italy goods grew considerably (+19.9%), close to Euro 625 billion. This positive trend translated into a similar increase in average unit values (+19.8%), driven by higher-than-expected price increases, against an almost unchanged volume component (+0.1%). Exports to EU countries increased by 19.7%, with a strong demand from Belgium, Austria and Spain, while Poland, France and Germany reported below-average, but still significant, rises. The performance of exports to non-EU countries was slightly higher (+20.2%), albeit with diversified trends: significant growth rates for the USA, OPEC countries and India, modest increases for Japan and China and a marked drop for Russia. With respect to the main industry groupings, in 2022, intermediate goods grew significantly (+20.2%), driven by average unit values against a contraction in export volumes. Specifically, energy products rose considerably, whose prices recorded large increases on international markets. Consumer goods performed satisfactorily in terms of both average unit values and volumes and equipment accelerated at year end – thanks, above all, to one-off transactions that occurred in November. However, growth, in general, was more modest compared to the other groupings.⁷

5 Source: Istat (Italy's National Statistical Institute).

6 Source: OECD.

7 Source: Istat.

**Figure 1. Italian exports of goods in terms of value
(seasonally-adjusted monthly figures, in € billion)**



Source: Istat

1.4 Business demographics, bank loans and bankruptcies

In 2022, the difference between newly-established businesses and business closures returned to the average values of the last fifteen years, levelling off at +48,000 businesses between January and December. This balance translated into growth of 0.8% which, net of the 1.42% increase recorded in 2021, represents the best figure for the last decade. The construction sector contributed the most to the annual figure, accounting for more than 40% of the national balance. With respect to flows (newly-established businesses and business closures), the new tensions on business demographics resulted in a decrease in newly-established businesses (down 6% on 2021) and in an increase in business closures (+7.5%), with absolute values (313 thousand newly-established businesses and 265 thousand business closures). In all four macro-areas of the country, the growth rate for 2022 was satisfactory, but more modest than in 2021, with central Italy recording the largest expansion of the enterprise base compared to the previous year.⁸

Bank loans to non-financial companies recorded a positive, but weak trend. Non-performing loans accounted for approximately 2% of total loans.⁹ At the same time, Italian businesses bankruptcies decreased (-19,2% compared to the previous first nine months of the year based on Istat figures).

1.5 Credit recovery and payments

In the third quarter of 2022, the percentage of timely payments by Italian businesses remained stable at 40.7%, in line with the second quarter. Businesses

8 Source: Unioncamere (Italian chambers of commerce) (January 2023). Companies struck off the company register are shown net of those carried out automatically.

9 Bank of Italy, Banche e moneta (February 2023).

with considerable delays in payments (more than 30 days) account for 9.1%. The most virtuous sectors in terms of payments are financial services (timely payments: 53.5% and serious delays: 6.9%), the manufacturing sector (timely payments: 44.8%) and the construction sector (timely payments: 45.8%), with considerable delays in payments accounting for 6.4% and 6.9%, respectively. Agriculture and retail improved slightly compared to the previous quarter due to the effects of inflation, commodity price increases and macroeconomic and geopolitical tensions. These sectors show the lowest concentration of timely payments (38.1% and 30.8%, respectively) and the highest percentage of considerable delays (11.2% and 13.2%, respectively).¹⁰

With respect to SACE SRV credit recovery business, in 2022, against volumes which almost doubled compared to the previous year, the recovery of short-term receivables exceeded 40%. It stood at 25%, reflecting the requests for rescheduling and extensions both in Italy and abroad. With respect to medium- and long-term receivables, despite an increase of over 30% in volumes, especially from foreign counterparties, the recovery rate was in line with that of 2021 thanks to effective out-of-court activities. Managed exposures increased as a result of the claims under the "Garanzia Italia" scheme, most of which related to the debt restructuring requests filed by many domestic counterparties (outstanding amount: Euro 65 million) using the new tools introduced by the Code of business crisis. Furthermore, in 2022, SACE SRV was entrusted with management of Euro 48 million new uninsured claims.

¹⁰ Source: Crif, Studio pagamenti Cribis (October 2022).

2 Key Events of 2022

2.1 The strategy

On March 17, 2022, the MEF (Ministry of Economy and Finance)-MAECI (Ministry of Foreign Affairs) implementing Decree was published, registered by the Court of Auditors on February 8, 2022, and governing the reorganisation of the SACE Group and the consideration to transfer SACE and SIMEST investments (Euro 4,251,174 thousand and Euro 228,406 thousand, respectively). Specifically, the transaction involved, in sequence, the sale by SACE of the investment in Simest S.p.A. (Simest) to CDP, via cash payment, and the sale by CDP of the entire investment in SACE, to the MEF with payment in specially issued government securities. Therefore, at December 31, 2022, SACE S.p.A. was wholly owned by the MEF.

Specifically, with respect to the effects of the application of article 2.9 of the Liquidity Decree (and, in particular, the transfer of the performing portfolio at April 8, 2020 up to a 90% reinsurance percentage, transferring a portion of the assets covering the technical provisions) as discussed in the directors' report accompanying the 2022 financial statements, to which reference should be made for further details, it is noted that the in-depth activities on the interpretation of the regulation and the subsequent quantification of the assets to be transferred to the MEF were still in progress at December 31, 2022 and are still in progress at the date of approval of these consolidated financial statements by the board of directors.

During the year, despite a complex and unstable macroeconomic context caused by the military conflict between Russia and Ukraine and the resulting energy crisis, the SACE Group continued to support Italian businesses both in Italy and abroad, assisting more than 25,000 companies (the group also provided education and business matching services to over 11,800 companies), up 4.4% on the previous year.

The SACE Group supported projects worth over Euro 54 billion, of which: SACE Euro 44.2 billion and the group companies: Euro 10.1 billion. In addition to constantly supporting exports and internationalisation, SACE strengthened its role of supporting businesses which it took on during the Covid-19 emergency as a result of the regulatory measures adopted in 2020 ("Liquidity decree", "Relaunch decree", "Simplification decree" and "August decree") and in 2022 (article 8.2 and 3 of Law decree no. 21/2022 "Energy law decree", article 15 of Law decree no. 50/2022 "Aiuti law decree") to support the liquidity of businesses, to minimise the negative economic effects of the increase in energy prices and the transition towards a clean, circular economy and sustainable mobility, broadening the scope of its operations.

SACE mobilised resources for exports and internationalisation for a total of Euro 12.2 billion. The support to businesses included both in-person and digital events, such as (i) twenty-one operational (on/offline) business matching meetings between Italian suppliers and large foreign companies which were attended by over 500 businesses, (ii) 270 B2B meetings organised in Italy and

abroad, iii) various initiatives to explore opportunities for Made in Italy, including in Asia, MENA countries and the Americas which remain the most important geographical areas in terms of new business origination (20 new opportunities are currently being assessed in different sectors).

Match-making activities were intensified thanks to the progressive return to in-person events, especially at the main trade fairs in Italy and abroad, and the use of digital platforms as a time- and cost-effective channel for matching foreign demand and Italian supply.

The Education services offered through the "SACE Education" portal support businesses in their development paths in the domestic and foreign markets. The offer targets businesses and professionals as well as the new generations and future managers who will lead Italy's green and digital transformation. The new portal also fosters greater internal culture in the fields of sustainability and digitalisation, combining export and internationalisation with infrastructure, green and digital issues. The webinars held in 2022 involved approximately 17,000 registered users¹¹.

During the year, the Temporary Framework was extended at European level, including Italy. After the end of the Garanzia Italia scheme on June 30, 2022 - through which approximately Euro 11 billion was mobilised - from July 2022, businesses were able to apply for guarantees, again through the specific online portal, in order to overcome the negative economic effects of the Russian-Ukrainian crisis and the resulting increase in energy prices by means of the Garanzia SupportItalia scheme (article 15 of Law decree no. 50/2022 "Aiuti decree") and the provisions of article 8.2 and 3 of Law decree no. 21/2022 "Energy decree").

Approximately Euro 18 billion was mobilised in respect of the Garanzia SupportItalia scheme. Finally, from January 2023, eligible SMEs may opt to pay energy bills in instalments as part of the "Riassicurazione Caro Energia" scheme (article 8.3 of Law decree no 21/2022). Five businesses availed of this SACE guarantee, counter-guaranteed by the Italian State, which will provide insurance coverage (guarantee deposits) in favour of companies consuming electricity and natural gas, facilitating the extension of energy bill payment terms up to 24 months, which, thanks to the recent "Aiuti Quater" decree, can be extended to 36 months. This confirms SACE's ongoing commitment to support Italian businesses with a wide range of tools and solutions, with a special focus on SMEs, that enable the overcome high energy prices while pursuing their economic and business activities.

With respect to the strategic drive on sustainable transition provided by the Green New Deal, guarantees and bonds amounted to Euro 3 billion. Projects must meet at least one of the six European environmental goals and, in 2022, most of them contribute to the goal of climate change reduction, while many other operations pursue more than one goals. The Green Fund also supported some infrastructure works in the high-speed rail sector covered by PNRR which, therefore, obtained EU funds. In this respect, the delivery of works took place as an urgent matter pending the signing of the relevant contract, pursuant to Law decree no. 76/2020 (the Semplificazioni Law decree). Following the growing

¹¹ users registered on the SACE Education portal who benefited from training and agreed to the privacy policy

demand for support and to encourage greater use of this scheme by SMEs and MidCaps, financial intermediaries continued to use the online portal - by signing an agreement - which enables them to enter applications for amounts below Euro 15 million. At the reporting date (December 31, 2022), six agreements with banks operating throughout Italy were active.

With respect to group companies, in 2022, net resources mobilised amounted to Euro 10.1 billion, as follows: SACE Fct Euro 5.4 billion and SACE BT Euro 4.7 billion. Furthermore, SACE SRV's business grew, particularly in relation to credit recovery. Total customers served exceeded 11,400, of which 82% pertaining to the SME segment. All group companies posted positive financial results.

2.2 Summary of 2022 regulatory actions

Below is a summary of the main 2022 regulatory actions that concerned SACE.

- **SACE Decree of March 17, 2022**, signed by the Ministry of the Economy and Finance in conjunction with the Ministry of Foreign Affairs and International Cooperation pursuant to article 67 of Law decree no. 104 of August 14, 2020, converted, with amendments, by Law no. 126 of October 13, 2020, as a result of the agreement reached between the MEF and Cassa Depositi e Prestiti S.p.A. (CDP) and SACE S.p.A. (SACE), with defined the reorganisation of the SACE Group. In particular, the transaction involved the sale, by SACE to CDP, of the investment in SIMEST S.p.A. (SIMEST), via cash payment, and the sale by CDP to the MEF of the 100% investment in SACE, with payment in specially issued government securities;
- **Law decree no. 17 of March 1, 2022**, converted, with amendments, by Law no. 34 of April 27, 2022 concerning urgent measures for limiting electricity and natural gas costs, for the development of renewable power and relaunch of industrial policies that, under article 8 entitled "*Supporting the liquidity needs of companies as a result of energy price increases*", amends Law decree no. 23 of April 8, 2020, converted, with amendments, by Law no. 40 of June 5, 2020;
- **Law decree no. 21 of March 21, 2022**, converted, with amendments, by Law no. 51 of May 20, 2022, which introduces urgent measures for countering the economic and humanitarian effects of the Ukraine crisis. In particular, Title III "*Supporting Companies*" stipulates a SACE intervention in relation to company liquidity measures referred to in the following articles:
article 8 entitled "*Rescheduling of bills for power consumption and SME guarantee fund*", which, in order to support specific liquidity needs deriving from debt rescheduling plans granted by Italian electricity and natural gas suppliers, grants SACE the possibility of issuing its own guarantees for banks, national and international financial institutions, and other parties qualified in loan operations in Italy, within a maximum limit of commitments totalling Euro 9,000 million (paragraph 2), as well as the possibility of granting insurance businesses authorised to conduct transactions in the credit and surety bond business a guarantee of 90 per cent of the claims generated by exposures relating to receivables claimed by electricity and natural gas suppliers resident in Italy, due to the breach of companies with headquarters in Italy, with a turnover of no more than Euro 50 million at December 31, 2021, of the payables resulting from the invoices issued by June 30, 2023 relating to energy consumption up to December 31, 2022 (paragraph 3);

article 10 entitled "*Energy intensive companies of strategic interest*", which, in order to ensure economic support to companies with high energy consumption and up until December 31, 2022, authorises SACE to issue guarantees, for an overall, maximum commitment of Euro 5,000 million, to banks, national and international financial institutions, and other parties qualified in loan operations in Italy, for loans granted under any form to companies that manage industrial plants of strategic national interest identified by the Prime Ministerial Decree adopted on the proposal of the Minister of Economic Development in conjunction with the Minister of the Economy and Finance;

- [Law decree no. 50 of May 17, 2022 \(so-called "Aiuti decree"\)](#), converted, with amendments, by Law no. 91 of July 15, 2022, which introduces urgent measures regarding national energy policies, company productivity, and investment promotion, as well as regarding social policies and the Ukraine crisis. With specific reference to SACE's business operations, we note that:
 - article 15 entitled "*Temporary measures for supporting companies' liquidity via guarantees offered by SACE S.p.A.*" stipulates the possibility for SACE of granting guarantees until December 31, 2022 to banks, national and international financial institutions, and other parties qualified in loan operations in Italy, for loans under any form, to companies with headquarters in Italy, other than banks and other parties authorised in loan operations, in order to provide for the liquidity needs owing to the negative economic consequences, deriving from the Russia-Ukraine conflict, sanctions imposed by the EU and by international partners in the Russia and Belarus conflicts, and any retaliatory measures adopted by Russia, hereby including the opening of documentary credit aimed at supporting the import into Italy of raw goods and production factors whose supply chain has been interrupted or has suffered price increases due to the current crisis;
 - article 17 entitled "*Guarantees granted by SACE S.p.A. under market conditions*" that, amending article 6.14-bis of Law decree no. 269/2003 converted into Law no. 326/2003, authorises SACE to issue, under market conditions and in compliance with European Union regulations, Guarantees on Loans and Debt Securities within the maximum overall amount of Euro 200 billion, in order to support and relaunch the economy, as well as to support the growth in businesses and the increase in their competitiveness, strengthen their technological development and environmental sustainability, infrastructure, and strategic supply chains, and encourage employment.
- [Decree of the President of the Council of Ministers of July 12, 2022](#) laying down provisions for the implementation of support to energy-intensive enterprises of strategic interest through SACE S.p.A. guarantees. In detail:
 - article 1, entitled "*General provisions for the implementation of support to energy-intensive enterprises of strategic interest through Sace S.p.A. guarantees*" provides that the support measure, consisting in the issue of guarantees in favour of banks for the disbursement of credit lines to energy-intensive enterprises operating industrial plants of strategic national interest, provided for by article 10.1 of Law decree no. 21 of March 21, 2022, converted, with amendments, by Law no. 51 of May 20, 2022, is implemented by Sace S.p.A., in accordance with the regulations referred to in the same article, in line with the limits of section 2.2 of the communication of the European Commission

2022/C 131 1/01 and subject to the authorisation of said Commission following the notification procedure pursuant to article 108.3 of the Treaty on the Functioning of the European Union;

- article 2, entitled "*Plants of strategic national interest*", establishes that, upon first-time adoption, the steel plants already under the management of the Ilva group which, at the date of adoption of this decree, are managed by the Acciaierie d'Italia group, are plants of strategic national interest. It also provides for the possibility of identifying, through subsequent Prime Minister decrees, further plants which, because of their strategic nature, fall within the scope of the measure.
- [Law decree no. 144 of September 23, 2022 \(so-called "Aiuti Ter decree"\)](#)¹². Article 3 of this Law decree included SACE in the implementation of "Measures to support enterprises affected by rising energy prices". Specifically:
 - Paragraph 1, in order to "*further support the liquidity of enterprises in the context of the energy emergency*", enables SACE to grant the guarantees set forth in article 15 of Law decree no. 50 of May 17, 2022 ("Aiuti decree") free of charge for bank loans granted to enterprises in order to pay the energy bills issued in October, November and December 2022. This possibility is subject to compliance with the de minimis rules of the Russia - Ukraine Temporary Crisis Framework. In order to obtain the free guarantee the following is necessary:
 - i) The interest rate applied to the guaranteed portion of the loan must not exceed the yield on multi-year treasury bonds with an average maturity equal to or greater than the loan granted;
 - ii) The cost of the financing: i) must be limited to cost recovery; and ii) must be lower than the cost that would have been charged by the lender for transactions with the same characteristics but without a guarantee;
 - iii) The indication by the lenders of the more favourable economic conditions applied to the beneficiaries.
 - Paragraph 2, "*in order to mitigate the negative economic effects caused by the increase in the price of energy supplies*," provides for the possibility of increasing the loan backed by the guarantee referred to in article 15.5 of Law decree no. 50 of May 17, 2022, up to Euro 25 million in order to meet the liquidity needs of SMEs (for the subsequent 12 months) and large enterprises (for the subsequent six months). The increase in this amount is subject to the following requirements:
 - i) The company qualifies as an energy-intensive business within the meaning of article 17. 1.a) of Directive 2003/96/EC;
 - ii) The liquidity need is confirmed by the beneficiary by means of a self-certification drafted pursuant to Presidential decree no. 445/2000.
 - Paragraph 4, instead, amends article 8 of Law decree no. 21 of March 21, 2022 ("Energy decree"). In detail:
 - i) Paragraph 3 removes the condition relating to "turnover not exceeding Euro 50 million in 2021";
 - ii) Paragraph 5-bis is added, which gives SACE the possibility of granting the guarantees referred to in article 8.3 of the said law decree, free of

¹² This Law decree has not yet been converted into law.

charge and in compliance with the provisions on the de minimis rules of the Russia-Ukraine Temporary Crisis Framework, under the following conditions: i) the premium applied by insurance companies must not exceed the yield component applicable to multi-year treasury bonds with an average maturity of 12 months; ii) the cost of the transaction must be limited to cost recovery; iii) insurance companies are required to indicate the most favourable economic conditions applied to the beneficiaries of each exposure.

- Paragraph 5 amends article 15.1 of Law decree no. 50 of May 17, 2022. Specifically:
 - i) The words "*in terms of contraction of production or demand*" are deleted;
 - ii) For the purposes of granting the guarantee, the "*liquidity needs of businesses relating to the obligations to provide collateral for energy market trading activities*" are included.
- Paragraph 6 amends article 64.3 of Law decree no. 76 of July 16, 2020 ("Simplification decree"), by increasing the amount of the guarantees granted by SACE on financing for Green New Deal projects from Euro 200 million to Euro 600 million.
- Paragraph 7 provides that the effectiveness of article 3 is subject to the approval of the European Commission pursuant to article 108 of the Treaty on the Functioning of the European Union.
- Paragraph 8 establishes that the charges resulting from the provisions of paragraphs 1, 2 and 4 shall be borne by the fund referred to in article 1.14 of Law decree no. 23 of April 8, 2020.
- [Law decree no. 176 of November 18, 2022 \("Aiuti Quater decree"\)](#), converted, with amendments, by Law no 6 of January 13, 2023 – Urgent support measures in the energy sector and public finance.
- Article 3 – Support measures to tackle high utility bills.
The provision amends, by supplementing them, both the SupportItalia Guarantee scheme provided for in article 15 of the Aiuti decree and the credit reinsurance mechanism envisaged in article 8 of the Energy decree.
- a) Amendments to the credit reinsurance mechanism (paragraphs 4 and 8).
The Decree, in order to cope with the increase in energy costs, grants companies with utilities located in Italy the possibility of obtaining from their suppliers an instalment facility of up to 36 monthly instalments, applicable to their electricity and natural gas bills for the period October 1, 2022 - March 31, 2023 and invoiced by September 30, 2023, within the limits of the amounts exceeding the average amount for 2021 and at a rate not exceeding the interest rate equal to the yield of multi-year treasury bonds (BTP) of the same duration. With respect to this instalment mechanism, SACE may grant guarantees in favour of insurance companies authorised to operate in credit and bond insurance in accordance with the reinsurance mechanism for trade receivables referred to in article 8.3 of the Energy decree (paragraph 4).
The Decree also extended the term of this mechanism to energy consumed until December 31, 2023 (instead of December 31, 2022) and increased the endowment of the special section pertaining to this measure and established within the fund pursuant to article 1.14 of the Liquidity decree (paragraph 8), from Euro 2 billion to Euro 5 billion.
- b) Amendments relating to the SupportItalia Guarantee scheme (paragraphs 5, 6 and 9)

Under this measure, electricity and natural gas suppliers based in Italy may apply for bank loans backed by the SupportItalia Guarantee scheme in order to meet the specific liquidity needs arising from the relevant instalment plans, provided that the companies participating in such instalment plans:

- i) did not approve the distribution of dividends or the repurchase of shares during the years in which the instalment scheme is granted or for the 12 months following application if these companies have already paid dividends or repurchased shares at the time of the application;
- ii) undertake to manage employment levels through trade union agreements;
- iii) undertake not to transfer production to sites located in countries outside the European Union (paragraphs 5 and 6).

The decree also extended the SupportItalia Guarantee scheme until December 31, 2023 (paragraph 9).

- [Law no. 197 of December 29, 2022 \(Budget Law 2023\)](#) – National budget for 2023 and long-term budget for the 2023-2025 three-year period.
- Article 1 - Differential results. Rules on revenue and expenditure and other provisions. Special funds (paragraph 421).
The measure provides for the allocation of Euro 565 million for 2023 to the Fund set up to cover green guarantees and sets the commitment ceiling for SACE in relation to green operations (Euro 3 billion);
- Article 3– Estimates of the Ministry of Economy and Finance and related provisions (paragraphs 3, 4 and 5).
The measure establishes, inter alia, the commitment ceiling for SACE pursuant to article 6.9 of Law decree no. 269/2003: Euro 4 billion for guarantees up to 24 months and Euro 40 billion for guarantees exceeding 24 months (paragraph 3). Furthermore, it authorises SACE to issue, for 2023, guarantees and insurance coverage for the activities covered by article 11-quinquies of Law decree no. 35/2005, up to a maximum of 30% of the aforesaid ceilings (paragraph 4). Finally, it sets the statutory cover limit for 2023 at Euro 150 billion (paragraph 5).

3

Consolidated Financial Statements results

As part of the operating context introduced by the 2020 regulatory measures, SACE's balance sheet and income statement as at and for the year ended December 31, 2022 include the effects of the application of article 2.9 of the Liquidity decree and, specifically, the transfer up to a reinsurance percentage of 90%, of the performing portfolio at April 8, 2020 via the MEF's reinsurance of the portfolio concurrently recognising, in 2020, a liability to the MEF of approximately Euro 1.5 billion (partly repaid in 2021). This amount was quantified in the Report on the capital endowment of SACE drafted in accordance with the above-mentioned law and subject to checks pursuant to paragraph 6 of said law. In quantifying the assets to be transferred, SACE took into account the Provision for unearned premiums corresponding to the outstanding and transferred commitments, considering that it was able to exclude the amount set aside as the Equalisation provision (which, at March 31, 2020, amounted to Euro 710 million), taking into account the regulatory provisions governing the Equalisation provision and, in particular, the aim of stabilising the retained Technical account, the nature of this provision not directly attributable to the business in force, and the general market practice adopted in reinsurance transactions. In 2022, as a result of discussions with the MEF that followed the transmission of the Report on the capital endowment of SACE, it was noted that the above-mentioned provision of the Liquidity decree could be subject to a broader interpretation. Indeed, this provision could refer to, in a broader sense, to all the Technical provisions, which also include the Equalisation provision. As a result, an in-depth analysis was carried out, first to define, together with the MEF, the interpretation of the provision of the Liquidity decree and, subsequently, to identify, again with the MEF, where necessary, the criteria to calculate the portion of assets to be transferred, if any, including against the Equalisation provision, also taking into account the fact that this provision cannot be analytically attributed to the individual commitments transferred, as its aim is to cover the overall technical balance retained. At December 31, 2022 and still at the approval date of the consolidated financial statements by the Board of Directors, the in-depth analysis of both the interpretation of the above provision of the Liquidity decree and the possible subsequent quantification of the assets to be transferred were still in progress.

The balance sheet also includes the cash and cash equivalents on the current account in the name of SACE and relating to the fund established pursuant to article 1.14 of the Liquidity decree, to cover the State's commitments related to the granting of guarantees under SACE's new business made available in 2020 by the MEF on a central treasury account in the name of SACE S.p.A..

Finally, the new business introduced in 2020 ("Garanzia Italia" scheme, article 35 Trade receivables, Green guarantees) and in 2022 ("Garanzia DL Energia", "Garanzia Supportitalia") is recognised separately as required by applicable

legislation. At December 31, 2022, SACE's financial position and financial performance included the reimbursement of the operating costs incurred during the year, mainly relating to expense for the personnel involved in the new business.

The main financial highlights of 2022 are set forth below. For a better understanding of the financial performance of the year, it is noted that, as a result of the MEF – MAECI Decree governing the reorganisation of the SACE Group, the income statement for the year includes the results of the group companies and those for the first quarter of 2022 of SIMEST. The latter company was transferred to CDP in March 2022 and was 76.005% held by SACE S.p.A. until the date of the reorganisation.

(in € thousands)	Total as of December, 31 2022	Total as of December, 31 2021
GROSS PREMIUMS	528,126	562,576
Change in technical provisions	(589,369)	(39,968)
Outward reinsurance premiums for the year	(310,407)	(382,159)
Change in reinsurers' technical provisions	482,935	73,374
NET PREMIUM INCOME	111,284	213,823
Net claims incurred	(72,053)	(116,904)
Operating expenses	(4,186)	(77,240)
<i>Commissions and other acquisition expenses</i>	(22,070)	(1,023)
<i>Investment management charges</i>	(3,427)	(4,255)
<i>Other administrative expenses</i>	21,310	(71,962)
TECHNICAL OPERATING INCOME	35,045	19,679
NON-TECHNICAL OPERATING INCOME	114,011	140,458
PROFIT BEFORE TAXES	149,057	160,137
Taxes	(59,133)	(43,210)
PROFIT (LOSS) FOR THE YEAR AFTER TAX	89,923	116,927
PROFIT (LOSS) FOR DISCONTINUED OPERATIONS	-	-
NET PROFIT FOR THE YEAR	89,923	116,927
Pertaining to the Group	89,201	115,992
Pertaining to minority interests	722	935

SACE's profit for 2022 amounts to Euro 89.9 million. The items that contributed to the profit for the year may be summarised as follows:

- gross premiums and outward reinsurance premiums (respectively totalling Euro 528.1 million and Euro 310.4 million) are down compared to 2021 (Euro 562.6 million and Euro 382.2 million) due to the greater weight, in 2022 compared to 2021, of the co-insurance scheme with the MEF (in SACE – MEF shares respectively 10-90);
- the change in the provision for unearned premiums (gross and reinsurers' share) reflects the increase in riskiness of the performing portfolio recorded due to the macroeconomic context;
- "net claims incurred", which are negative by Euro 72.1 million (a negative Euro

- 116.9 million in 2021). This item reflects claims paid for Euro 103.8 million (Euro 118 million in 2021), the increase in the provision for claims outstanding for Euro 8.2 million (a positive Euro 24 million at December 31 December, 2022) and the increase in recoveries for Euro 23.5 million (a negative Euro 22.9 million at December 31, 2021);
- operating expenses amounting to Euro 4.2 million; the balance includes Euro 37.4 million for the reinsurers' share of commissions (Euro 49.8 million at December 31, 2021) and the reimbursement of operating costs on fees for completed transactions relating to the new business introduced in 2020 by government decrees for Euro 116.6 million (of which Euro 108.7 million related to fees on coinsurance premiums);
 - the positive balance of the non-technical account amounting to Euro 114 million (positive for Euro 140.5 million in 2021). It includes the positive balance of the financial items for Euro 195.7 million, commission income for Euro 18.6 million and the negative effect of the year-end measurement of foreign currency items for Euro 39.5 million. The financial performance of the companies included in SACE's consolidation scope may be summarised as follows:
 - SACE Fct S.p.A. (wholly owned) recorded a profit for the year of Euro 2.4 million;
 - SACE BT S.p.A.(wholly owned) recorded a profit for the year of Euro 0.7 million;
 - Sace do Brasil Brasil (99.99972% held) incurred a loss of Euro 0.2 million.

4

Insurance Business

4.1 Premiums

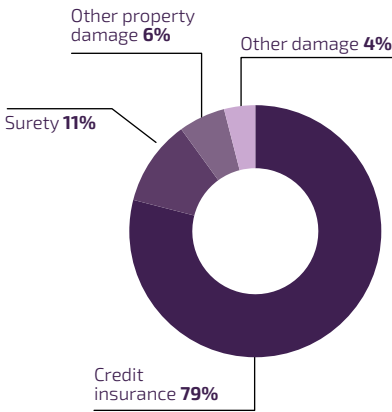
In 2022, gross premiums amounted to euro 528.1 million, of which Euro 506.6 million from direct insurance and Euro 22.5 million from indirect insurance (inwards reinsurance). They are down 6% on the previous year, including as a result of the co-insurance system with the MEF (SACE and MEF 10% and 90%, respectively).

Breakdown of premiums (in € thousands)

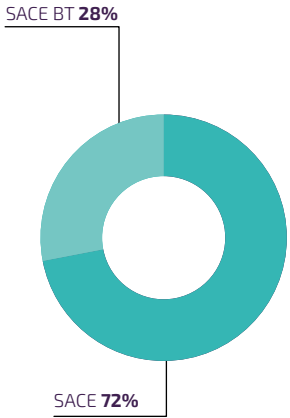
Business	31 December 2022	31 December 2021	Change compared to 2021
NON-LIFE (DIRECT BUSINESS)	505,597	548,311	-8%
- Credit insurance	397,681	454,112	-12%
- Surety	56,714	52,353	8%
- Other property damage	29,452	19,514	51%
- NON-MOTOR TPL	2,164	2,142	1%
- Fire	14,786	16,165	-9%
- Accident	8	9	-5%
- Nautical vehicle corps	4,792	4,016	>100%
TOTAL DIRECT BUSINESS	505,597	548,311	-8%
TOTAL INDIRECT BUSINESS	22,529	14,265	58%
TOTAL	528,126	562,576	-6%

With respect to the impact of individual businesses on gross premiums from direct insurance, 79% relates to credit insurance, 11% to bond insurance, 6% to other damage to goods and 4% to other damage. Of the gross premiums from direct insurance, 72% relates to SACE S.p.A., while the remaining 28% to SACE BT S.p.A..

BREAKDOWN OF PREMIUMS BY BUSINESS (DIRECT BUSINESS)



BREAKDOWN OF PREMIUMS BY GROUP COMPANIES (DIRECT BUSINESS)



4.2 Claims and recoveries

In 2022 SACE S.p. A. paid claims for Euro 210 million, up by approximately 60% on 2021 (Euro 131.1 million). Approximately 94% of the claims paid related to overseas risk, mainly in the following industries: (i) infrastructure and construction; (ii) aviation (most claims relate to previous years) and (iii) defence. The remaining 6% relates to the Italy risk (of which Euro 1.9 million refers to the Garanzia Italia scheme). In 2022, political recoveries amounted to Euro 66 million, up on 2021 (Euro 54 million). Recoveries mainly related to payments under bilateral agreements with Iraq (Euro 41 million), Argentina (Euro 8.9 million), Serbia (Euro 6.2 million), Suriname (Euro 3.8 million) and Pakistan (Euro 2.7 million). In 2022, trade recoveries amounted to Euro 43.5 million, up on 2021 (Euro 30.6 million). They mainly related to recoveries (i) under restructuring agreements entered into with the United Arab Emirates (Dubai - Euro 13.8 million), Egyptian (Euro 8.7 million) and Italian (Euro 2.8 million) counterparties; (ii) agreements for full and final payments with Italian counterparties (Euro 3.3 million) and (iii) the remarketing of aircraft with Panamanian counterparties for Euro 3 million. SACE BT S.p.A.'s claims amount to Euro 41 million (Euro 29.4 million at December 31, 2021). In 2022, collected recoveries amounted to Euro 5.7 million and mainly related to bonds.

5 Risk Management

5.1 Risk Management

Risk management is based on constant improvements to processes, human resources and the technologies used and is part of the decision-making process (risk-adjusted performance). The steps of identifying, measuring and controlling risks are essential factors in joint evaluation of company assets and liabilities using the most effective asset-liability management techniques.



The company implements its risk management in accordance with the fundamental principles of the applicable regulations, although it is not subject to supervisory regulations¹³. Risk management follows a set of procedures based on a three-pillar approach:

- Pillar I introduces a minimum capital requirement for the risks that insurance/financial institutions typically face (technical risk, counterparty risk, market risk and operational risk);
- Pillar II requires SACE S.p.A. and its subsidiaries 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.

To this end, every year SACE defines the Risk Appetite Framework ("RAF") which groups the metrics, processes and systems supporting the correct management of the risk level and type that the company is willing to assume in line with its strategic objectives.

¹³ For SACE FCT S.p.A. Circular no. 288 of April 3, 2015 – "Supervisory instructions for financial intermediaries" issued by the Bank of Italy, for SACE BT S.p.A. and SACE S.p.A. IVASS Regulation no. 38 of July 3, 2018, European Solvency II Directive no. 2009/138.

The most significant risks to which SACE S.p.A. and its subsidiaries are exposed are described below:

- **Technical risk:** which includes the underwriting risk and the credit risk. The first regards the policy portfolio and is the risk of incurring financial losses arising from unfavourable trends in actual compared to expected claims (tariff risk) or differences between the cost of claims and reserved cost (reserve risk); the second relates to the risk of defaulting and credit rating migration of the counterparty. Both risks are managed by adopting prudent pricing, and reserves and provisions, which are defined according to market best practices, and through prudent underwriting policies, monitoring techniques and active portfolio management.
 - **Market risk:** this category includes the risks generated by market operations involving financial instruments. It includes interest rate, currency, credit and equity risks. SACE monitors and manages market risk using asset-liability management techniques and keeps it within previously defined limits by adopting guidelines on asset allocation and quantitative risk measurement models.
 - **Operational risk:** the risk of incurring losses resulting from inadequate or failed internal processes, personnel or systems, or from external events. This definition includes, inter alia, losses resulting from fraud, human errors, business disruption, system unavailability, breach of contract and natural disasters. This risk pertains to exposures that SACE assesses on behalf of the State, with reference both to the export credit business operations and to those relating to the other public guarantees for which, in compliance with the specific applicable legislative provisions, SACE performs risk assessment and management activities. In light of this, the exposures considered in the assessment and measurement of the operational risks increased and the greater differentiation in the types of transactions is due to the various operational areas introduced by the new legal provisions.
 - **Liquidity risk:** the risk of incurring losses resulting from the company's reduced ability to meet financial obligations generated by its core business and financial liabilities. Following the coming into force of Decree law no. 23/2020 which, inter alia, amended SACE's governance and its business (introducing the co-insurance system with the State in 2021), monitoring of this risk is increasingly important. Specifically, while the technical forms of underwriting that enable claim settlement to be spread out over time continue to exist, accurate management and continuous monitoring of this risk component are increasingly important in the current and future contexts. Consequently, the investment policy is closely linked to the specific liquidity requirements of the insurance portfolios. All the securities in the portfolios used to cover technical provisions are traded in regulated markets, many of which can be refinanced with central banks, and the short average life of the investments guarantees their rapid turnover.
- On the other hand, liquidity risk is important for SACE Fct S.p.A. and SIMEST S.p.A.. This is essentially a funding liquidity risk which, more specifically, relates to the difficulties in i) efficiently managing current and future cash outflows, ii) procuring funds on the market without incurring capital losses or funding costs that are excessively high, iii) fulfilling business operating com-

mitments should the loans be terminated. For both companies, a liquidity risk policy has been implemented to ensure a balance between commitments and funding.

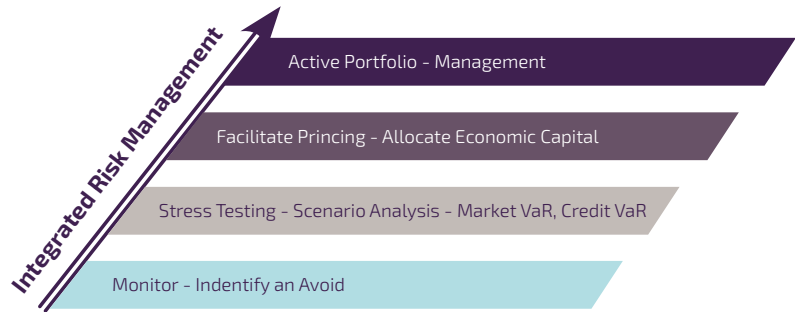
- **Concentration risk:** the risk arising from exposure to counterparties, groups of related counterparties and counterparties in the same business sector or which carry out the same activity or belong to the same geographical area.

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

- **Reputation risk:** the current and forward-looking impact of a decline in profits, sanctions, losses or damage to SACE's institutional role arising from a negative perception of the image of the company by customers, counterparties, shareholders, investors, supervisory authorities or other stakeholders. The prevention and monitoring of events that could pose a risk to its business reputation is a priority for SACE, which has set up a system of internal controls to mitigate this risk and adopted specific measures to prevent the occurrence of such events in its business operations.
- **Risk of belonging to a group:** "contamination" risk", intended as the risk that, as a result of transactions between the company and other group entities or difficulties experienced by one entity within the group may have negative effects on the company; risk of conflict of interest.
- **Risk of non-compliance with regulations:** the risk of incurring legal or administrative fines, suffering losses or damage to reputation as a consequence of violation of compulsory requirements (laws, regulations) or self-regulatory measures (e.g., Articles of Association, codes of conduct). SACE S.p.A. and its subsidiaries have developed a process for managing the risk of non-compliance in order to ensure that internal processes and procedures are consistent with the objective of preventing any infringement of regulations, whether imposed by the authorities or by the companies.

5.2 The role of risk management

The risk management division ensures full coverage of risk control and management within SACE, using an organisational structure which complies with the specific nature and the regulatory provisions of the individual subsidiaries. It also defines the methods and tools to be used to identify, measure and control risks and checks that they are appropriate and adequate to the risk profile, as a whole.



Specifically, the risk management division:

- defines and coordinates risk management activities for SACE, contributing to the defined strategic guidelines, proposing capital optimisation actions and assessing the impact and effectiveness also of risk transfer policies,
- defines guidelines on risk management and transfer, submitting them to the Board of Directors, and takes care, in cooperation with the other functions in charge, of defining and reviewing the company's risk appetite framework, monitoring the correct allocation of economic capital;
- defines, in line with developments in regulations, the market and reference corporate guidelines, the methodologies and tools for the identification, measurement and integrated control of risks, at SACE and other group companies level, continuously verifying the adequacy of the relative procedures;
- defines risk-adjusted pricing policies, ensuring the adequacy of the risk/return profile;
- defines the strategies and policies of the operational risk management and control system;
- ensures the methodological alignment and coordination of risk management in group companies. The structure assists the Risk Management Functions, with a view to shifting their individual operational risk management systems to converging policies, while contributing to a single SACE policy;
- measures exposure to credit and market risk, preparing scenario analyses and stress tests;
- defines operating limits for core and financial operations and monitors compliance therewith;
- develops and implements methodologies, models and integrated risk measurement and control systems, monitoring the correct allocation of economic capital, in compliance with applicable regulations.

SACE's Risk Management Function also guarantees monitoring of operational risks at group level, by implementing and validating specific risk identification and quantification methodologies, with a view to moving their individual risk management systems to converging policies, while contributing to a single policy. The operational risk management and monitoring process is governed by the policy on "Managing operational risks", which describes the methodological framework and the relevant operational tools. The adoption of this framework strengthens risk controls and improves the overall effectiveness and efficiency of processes, reducing the variability of the profits for the year relating to specific risk categories and protecting assets from significant unexpected losses.

The activities and processes carried out in this respect are as follows:

- Risk Self Assessment (RSA), which assesses the company's exposure to operational risks by organisational unit and business process and qualitatively and quantitatively identifies the exposure to operational risks in terms of both frequency and impact. The main risk factors are identified in relation to the business processes and organisational units covered by the assessments;
- Loss Data Collection (LDC): this process constantly collects and manages - in a structured manner and according to severe criteria - internal loss data related to operational risk events that have occurred within the company; it

defines mitigation actions aimed at minimising the risk identified in business processes in order to guarantee increasingly stronger security levels and safeguards and mitigate risk exposure;

- assessment of the operational risk inherent in the launch of new products, promoting the implementation of control frameworks that minimise the residual operational risk.

The cyber risk monitoring and management process is governed by a specific framework that guarantees the identification of the related peculiarities with respect to other types of operational risk, based on performance and risk indicators developed within an Information Security Dashboard used for the annual assessment of the level of exposure and effectiveness of the control and monitoring safeguards implemented for this type of risk. Furthermore, this activity also identifies, where necessary, the need for adjustment and streamlining actions to ensure the strengthening of security levels and mitigate risk exposure.

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

- **Board of Directors:** has ultimate responsibility for the corporate governance system and defines the strategic guidelines, while ensuring its completeness, functionality and effectiveness.
- **Risk and Control Committee¹⁴:** assists the Board of Directors with risk issues and internal controls and provides consulting support and proposals.
- **Management Committee:** examines and evaluates the strategies, objectives and operational planning guidelines and oversees their implementation, assesses the performance of operations and identifies the measures necessary to achieve better profitability results and investigates key issues regarding management and operational guidance.
- **Risk Evaluation Committee¹⁵:** assesses proposed operations delegated by the Board of Directors (risk taking, changes, restructuring agreements, claims, commercial recoveries, agreements for political recoveries) and other relevant transactions, expressing a risk opinion on the transaction, possibly with recommendations and/or requests for further information.
- **Risks Committee:** assists the Risk and Control Committee with the implementation of an effective risk management and control system, while contributing to the definition of strategies and guidelines for risk management and transfer. In line with the guidelines governing the overall risk management, it provides suitable guidelines for improving the overall quality of exposures, proposing actions on the technical and financial portfolios to rebalance risk positions, interventions to optimise capital, reserves and liquidity; it analyses, assesses and expresses opinions on risk methodologies and models (i.e., rating models, risk-adjusted pricing models, etc.); it assesses specific issues in accordance with applicable regulations.

¹⁴ In Sace S.p.A, SACE BT: Risk and internal control committee.

¹⁵ In SACE BT S.p.A.: Commitments Committee. It i. sets the risk ceilings / individual transactions / terms and conditions of policies and changes in accordance with the established limits; ii. approves compensation in accordance with the established limits; in SACE Fct S.p.A.: Credit Committee. It i. approves factoring transactions in accordance with the established limits; ii. assesses the proposed operations delegated by the Board of Directors and, where necessary, those delegated by the DG.

- **Investment Committee**¹⁶: periodically defines company portfolio investment strategies to optimise the risk/yield profile of financial activities and compliance with the guidelines established by the Board of Directors. It monitors the trends and outlook of investment performance, reporting any critical areas to the competent functions. It submits proposals for updating the guidelines on financial activities by the decision-making body.
- **Claims Committee**: analyses the performance of large claims and sets out the operating guidelines for SACE BT S.p.A..

5.3 Reinsurance

Reinsurance is an effective business tool that supports the underwriting policy, optimising the existing exposures and mitigating risks through active portfolio management.

Indeed, the aim of reinsurance is to spread the risk in order to:

- create a more balanced portfolio;
- enhance financial soundness;
- stabilise operating results;
- increase underwriting capacity.

Reinsurance policies are selected with a view to optimising the trade-off between the financial impact of the policy cost and the benefit in terms of risk mitigation, as well as the complexity level of the transaction structure. In this respect, the relevant form of reinsurance is quota share reinsurance which is aimed mainly at enhancing underwriting capacity. This type of policy provides for the proportional transfer of the premium to the reinsurer, equal to the transferred portion of risk, and the retrocession of the ceding commission by the reinsurer. In the case of claims, the reinsurer must settle its share of claim.

Other possible reinsurance solutions may refer to: a) surplus share reinsurance, purchased to increase underwriting capacity towards debtors/countries/sectors; b) non-proportional reinsurance (excess of loss or stop loss), purchased for solutions for capital relief or for stabilising the technical account. They limit the maximum cost of the claim within default amounts.

Furthermore, reinsurance can be either on a compulsory basis, through the automatic transfer of predefined risks, or on an optional basis, covering individual risks or similar subgroups of risks, selected on a case-by-case basis.

The Reinsurance division studies, proposes and implements the most effective reinsurance solutions based on the relevant objectives and manages the related operational processes.

At December 31, 2022, the most significant form of risk transfer for SACE S.p.A. was the reinsurance with the MEF pursuant to the Agreement signed with the latter in 2014, approved by Prime minister decree of November 20, 2014 and registered with the Court of Auditors on December 23, 2014, which regulated the proportional transfer of risks that may result in high levels of concentration for SACE. It was subsequently expended as part of the measures to support exports, internationalisation and business investment under article 2.6 of Law decree no. 23 of April 8, 2000 (the Liquidity decree), converted, with amendments,

¹⁶ Only in SACE S.p.A.

by Law no. 40 of June 5, 2020, which increased the percentage of reinsurance of existing commitments on the date of the decree's entry into force to 90%, excluding any share reinsured by third parties and with some specific limitations for which the risk profile is badly impaired. In addition to state reinsurance, part of the portfolio is reinsured with leading specialised private counterparties, in line with the requirements of the reinsurance strategy. The coverage in place with the private market refers both to treaties for compulsory proportionate cession, signed in 2019 and 2020, and to contracts for optional cession on individual transactions signed by SACE between 2014 and 2020.

At December 31, 2021, the transactions completed totalled Euro 77.4 billion (of which Euro 61.5 billion in SACE financial statements and Euro 15.9 billion co-insured by the MEF pursuant to article 1.b) of the Liquidity decree. With respect to transactions completed worth Euro 61.5 billion, Euro 48.5 billion was ceded in reinsurance (78.8%). Approximately 88.6% thereof is reinsured with the MEF and includes the portion ceded pursuant to the Liquidity decree up to the 90% threshold mentioned above, 10.1% is reinsured with the private reinsurance market, represented by the main counterparties operating at global level and the remaining 1.3% is reinsured with other ECAs pursuant to current bilateral agreements.

With reference to the cessions of the year, against resources mobilised for a total of Euro 12.2 billion, approximately Euro 244.7 million was reinsured, of which (i) Euro 217.9 million ceded to the MEF, (ii) Euro 23.9 million ceded to the reinsurance treaty with the private market, for transactions approved prior to January 1, 2021 and finalised in the current year or for changes in transactions finalised before December 31, 2021 and (iii) Euro 2.8 million ceded in reinsurance to other ECAs.

During the year, under its reinsurance policy, SACE BT confirmed its reinsurance panel, characterized by long-term relationships and financially robust and high standing securities. The reinsurance structure is composed of proportionate and excess of loss treaties according to the characteristics of the various lines of business managed.

SACE BT joined the State Agreement (Surety bond business - "Caro Energia"), in force from May 1, 2022, pursuant to article 8.3 of Law decree no. 21 of March 1, 2022, converted by Law no. 51 of May 20, 2022.

5.4 Loans and receivables and guarantee portfolio

SACE S.p.A.'s total exposure, calculated as the sum of receivables and outstanding guarantees (principal and interest) amounts to Euro 61.9 billion, down by 7.4% on 2021 mainly due to the effect of the guarantee portfolio, which accounts for 99.3% of total exposure. The receivables portfolio decreased by 3.6% on 2021 as a consequence of trade receivables which increased by 6.8% and sovereign credits which fell by 9.2%.

At December 31, 2022 SACE BT S.p.A.'s total exposure amounted to Euro 100 billion, up by +4.7% on 2021.

The outstanding receivables of SACE Fct S.p.A., i.e., the total amount of receivables acquired net of receivables collected and credit notes, amount to Euro 1.97 billion and is decreased compared to previous year end.

Portfolio (in € millions)

	2022	2021	Change compared to 2021
SACE	61,957.9	66,895.8	-7.4%
Outstanding guarantees	61,537.0	66,459.0	-7.4%
- principal	54,978.3	59,422.7	-7.5%
- interest	6,558.7	7,036.3	-6.8%
Receivables	420.9	436.8	-3.6%
SACE BT	100,574.4	96,022.6	4.7%
Short-term receivables	14,307.3	12,175.3	17.5%
Suretyship	7,190.9	6,740.9	6.7%
Other damage to property and Non-life businesses ¹⁷	79,076.2	77,106.4	2.6%
SACE FCT	1,974.8	2,220.8	-11.1%
Outstanding receivables	1,974.8	2,220.8	-11.1%

SACE

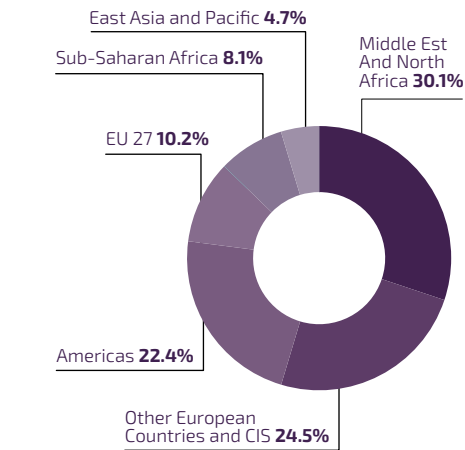
The analysis by geo-economic region shows that the highest exposure was towards the Middle East and North Africa (30.1% compared to 28.8% in 2021), followed by non-EU European countries and CIS (Commonwealth of Independent States) (24.5% compared to 26.2% in 2021). The highest exposure by country is that of the US (18.3%), followed, in terms of regions, by the Americas which account for 22.4% compared to 20.8% in 2021. The other geo-economic regions account for approximately 23% of the portfolio: EU countries decreased by 12.2% (with a portfolio impact down from 11.6% in 2021 to 10.2% in 2022), Sub-Saharan Africa grew by 4.2% (with a portfolio impact up from 7.8% in 2021 to 8.1% in 2022) and, finally, East Asia and Oceania which are substantially unchanged at 4.7% compared to 2021.

The breakdown of the portfolio by currency shows that the US dollar accounts for 41.1% compared to 38.6% in 2021. Both the loan portfolio and the guarantee portfolio in US dollars increased compared to last year, from 41.3% to 43.4% and from 38.6% to 41.0%, respectively. The US dollar appreciated considerably against the Euro from 1.1326 on December 31, 2021 to 1.0666 on December 31, 2022. The currency risk on the receivables and guarantee portfolio is mitigated partly though the natural hedge provided by management of the provision for un-earned premiums, and via the asset-liability management techniques adopted by the group.

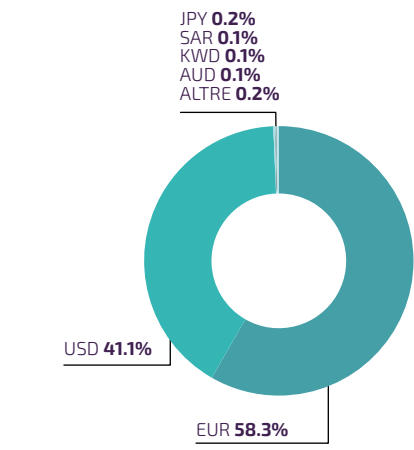
With respect to the level of concentration by segment, the largest five sectors account for 61.7% of the total portfolio. Once again, the cruise line industry shows the highest exposure (37.5%), down by 2.1% on 2021. The Oil and Gas

sectors have the second- and third- highest exposure, with the Gas sector accounting for 9.4% (down by 4.4% on 2021) and the Oil sector down by 6.3% and accounting for 6.2%. The Chemicals and petrochemicals industry ranks fourth, down by 19.1%, followed by the Electricity sector which decreased 8.6%, while the Infrastructure and construction sector fell by 25.7%.

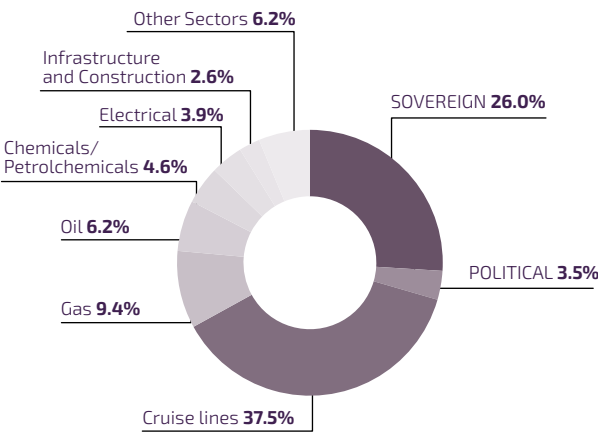
SACE: TOTAL EXPOSURE BY GEO-ECONOMIC REGION



SACE: TOTAL EXPOSURE BY ORIGINAL CURRENCY



SACE: GUARANTEE PORTFOLIO BY INDUSTRIAL SECTOR/TYPE OF RISK



¹⁷ Non-life businesses comprise the Fire and Non-motor TPL classes.

SACE BT

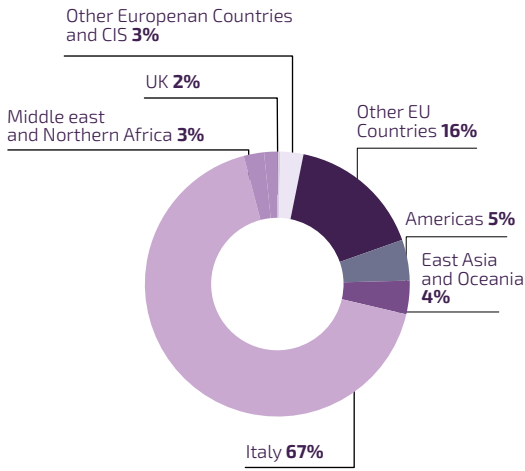
Loans and receivables portfolio

The credit insurance business has 144,369 exposures in place at December 31, 2022 (+4.1% on 2021), for a total of Euro 14.3 billion. Exposure was mainly concentrated in EU countries (83.7%), with Italy alone accounting for 67.2%. Wholesale trade, retail trade and the agri-food sectors are the three main industrial sectors of the portfolio, with exposure of 21.8%, 8.6% and 11.3%, respectively.

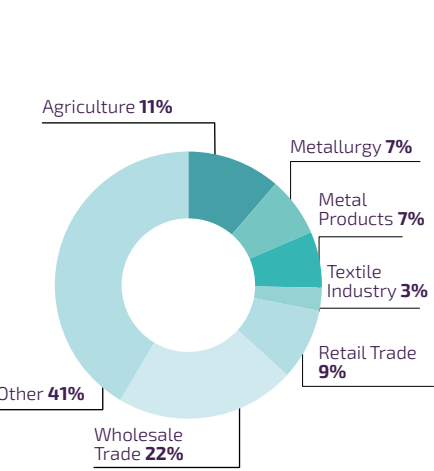
Surety portfolio

The exposure of the Bond portfolio (insured capital) amounts Euro 7.2 billion (+7.5% on 2021). Guarantees related to contracts account for 74.2% of the total exposure, followed by guarantees on tax payments and reimbursements (12.4%). The portfolio comprises approximately 43,029 contracts and is concentrated in Northern Italy (63.6%).

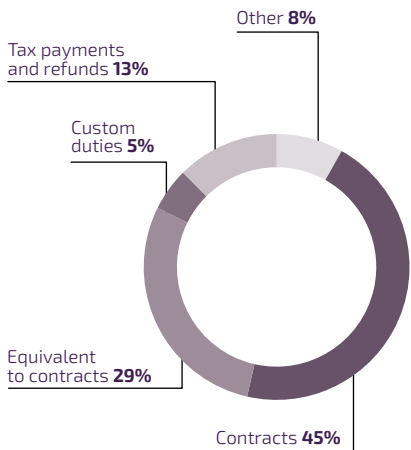
SACE BT: NOMINAL CREDIT EXPOSURE BY GEO-ECONOMIC REGION



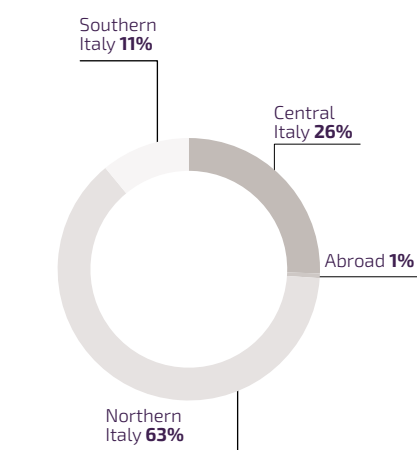
SACE: GUARANTEE PORTFOLIO BY INDUSTRIAL SECTOR/TYPE OF RISK



SACE BT: NOMINAL SURETY BOND EXPOSURE BY TYPE OF POLICY



SACE BT: NOMINAL SURETY BOND EXPOSURE BY GEOGRAPHICAL REGION



SACE Fct

At December 31, 2022, the outstanding receivables of SACE Fct S.p.A. amount to Euro 1,974.8 million, a 11.1% decrease compared with the previous year. In 2022, factoring transactions generated turnover of Euro 5,882 million (up by 5% on 2021). As mentioned earlier, the outstanding receivables mainly related to non-recourse operations, which account for 88.0% of the total portfolio.

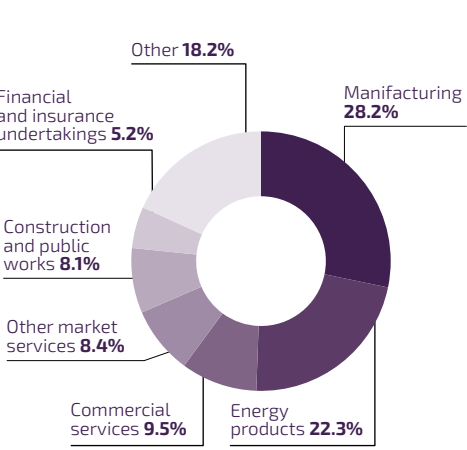
Outstanding receivables by type of transaction (in € millions)

	Amount	%
Without recourse	1,737.4	88.0%
With recourse	237.4	12.0%
TOTAL	1,974.8	100.0%

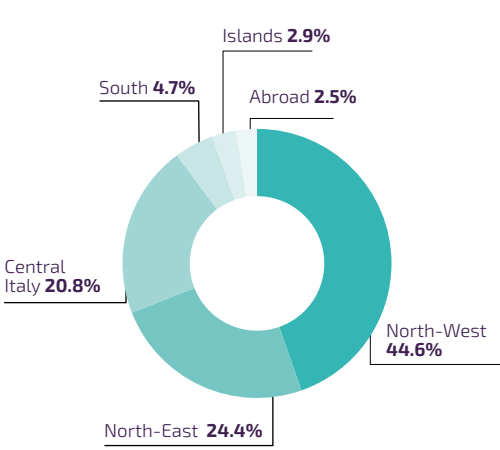
Outstanding receivables are analysed below by assignor, debtor, geographical region and sector.

The breakdown of outstanding receivables by the assignors' sector shows a significant concentration in the manufacturing sector (28.2%), followed by energy products (22.3%) and commercial services (9.5%). Compared to the previous year, the concentration of outstanding receivables in the energy product sector increased (7.8% at December 31, 2021), whereas that of the manufacturing sector decreased (42.6% at December 31, 2021). The geographical breakdown of assignors shows the greatest concentration of those resident in North West Italy (44.6%), despite the decrease on the previous year end (from 64.5%), while assignors resident in Central Italy increased to 20.8% at December 31, 2022, compared to 9.1% at the previous year end.

SACE FCT: OUTSTANDING RECEIVABLES BY ASSIGNORS' SECTOR



SACE FCT: OUTSTANDING RECEIVABLES BY ASSIGNORS' GEOGRAPHICAL REGION

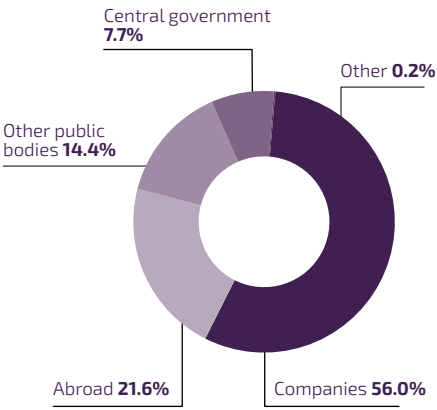


According to the breakdown of outstanding receivables by debtors' sector, the majority of counterparties are in the private sector, which accounts for 77.9% of the total, Public administration debtors account for 22.1%, up from 9.5% at the previous year end.

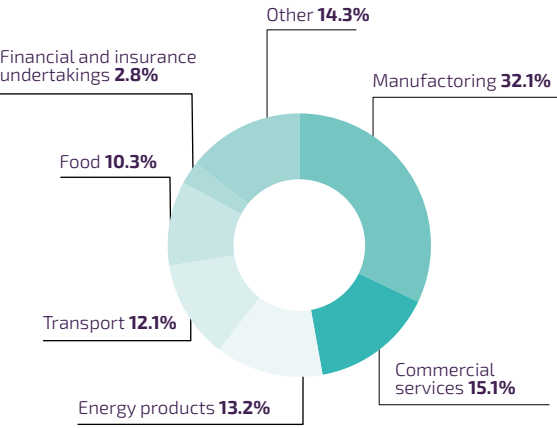
Italian debtors are broken down below by sector, showing the dominance of the manufacturing (32.1%) and commercial services (15.1%) sectors. Compared to the previous year, there was an increase in the concentration of energy products (7.9% at December 31, 2021) and food (6.5% at December 31, 2021), while that of the manufacturing sector decreased (47.4% at December 31, 2021).

The graph below shows the breakdown of outstanding receivables by debtors' geographical region. The greatest concentration refers to debtors resident in North West Italy which account for 29.3% of the total. The concentration of debtors resident in central Italy rose from 8.1% in 2021 to 18.4% in 2022, while that of foreign debtors fell from 36.4% in 2021 to 21.6% in 2022.

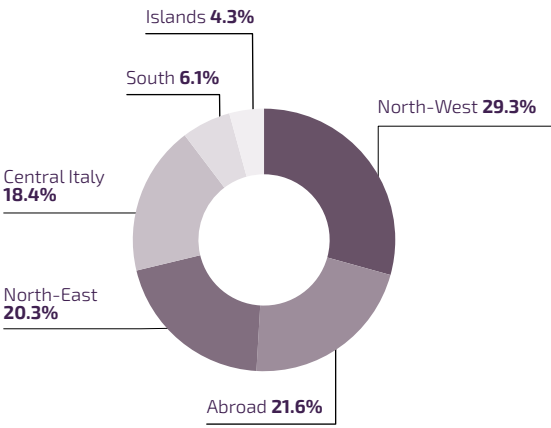
SACE FCT: OUTSTANDING RECEIVABLES BY DEBTORS' SECTOR



SACE FCT: ITALIAN DEBTORS BY SECTOR



SACE FCT: OUTSTANDING RECEIVABLES BY DEBTORS' GEOGRAPHICAL REGION



5.5 Financial portfolio

Financial management aims to achieve two main objectives:

- to preserve the value of company assets: in line with new legislation and the financial context of reference, the company pursues an integrated asset-liability management strategy that includes hedging transactions to offset negative variations in the guarantee and credit portfolio in case of worsening of risk factors;
- to contribute to the achievement of the company's economic goals.

This activity confirmed values in line with the limits defined for each company and each type of investment.

Asset class (in € millions)	Financial assets at FVTPL	Financial assets at FVOCI	Financial assets at amortised cost	Total	%
Bonds	1,665		3,634	5,298	66.1%
UCITS	92			92	1.2%
Shares and equity instruments	33			33	0.4%
Money Market			2,590	2,590	32.3%
TOTAL	1,790		6,233	8,014	100%

The portfolio includes investment in Fondo Sviluppo Export (UCITS) which is consolidated line by line in the balance sheet.

66.1% of the portfolio is comprised of bonds and other debt securities, 32.3% of money market instruments, 1.2% of UCITS mainly made up of bonds and the remaining 0.4% of shares.

Monetary instruments include a funding component granted by SACE S.p.A. to the subsidiary Sace Fct S.p.A. amounting to Euro 831 million at December 31, 2022. During 2021, SACE S.p.A. entered into a loan agreement in favour of Sace Fct S.p.A.. This loan, for which no disbursement has yet been requested and for which a maximum total amount of Euro 825 million is envisaged, may be granted in a single or in several instalments and will have a maximum duration of 36 months from the date the agreement is signed (July 30, 2021).

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

Breakdown of securities portfolio by rating

Rating classes	%
AAA	0.35%
AA	0.97%
A	0.15%
BBB	90.44%
BB	0.22%
Other	7.87%
TOTAL	100%

5.6 Analysis of the impacts of Covid-19

The Covid-19 pandemic which began in March 2020 had a considerable impact on SACE in 2020 due to the downgrading of the counterparties' credit ratings by rating agencies and moratoria on guaranteed loan payments. Counterparties operating in sectors in which SACE's guarantee portfolio has the greatest exposures, such as the cruise ship and the aviation industries, have been particularly badly affected. More specifically, these factors have resulted in an increase in credit risk, measured using the expected loss model, with a consequent impact on best estimates and the impairment of loans, deposits and securities.

In 2022, the severe geo-political tensions between Russia and Ukraine, which escalated into war, sharply worsened the global economic and financial environment.

The main impacts of the Covid-19 pandemic and the context worsened by the ongoing geo-political and energy crises, are summarised below.

Impairment (in € thousands)	Post Covid-19 impact e geo-political crisis	Pre Covid-19 impact	Covid-19 impact
Held to Maturity (HTM)	12,434	3,431	9,003
Cash and cash equivalents	119	228	108
Sovereign credit	9,457	7,056	2,401
TOTAL	22,010	10,715	11,512

(in € thousands)	Expected loss
31.12.2019	2,920
31.12.2020	4,045
31.12.2021	4,115
31.12.2022	4,614
Change (2022 vs 2019)	1,694
Of which Covid19 effect	1,134

The gross expected loss due to the effects of the Russian-Ukrainian crisis is approximately Euro 875 million and relates to Russian exposures.

The impact of Covid-19 and the geopolitical crisis on financial instruments measured at fair value is not significant, both due to the short-term maturities of these instruments and as a result of the measures adopted by the Central Banks. The change in the fair value of items existing prior to the pandemic crisis is negligible. On the other hand, with respect to new purchases, the volatility of market factors led to benefits in terms of profitability of the new portfolio.

With respect to the liquidity risk, the pandemic crisis has not and is not expected to cause structural tensions given the high degree of liquidity of the financial portfolio, whose bond component is mainly eligible for repurchase agreements.

5.7 Climate risk analysis

In accordance with the OECD Recommendation "*Common approaches for officially supported export credits and environmental and social due diligence*", SACE carries out an environmental and social assessment of all export transactions within its scope to ensure compliance with the World Bank Group's international standards applicable to each transaction. The World Bank standards require a process to identify potential risks and impacts, including those associated with climate change and adaptation (art. 7, IFC PS1); the level of analysis depends on the vulnerability of the operation to climate change, based on the type of infrastructure and the geographical location of the project (Guidance Note 32-35 to IFC PS1).

The company is also conducting a preliminary assessment aimed first at defining the scope of exposure to this type of risk and subsequently at assessing risk levels, using appropriately calibrated judgements obtained from an external info provider, with the aim of developing an internal model for the impact on default probabilities and losses in case of climate risk events. Specifically, SACE has identified two categories of impact risk: physical risk and transition risk. In defining the scope of the exposure to physical risk, which identifies the financial risks linked to climate change, including more frequent extreme weather events

and gradual changes in the climate, as well as environmental degradation, i.e. air, water and soil pollution, water stress, loss of biodiversity and deforestation”, the geographical location and type of exposure (project finance, corporate, sovereign exposures) were taken into account. On the other hand, transition risk identifies “the financial loss that an organisation may incur, directly or indirectly, as a result of the adjustment process towards a low-carbon and more environmentally sustainable economy”. The exposure to this risk depends on the business sector, the regulatory framework of the relevant country and the size of the counterparty. After identifying the risk drivers, the portfolio was broken down into the following sub-categories:

- Asset-based corporate exposures (57% of the portfolio) where the risk exposure is influenced by the underlying project (project finance, corporate with collateral, etc.).
- Exposure to Corporate (15% of the analysed portfolio): in this case the risk is determined by the location of the relevant assets of the counterparties at risk.
- Exposure to sovereign counterparties (29% of the portfolio) where the risk depends on the economic-financial impact of climate risk events on central counterparties.

At present, the company is analysing the identified portfolios in order to allocate a risk score, for each area, on a quantitative-qualitative scale, to the exposures in the portfolio and subsequently define a quantitative model to link climate change events to the credit risk of the counterparties in the portfolio.

6 Human Resources

At December 31, 2022, there were 944 employees on the payroll, down 11% compared to the previous year (1066 at December 31, 2021). The decrease is due to the fact that SIMEST is no longer included in the consolidation scope. During the year, 134 resources were hired and 77 left the company.

Breakdown of staff by grade

	SACE	SACE BT	SACE SRV	SACE	SACE do Brasil	TOTAL	Breakdown
Executives	43	10	1	8	0	62	7%
Officials	324	72	7	42	1	446	47%
Office workers	279	90	35	32	0	436	46%
TOTAL	646	172	43	82	1	944	100%

Distribution of staff by age group

Breakdown	
Under 29	15%
Between 30 and 39	29%
Between 40 and 49	33%
Over 50	23%

Distribution of staff by qualification

Breakdown	
Degree	87%
Secondary school certificate/ other	13%

During 2022, training activities aimed at strengthening specialised technical, business and soft skills continued. Synchronous and asynchronous training courses were delivered to consolidate and acquire comprehensive knowledge and skills.

Everyone at the company underwent an assessment of their performance. These assessments considered hard and soft skills and each employee's specific activities and objectives. They resulted in structured individual feedback

and a shared training plan for personal development. This process was supported by two training courses ("Mid Year Review" and "Evaluation and Feedback") which provide managers with the tools necessary to make Performance more constructive and objective and strengthen the feedback culture.

In the second half of 2022, a cultural change project was launched, which included:

- the development of a Vision, a Mission, a Purpose and Values shared by all the company people led by the leadership team, through discussions, work group, surveys and qualitative analyses;
- the identification of the behaviours and mindset related to Values that enable them to be practicable and usable in everyday life, in addition to setting up a new and evolved leadership model.

The e-learning portal on Team System HR was integrated with 22 technical/business training pills. The new content focuses on risk assessment methodologies, the group's insurance-financial products and risk management. The project was developed in collaboration with the owners of each product so that each piece of content is up-to-date and easily available to colleagues.

The Early Career Program (ECP) continued in 2022. This is a program for young people based on the principles of equity, competitiveness and performance which saw the implementation of training courses on soft and hard skills; project work on strategic-business topics; potential assessments and mentoring.

In confirming the central role of health as a primary and essential value for each employee, a new check-up plan was launched for all permanent employees of the SACE Group. The plan's multiple analyses, checks and specialist visits are aimed at the primary and secondary prevention of all factors that may lead to the onset or deterioration of specific diseases.

During 2022, seasonal flu prevention campaigns were organised by administering vaccines. Furthermore, an internal protocol is in place for the ongoing communication of regulatory and health updates to all group employees.

A totally free and anonymous psychological listening and support service is available to all colleagues, at any time of the day, to enable them to discuss issues that may generate concern and anxiety. The service, provided in collaboration with Stimulus Italia, can be used both in-person (five free meetings) and by phone, chat, video-call or message. Finally, a legal, tax and social-welfare consultancy service is available through the same platform.

Diversity and Inclusion (D&I) activities continued, using both a specific and cross-section approach, with a focus on: gender, parenthood, sexual orientation and gender identity, age difference and disability. The main goal was to raise awareness, inform and involve the company on D&I issues, with a series of seminars and workshops open to all employees, organised in partnership with external professionals or non-profit associations operating in the sector. SACE supported, in particular, associations that focus on gender equality. Specifically, a training project on grassroots entrepreneurship was implemented in collaboration with "D.i.Re - Donne in Rete contro la Violenza", managed by some SACE female colleagues and targeting the operators of anti-violence centres. The company also promoted membership of more than 40 young female colleagues

in the Young Women Network association in order to foster their empowerment and strengthen their professional network. It also confirmed the partnership with "Valore D" and "Maschile Plurale" to promote awareness-raising and training activities on gender equality, language and gender identity. With respect to LGBT+ inclusion, SACE supported "Parks" and "Rete Lenford", offering its employees training sessions on allyship practices in the workplace, coming out and identification of discriminatory practices. In 2022, training activities on D&I issues were also extended outside the company by providing a specific training module for SMEs, as part of the "PNRR Workshops" project, dealing with gender certification, generational confrontation and inclusion of people with disabilities.

With respect to *Employer Branding* activities, the 2022 strategy was aimed at strengthening the relations with universities on a long-term basis by developing "SACE on Campus", a structured program of seminars on SACE organised by Business colleagues which targets students on master's degree courses in the economic-financial sector. Furthermore, it included collaboration on university initiatives which analyse business cases; in-person participation in Career and Recruiting Days; structuring a multi-channel external communication plan of People and HR content in collaboration with the Communication department to promote external initiatives dedicated to people's wellbeing and engagement, with a view to talent attraction.

In 2022, the digital experience was further improved by enriching the portal with a new "History" section in which each employee can view the history of their Total Reward Statement (TRS) over the last few years and the trend over time of the various remuneration components using special graphs. The TRS is a customised document which gives each employee a clear and comprehensive view of their remuneration package, including all fixed and variable elements, benefits and services offered by the company.

In 2022, the flexible benefits plan, launched in 2019, was again made available to employees as a tool for increasing purchasing power through the conversion of performance bonuses. In 2022, more employees opted to participate in the plan compared to the previous three-year period, where figures were already above the industry and market average. Indeed, thanks also to the end of the restrictions related to the Covid-19 pandemic, in 2022, the participation rate was close to 40% at group level, confirming widespread use and appreciation of this initiative.

The flexible benefits plan was also used to implement an initiative launched by the SACE Group which, based on the benefits provided by the tax regulations for 2022, allowed each permanent employee to obtain a contribution, up to Euro 200, as a reimbursement of expenses incurred for domestic utilities, integrated water service, electricity and natural gas, in the name of the employee or a family member.

7 Litigation

At December 31, 2021, SACE was defendant in 15 lawsuits for a contested amount of around Euro 43.1 million, and plaintiff in 5 cases for a total of approximately Euro 179 million, including two international recoveries (totalling approximately Euro 46 million).

SACE was a plaintiff in a further 37 proceedings which included oppositions to the statement of liabilities and summary proceedings pursuant to article 702-bis of the Italian code of civil procedure to obtain recognition of its privilege pursuant to Legislative decree no. 123/1998 to payment before other creditors in insolvency proceedings, for claims paid (or being paid) against guarantees to support the internationalisation of businesses.

SACE BT was involved in 126 lawsuits as defendant for a contested amount of approximately Euro 50.9 million, and was plaintiff in 4 lawsuits for approximately Euro 0.4 million. The company was also involved in three labour disputes.

SACE FCT was defendant in 5 lawsuits for an overall contested amount of Euro 27.8 million, and plaintiff in 30 lawsuits for a total of approximately Euro 44.1 million.

8 Distribution network and marketing activity

During 2022, SACE remained a key player in Italy's economic development. In addition to its traditional role as Export Credit Agency, supporting exports and internationalisation, in line with 2021, SACE assisted Italian businesses in their local operations with tools that strengthen their liquidity and competitiveness and supported the Green New Deal by issuing guarantees aimed at ecological and digital transition projects. During the year, measures to facilitate access to credit were strengthened in order to meet the liquidity needs generated by the negative economic impact of the serious international crisis in Ukraine and the consequent increase in fuel and energy costs.

The group's service model, which monitors customer businesses by region and size and relies on the development of relations with major international buyers through offices located in Italy and abroad, has evolved to increase the support provided to SMEs. The commercial network adopted a new widespread approach of intermediaries and third-party, private and institutional networks which focus, in particular, on the distribution of products and services with a digital vocation. The customers identified through indirect channels were managed by means of an ad hoc commercial strategy aimed at retention and loyalty. Sales initiatives to promote the group's products involved approximately 56,000 leads, customer prospects and customers. Existing partnership agreements with banks, universities, consulting firms and e-commerce platforms were maintained or renewed.

In addition to the direct promotion of products, the Business Promotion and Business Matching Program aimed at developing the Italian supply chain was strengthened, involving approximately 20 foreign buyers and almost 1,000 Italian businesses.

During the year, SACE also activated a model for listening to prospects, customers, intermediaries and employees, from a customer-centric perspective, in order to develop products and services which meet customers' real needs and guarantee a consistent, constant and customised value experience. To this end, more than 800 interviews were conducted with the group's main stakeholders (companies, brokers, agents and banks), aimed at understanding their needs, assessing their customer journeys experience and measuring their value drivers. Furthermore, a Co-design program was launched to define and structure new tools (services and products) directly with customers.

The Education to Export (E2E) program joined SACE Education training hub which provides free training programs that assist Italian businesses in terms of infrastructure, green issues and digitalisation, in addition to export and internationalisation aspects. In 2022, the program involved approximately 16,000 users, more than three times than in 2021.

9 Corporate Governance

The management of SACE is based on principles of compliance and transparency and the adoption of a framework of prevention and control that is described below. The most recent version of the Organisation, management and control model ("Model") was approved on 28 May 2020 by SACE's Board of Directors pursuant to and for the effects specified by Legislative decree no. 231/01 (the "Decree"). The Model is regularly updated on the basis of audits which include the definition of a risk map and analysis of internal controls. The Model includes:

- a general part that illustrates the principles of the Decree, the analysis of the System of Internal Controls, the Supervisory Body, the disciplinary system, staff training and dissemination of the Model both within and outside the company;
- a special part that identifies the areas of specific interest in relation to the business activities undertaken, for which a potential risk of committing a crime is theoretically possible. This part includes references to the System of Internal Controls with regard to the prevention of crimes.

The function of monitoring the suitability and application of the Model has been assigned to the Supervisory Body, a collective body appointed by the Board of Directors. It has three members, who must meet the following criteria: have proven experience, have in-depth knowledge of the company and its operations and be skilled in their respective professional fields. At the time of appointing the Supervisory Body, the Board also appoints one member as the Chair.

The Supervisory Body provides an annual report to the Board of Directors and the Board of Statutory Auditors. The Supervisory Body also meets the Supervisory Bodies of the other SACE group companies at least once a year. This meeting is an opportunity to jointly examine issues concerning the activities of said Bodies, to discuss the work undertaken during the previous year and that planned for the coming year and to agree upon any joint action to be taken within the scope of their activities.

9.1 Code of Conduct

The Code of Conduct sets out the principles and rules of conduct with which SACE and its subsidiaries are expected to comply in their relations with stakeholders. Compliance by all addressees is fundamental for the good operation, reliability and reputation of SACE and its group companies. It is separate from the Model, however the two are related in that they are both an integral part of the prevention system that has been adopted. The Code recognises the legal relevance and mandatory effect of the principles and values that the addressees must comply with.

It applies to:

- members of statutory bodies
- employees
- collaborators
- consultants
- partners
- suppliers
- counterparties of business activities.

To make all internal and external stakeholders aware of the Code, it is published on each company's internet and Intranet site and is largely disseminated to all employees through specific communications and training. The Code of Conduct has been drawn up to clearly define the set of values that SACE recognises, accepts and shares and the set of responsibilities it assumes vis-à-vis parties within and outside the company. SACE Group's Code of Conduct was drawn up in 2021.

9.2 Internal control and risk management system

The internal control and risk management system is built around a set of rules, processes, procedures, functions, organisational structures and resources aimed at ensuring the correct functioning and good performance of the company and achievement of the following objectives: implementation of company strategies and policies; adequate control of current and future risks and containment of risk within the limits indicated in the reference framework for determining the company's risk appetite; the effectiveness and efficiency of company processes; the timeliness of company reporting systems; the reliability and integrity of company, accounting and management information and security of IT data and procedures; the safeguarding of assets, their value and protection from losses, including over the medium and long term; the compliance of transactions with the law and supervisory regulations, as well as internal regulations, policies and procedures.

All levels have specific responsibilities within the internal control and risk management system. In detail:

- Ultimate responsibility for the system lies with the Board of Directors, which must ensure its completeness, functionality and efficacy at all times. The Board of Directors approves the company's organisational structure and the assignment of duties and responsibilities to the various operational units and is responsible for ensuring their continued adequacy. It also has responsibility for ensuring the adequacy of the risk management system to identify, evaluate and control risks, including future risks, when implementing the company's business strategies and policies and in view of the evolution of internal and external factors, in order to guarantee the safeguarding of the company's assets, including in the medium and long term. Lastly, it promotes a high level of business integrity, ethical conduct and a culture of internal control in order to raise awareness among everyone at the company about the importance and usefulness of such controls.

- Senior management is responsible for the application, maintenance and monitoring of the internal control and risk management system and for defining its organisational structure, functions and responsibilities.
- The Board of Statutory Auditors must evaluate the efficacy and efficiency of internal controls, especially as regards the actions of the Internal Audit function by checking that it complies with the requirements of autonomy, independence and functionality. It must also inform the Board of Directors of any irregularities or weaknesses in the internal control system, suggest appropriate corrective measures and see that these are implemented.

The system of internal controls and risk management is organised on three levels:

- first level controls. the operational units and heads of each unit identify, assess, monitor, mitigate and report the risks associated with the company's ordinary business activities, in accordance with the risk management process. They must see that operations are carried out properly and that established limits are respected in line with the risk objectives and the procedures of the risk management process;
- second level controls. the Risk management function is responsible for ensuring (i) correct implementation of the risk management process and (ii) that the various functions respect the established operating limits. The Compliance and Anti-money laundering function uses a risk-based approach to manage the risk of non-compliance with regulations, the money laundering and terrorism financing risk, as well as the reputational risk connected with business transactions;
- third level controls. the Internal Audit function is responsible for monitoring and periodically assessing the efficacy and efficiency of the risk management, control and governance system, in relation to the type and importance of the risk.

In addition to the Supervisory Board, SACE also appointed a manager in charge of financial reporting who checks the adequacy and application of the administrative and accounting procedures necessary to prepare separate and consolidated financial statements. SACE defined and implemented the coordination approach between the above parties in order to maximise the efficiency of internal controls and the risk management system, while avoiding unnecessary duplication of activities.

The relevant paragraph also includes information relating to the "Report on corporate governance and ownership structures" pursuant to article 123-bis of Legislative decree no. 58/1998 (Consolidated Finance Law). As allowed by this article for companies whose shares are not traded on regulated markets, the company opted not to disclose the information referred to in article 123-bis, paragraphs 1 and 2. Accordingly, it only provides the information referred to in paragraph 2, point b).

9.3 Internal Auditing

The Internal Auditing function performs independent and impartial assurance and consultancy activities on behalf of SACE and its subsidiaries, aimed at improving the efficacy and efficiency of the organisation. It helps the company to

pursue its objectives by adopting a systematic approach that generates added value by evaluating and improving the governance, risk management and control processes and identifying sources of inefficiency in order to enhance corporate performance. The policy regulating Internal audit activities is approved by the Board of Directors and formalises the objectives, powers, responsibilities and lines of reporting to top management regarding the results of the work carried out and the annual plan. The plan is approved by the Board of Directors and establishes the audit work priorities, identified on the basis of the company's strategic objectives and the assessment of current and future risks in view of trends in operating performance. The annual plan may also be reviewed and amended in response to significant changes that affect the company's business, plans, systems, activities, risks or controls. Furthermore, where necessary, the Internal audit function performs controls not envisaged by the plan. It also monitors internal controls at all levels and works to promote a culture of control endorsed by the Board of Directors. It carries out its activities in compliance with the regulatory framework, international standards for the professional practice of internal auditing and the Code of Ethics of the Institute of Internal Auditors (IIA).

9.4 Manager responsible for preparing the Company's financial reports and financial information process

The provisions of article 13 of the Corporate Bylaws of SACE S.p.A., establishing the professional requirements and procedures for appointing and dismissing the manager in charge of financial reporting, are provided below.

Article 13 of SACE S.p.A.'s Corporate Bylaws (paragraphs 10.1 - 10.8)

10.1. The Board of Directors may, with the compulsory consent of the Board of Auditors, appoint a manager responsible for preparing the corporate accounting documents, of which in art. 154-bis of the Consolidation Act for dispositions on financial matters (Legislative decree 58 dated 1998 and subsequent amendments), for a period of not less than the term of office of the Board and not more than six business years.

10.2. The manager responsible for preparing the corporate accounting documents must be in possession of the same probity requirements as the directors.

10.3. The manager responsible for preparing the corporate accounting documents must be chosen on the basis of criteria of professionalism and skills from among the directors who have acquired an overall experience of at least three years in the management of businesses or consultancy firms or professional firms.

10.4. The Board of Directors may dismiss the manager responsible for preparing the corporate accounting documents only for legitimate reasons and with the consent of the Board of Auditors.

10.5. The manager responsible for preparing the corporate accounting documents shall withdraw from office in the absence of the requirements necessary

for taking office. Withdrawal will be declared by the Board of Directors within thirty days of becoming aware of the absence of requirements.

10.6. The manager responsible for preparing the corporate accounting documents will set adequate accounting and administrative procedures for drawing up the financial statements and the consolidated financial statements, if provided.

10.7. The Board of Directors will ensure that the manager responsible for preparing the corporate accounting documents is conferred with adequate powers and means for exercising the duties conferred and ensure the effective respect of the management and accounting procedures.

10.8. The Chief Executive Officer and the manager responsible for preparing the corporate accounting documents will certify the effective application of the procedures of which in paragraph 6 during the course of the business year to which the documents refer, in a suitable report attached to the business year financial statements and consolidated financial statements, if provided, and certify their correspondence to the findings in the accounts books and documents and their suitability in terms of providing a truthful and correct representation of the equity, economic and financial situation of the company and the group of companies in the scope of consolidation, in the case of the consolidated financial statements being provided.

9.5 Other information

For information about the "Non-financial statement" pursuant to Legislative decree no. 254 of 30 December 2016, reference should be made to the separate document which is currently being approved by the Board of Directors and which is published together with these financial statements.

10 Shareholding structure and share capital

SACE S.p.A.'s share capital amounts to Euro 3,730.3 million. At December 31, 2022 SACE S.p.A. had no treasury shares or shares of the sole shareholder nor did its subsidiaries hold any shares in the parent either directly or through trustees or nominees.

11 Business outlook for 2023

According to the consensus, the global economic outlook for this year is still deteriorating. This is mainly due to the possible effects of less favourable global financial conditions, in a fiscal policy framework characterized by gradually shrinking room for manoeuvre. In addition, the progressive erosion of household purchasing power and the expected slowdown in industrial production should be considered.¹⁸ In a baseline scenario, namely with a higher likely of occurrence, the growth rate of global GDP in 2023 is expected to drop to +1.3% according to Oxford Economics¹⁹, more than two percentage points lower than the pre-war projections. This forecast is, moreover, more than half what was projected until a few months ago, reflecting the deterioration of the risk situation observed since the second half of last year. If this forecast is confirmed, in 2023, global GDP would record the slowest growth rate in recent history, after the contractions recorded during the Global Financial Crisis and the pandemic.

Volumes of international trade of goods and services will suffer the most. The former, which are now expected to decline slightly to -0.7% (in line with indications from the foreign new orders of the global manufacturing Purchasing Managers' Index), will be weighed down by weak demand, as well as a physiological slowdown after the very positive performance of the past two years, and the shift in consumer preferences towards services. The latter, whose growth has been revised downwards to around +6%, will continue to benefit from the lively recovery of tourist flows and activities related to travel (especially long-distance) and the hospitality channel.

In this scenario of the weak economic cycle, global inflation is estimated to drop to around 5%. Consumer price pressures are, in fact, expected to reduce, partly held back by a lesser push in demand and at the same time by the normalisation of the raw materials markets (although the prices are still well above the pre-pandemic period and are volatile). There are, however, some signs of persistence in the core inflation rate, namely the rate excluding more volatile components such as energy and food, reflecting the delayed indirect effects of the high prices of oil and natural gas and the appreciation of the dollar²⁰ seen over the last year, as well as the increase in nominal salaries in solid labour markets.

At geographical level, for the advanced economies, economic growth will be largely nil, mainly attributable to the stagnation of the United States and the Eurozone and the slight decline in the United Kingdom. The sudden paradigm shift in monetary policy, aimed at resolutely combating price pressures by keeping

¹⁸ According to the results of the surveys conducted among business purchasing managers, the global manufacturing Purchasing Managers' Index continues to mark a general moderation of economy activity and since last September has remained just below the expansion threshold, suggesting a slight contraction of global industrial production in the short-term, attributable mainly to the drop in new orders.

¹⁹ Far more pessimistic than the IMF which, instead, indicates +2.9% in its recent World Economic Outlook Update of January 2023.

²⁰ During 2022, the nominal effective exchange rate of the dollar, calculated against a large basket of foreign currencies, appreciated on average by 6.8% on a year-on-year basis. An increase in this rate is reflected in higher imported inflation, at global level, by way of the purchase of dollar-denominated foreign commodities and services.

inflation expectations anchored to the cost of lower demand (particularly lower investments) is the main factor behind the economic weakness expected for these countries. The expected trend for emerging economies (+2.9%) will be affected by the slowdown of the advanced economies through the decline in imports and the more restrictive global financial conditions; in addition to these factors, there are also more specific domestic risks - albeit influenced by the international context - such as food security (one of the main challenges for some developing countries), the energy crisis and the geopolitical tensions in some regions (primarily the uncertainty of the evolution of the Russia-Ukraine conflict, etc.). Last but not least, the prospects for the Chinese economy will play a crucial role: although China's GDP is expected to accelerate, it cannot be excluded that the anti-Covid strategy may continue to encumber its activity. In particular, at the end of last year, the Beijing Government decided to abandon the zero tolerance policy, despite the critical epidemiological situation at that time; this means that, on one side, the reopening will encourage economic recovery during 2023, while, on the other, the resurgence of infections could trigger further slowdowns in logistics and in transport due to the reduced personnel, thus generating a downside risk in the short-term, above all for Asian countries and, more generally, for international supply chains; the potential effects of greater Chinese demand for energy goods on global inflation (through an increase in prices, particularly of oil) and on supplies (particularly of gas) should also not be overlooked.

The same flat trend is expected in 2023 also for the Italian economy according to Oxford Economics, which is more pessimistic than the recent forecasts of the IMF and the Bank of Italy (which are instead more in line with the estimate of the +0.4% variation circulated by ISTAT) and the European Commission (which instead assumes a +0.8% increase). In any case, a marked slowdown in economic activity is expected, in line with the deterioration of the international context. The worsening outlook mainly reflects that of household consumption (following the negative effects caused by the loss of purchasing power) and business investments (held back by the uncertainty of the macroeconomic context, the pressures on production costs and the higher financing costs associated with the rise in interest rates). Exports, usually the main growth driver of the Italian economy, are expected to be strongly impacted by the slowdown in international trade, especially in goods. Similarly, inflationary pressures are expected to slow down to +5.2% (+2.8%, net of energy). With respect to the short-term outlook for industrial production, the manufacturing PMI index in January returned to slight growth, to 50.3 points (after six consecutive months of results below the neutral threshold of 50), indicating a plausible stabilisation, also in line with the slight improvement in confidence noted in the same period for sector companies. On the other hand, production in the construction sector is expected to suffer a setback in the next few months, as shown by the sector's PMI indicator for January which, once again, indicates a drop in new orders, in turn linked to a weakness in demand from customers. In addition to this, the disruptions caused by the continuing shortage of material at suppliers have an effect on the distribution chain. In a scenario of macroeconomic weakening, the hike in interest rates will generate restrictive effects. At the same time, the growth of

bank loans is expected to slow down, potentially affecting the repayment capacity of businesses. In line with Bank of Italy scenarios which point to a gradual increase in the rate of credit deterioration in 2023, insolvencies are expected to grow over the next year. With an expected increase averaging around 30%, the bankruptcies of Italian businesses will exceed 10,000 for the first time in the past three years, approaching - albeit slowly - the level deemed "physiological" in 2019 (around 11,000). A negligible part of this expected increase reflects, inter alia, the insolvencies of those businesses that would have gone bankrupt anyway, but that were "kept alive" by the support measures available. Excluding this consideration, the growth of bankruptcies in 2023 would still be relatively small compared to past experience.

The risks to the global macroeconomic outlook remain tilted to the downside. The evolution of the conflict between Russia and Ukraine continues to be one of the negative factors that could accentuate the slowdown of global economic activity. However, an alternative improved scenario cannot be excluded, based on more favourable assumptions with respect to global supply condition, with its normalisation - already underway - occurring at a faster pace than expected. This would significantly ease inflationary pressures to the extent attributable to the disruptions affecting international supply chains, with benefits for business and household confidence. In this scenario, global GDP growth would be revised upwards by 0.9 percentage points, driven by a rebound in consumption and a positive trend in international trade in goods.

Rome, March 30, 2023

On behalf of the Board of Directors
Chief Executive Officer
Alessandra Ricci



Consolidated Financial Statements

Consolidated Financial Statements

Consolidated Financial Statements Assets

(in € thousands)	Total 31-12-2022	Total 31-12-2021
1. INTANGIBLE ASSETS	11,433	10,123
1.1 Goodwill	101	92
1.2 Other intangible assets	11,332	10,031
2. TANGIBLE ASSETS	59,677	67,313
2.1 Property	54,871	62,521
2.2 Other tangible assets	4,806	4,791
3. REINSURERS' SHARE OF TECHNICAL PROVISIONS	4,227,775	3,730,155
4. INVESTMENTS	8,408,638	4,928,979
4.1 Investment property	12,289	12,275
4.2 Investments in subsidiaries, associates companies and joint ventures	11,193	10,180
4.3 Financial assets at amortised cost	6,494,401	4,440,692
4.4 Financial assets at fair value through other comprehensive income	-	-
4.5 Financial assets at fair value through profit or loss	1,890,755	465,832
4.5.1 Financial assets held for trading	1,836,253	405,154
4.5.2 Financial assets designated as at fair value	-	-
4.5.3 Other financial assets for which fair value measurement is mandatory	54,502	60,678
5. SUNDRY RECEIVABLES	928,412	866,286
5.1 Receivables arising out of direct insurance business	578,556	591,483
5.2 Receivables arising out of reinsurance business	156,758	66,760
5.3 Other receivables	193,098	208,043
6. OTHER ASSETS	364,479	726,433
6.1 Non-current assets or of a disposal group classified as held for sale	-	542,623
6.2 Deferred acquisition costs	-	-
6.3 Deferred tax assets	209,657	138,971
6.4 Current tax assets	42,599	5,677
6.5 Other assets	112,223	39,162
7. CASH AND CASH EQUIVALENTS	32,178,956	37,315,344
TOTAL ASSETS	46,179,370	47,644,632

Consolidated Financial Statements Equity and liabilities

(in € thousands)	Total 31-12-2022	Total 31-12-2021
1. SHAREHOLDERS' EQUITY	5,570,345	5,643,271
1.1 Group interest	5,570,345	5,569,121
1.1.1 Share capital	3,730,324	3,730,324
1.1.2 Other equity instruments	-	-
1.1.3 Capital reserves	43,305	43,305
1.1.4 Revenue reserves and other equity reserves	1,701,373	1,678,547
1.1.5 Own shares	-	-
1.1.6 Reserves for net exchange differences	-	-
1.1.7 Gains (losses) on financial assets at fair value through other comprehensive income	-	-
1.1.8 Other gain (losses) recognised directly in equity	6,142	953
1.1.9 Group interest in the profit (loss) for the year	89,201	115,992
1.2 Minority interest	-	74,150
1.2.1 Share capital and reserves	-	73,282
1.2.3 Gains (losses) taken directly to equity	-	(67)
1.2.4 Minority interest in the profit (loss) for the year	-	935
2. PROVISIONS	28,245	45,606
3. TECHNICAL PROVISIONS	5,361,865	4,768,422
4. FINANCIAL LIABILITIES	1,468,172	4,092,995
4.1 Financial liabilities at fair value through profit or loss	89,340	173,952
4.1.1 Financial liabilities held for trading	89,340	173,952
4.1.2 Financial liabilities designated as at fair value	-	-
4.2 Financial liabilities at amortised cost	1,378,832	3,919,043
5. PAYABLE	1,662,808	1,089,089
5.1 Payable arising out of direct insurance business	38,779	36,607
5.2 Payable arising out of reinsurance business	1,072,415	832,263
5.3 Other payable	551,614	220,219
6. OTHER LIABILITIES	32,087,935	32,005,250
6.1 Liabilities of a disposal group classified as held for sale	-	234,290
6.2 Deferred tax liabilities	301,904	223,930
6.3 Current tax liabilities	51,478	4,399
6.4 Other liabilities	31,734,553	31,542,630
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	46,179,370	47,644,632

Income Statement
Profit & Loss Account

(in € thousands)		Total 31-12-2022	Total 31-12-2021
1.1	NET PREMIUMS	111,283	213,824
1.1.1	Gross premiums for the year	(61,244)	522,608
1.1.2	Outward reinsurance premiums for the year	172,527	(308,784)
1.2	Commissions income	18,619	41,646
1.3	Income and expense from financial instruments at fair value through profit or loss	(20,605)	613
1.3 bis	Reclassification using the overlay approach	-	-
1.4	Income from investments in subsidiaries, associates companies and joint ventures	1,282	1,226
1.5	Income from other financial instruments and investment property	261,006	181,714
1.5.1	Interest income	259,735	176,874
1.5.2	Other income	662	1,852
1.5.3	Realised gains	609	2,988
1.5.4	Valuation gains	-	-
1.6	Other revenue	188,032	89,423
1	TOTAL REVENUES AND INCOME	559,617	528,446
2.1	NET CLAIMS INCURRED	72,053	116,904
2.1.1	Claims paid and changes in technical provisions	233,208	191,342
2.1.2	Reinsurers' share	(161,155)	(74,438)
2.2	Commissions expense	3,042	4,421
2.3	Expense from investments in subsidiaries, associates companies and joint ventures	-	-
2.4	Expense related to other financial instruments and investment property	41,628	23,649
2.4.1	Interest expense	31,928	24,897
2.4.2	Other expense	260	311
2.4.3	Realised losses	4,490	-
2.4.4	Valuation losses	4,950	(1,559)
2.5	Operating expenses	120,780	117,076
2.5.1	Commissions and other acquisition expenses	22,070	1,023
2.5.2	Investment management charges	3,427	4,255
2.5.3	Other administrative expenses	95,283	111,798
2.6	Other expenses	173,058	106,258
2	TOTAL COSTS AND EXPENSES	410,561	368,309
	PROFIT (LOSS) FOR THE YEAR BEFORE TAXES	149,056	160,137
3	TAXES	59,133	43,210
	PROFIT (LOSS) FOR THE YEAR NET OF TAXES	89,923	116,927
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	-	-
	CONSOLIDATED PROFIT (LOSS)	89,923	116,927
	of which Group interest	89,201	115,992
	of which minority interest	722	935

Statement of comprehensive income
Net Amounts

(in € thousands)	Total 31-12-2022	Total 31-12-2021
CONSOLIDATED PROFIT (LOSS)	89,923	116,927
Other income components after tax without reclassification to profit or loss		
Changes in shareholders' equity of subsidiaries		
Changes in intangible assets revaluation reserve		
Change in tangible assets		
Income and charges relating to non-current assets or disposal group classified as held for sale		
Actuarial gains and losses and adjustments related to defined benefit plans	813	163
Gains (losses) on equity investments designated as at fair value through other comprehensive income		
Change in own creditworthiness on financial liabilities designated as at fair value		
Other		
Other income components after tax with reclassification to profit or loss		
Change in the reserve for net exchange differences	46	(24)
Gains or losses on financial assets (other than equity investments) at fair value through other comprehensive income		
Gains or losses on cash flow hedges	4,330	
Gains or losses on hedging instruments a net investment in a foreign operation		
Changes in shareholders' equity of subsidiaries		
Income and charges relating to non-current assets or disposal group classified as held for sale		
Reclassification using the overlay approach		
Other		
TOTAL OTHER COMPREHENSIVE INCOME STATEMENT COMPONENTS		
TOTAL CONSOLIDATED COMPREHENSIVE INCOME STATEMENT	95,112	117,066
of which Group interest	94,390	116,131
of which minority interest	722	935

Statement of changes in equity

(in € thousands)	Balance at 31-12-2020	Allocations	Adjustments for reclassifi- cation to profit and loss	Transfers	Balance at 31-12-2021	Allocations	Adjustments for reclassifi- cation to profit and loss	Transfers	Balance at 31-12-2022
GROUP INTEREST IN EQUITY	Share capital	3,730,324			3,730,324				3,730,324
	Other equity instruments	-			-				-
	Capital reserves	43,305			43,305				43,305
	Revenue reserves and other equity reserves	1,683,799	(5,251)	-	1,678,547	112,827		(90,000)	1,701,374
	Own shares	-			-				-
	Net profit (loss) for the year	(5,251)	115,992	5,251	115,992	89,201		(115,992)	89,201
	Other comprehensive income items	814	139		953	5,189			6,142
	TOTAL	5,452,950	110,880	5,251	5,569,121	207,217		(205,992)	5,570,346
MINORITY INTEREST IN EQUITY	Share capital and reserves	72,110			72,110			(73,215)	-
	Net profit (loss) for the year	1,107	935	(1,107)	935			(935)	-
	Other comprehensive income items	-			-				-
	TOTAL MINORITY INTEREST	73,217	2,042	(1,107)	74,150			(74,150)	-
	TOTAL	5,526,207	112,922	4,144	5,643,271	207,217		(280,142)	5,570,346

Statement of Cash Flows

(in € thousands)	Total 31-12-2022	Total 31-12-2021
PROFIT (LOSS) FOR THE YEAR BEFORE TAX	148,334	160,137
Changes in non monetary items	92,526	(1,188,310)
Change in the provision for unearned premiums - non-life business	143,465	(835,951)
Change in the provision for claims outstanding and other technical provisions - non-life business	(8,954)	(24,463)
Change in the general provision	(17,361)	(17,310)
Not monetary Income and expense on financial instruments, investment proper-ty and equity investments	(6,287)	(239,470)
Other changes	(18,337)	(71,116)
Change in receivables and payables generated by operations	451,961	291,215
Change in receivables and payables arising from direct insurance and reinsuran-ce business	167,419	154,223
Change in other receivables and payables	284,541	136,992
Tax paid	(59,133)	(43,210)
Net cash flow generated/absorbed by investment and financial activities	(1,556,423)	1,193,125
Liabilities from financial contracts		
Other financial instruments at fair value through profit or loss	(1,556,423)	1,193,125
TOTAL NET CASH FLOW ARISING FROM OPERATING ACTIVITIES	(922,736)	412,957
Net cash flow generated/absorbed by investment property	247	(19)
Net cash flow generated/absorbed by subsidiaries, associates companies and joint ventures	269	386
Net cash flow generated/absorbed by financial assets at amortised cost	(2,012,725)	694,405
Net cash flow generated/absorbed by financial assets at fair value through other comprehensive income		
Net cash flow generated/absorbed by tangible assets and intangible assets	4,233	6,562
Other net cash flows generated/absorbed by investment activities	308,333	
TOTAL NET CASH FLOW ARISING FROM INVESTMENT OPERATIONS	(1,699,644)	701,334
Net cash flow generated/absorbed by capital instruments pertaining to the Group	5,189	137
Net cash flow generated/absorbed by own shares		
Distribution of dividends pertaining to the Group	(90,000)	
Net cash flow generated/absorbed by capital and reserves pertaining to mino-rity interest	(77,316)	
Net cash flow generated/absorbed by subordinated liabilities and participating financial instruments		
Net cash flow generated/absorbed by financial liabilities at amortised cost	(2,527,470)	1,317,180
TOTAL NET CASH FLOW ARISING FROM FINANCING OPERATIONS	(2,689,597)	1,317,317
EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS - OPENING BALANCE	5,927,197	6,315,344
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,311,976)	(388,147)
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	615,221	5,927,197

These consolidated financial statements have been prepared without taking into account the amounts in the central treasury account held in the name of SACE and relating to the Fund established pursuant to article 1.14 of the Liquidity decree (Euro 31 billion), and the corresponding balancing entry recognised under other liabilities.



Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

General Information

The SACE Group is comprised of SACE S.p.A. and its subsidiaries, SACE BT S.p.A., SACE Fct S.p.A., SACE SRV S.r.l., SACE do Brasil. SACE S.p.A. is active in the non-life business, in particular in non-marketable credit risk coverage, the subsidiary SACE BT S.p.A. in bonds and short-term credit risk coverage, while the subsidiary SACE Fct S.p.A. operates in the factoring market. Through the São Paulo office in Brazil, established under Brazilian law (SACE do Brasil), SACE has expanded its business in a geographical area of strategic importance for the Italian economy, consolidating its current customer portfolio and promoting agreements with important local financial institutions.

SACE's registered office is in Piazza Poli 37/42, Rome. The reporting date of the consolidated financial statements (December 31, 2022) coincides with that of the financial statements of the subsidiaries. The consolidated financial statements are presented in euros, the functional and the reporting currency of SACE S.p.A. and its subsidiaries. The amounts reported in the notes are in thousands of euros. The consolidated financial statements have been audited by Deloitte & Touche S.p.A.

Applicable legislation

Under Legislative decree no. 38 of 28 February 2005, starting from 2005, companies within the scope of application of Legislative decree no. 173 of 26 May 1997 are required to prepare their consolidated financial statements in accordance with the international financial reporting standards issued by the IASB (International Accounting Standards Board) and endorsed by EC Regulation no.

1606/2002 (IAS/IFRS). Pursuant to the aforesaid Decree, the powers attributed to ISVAP (IVASS from 1 January 2013) by Legislative decree no. 173/1997 and subsequent Legislative decree no. 209/2005 must be exercised thereby in compliance with IAS/IFRS.

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

- a** must draw up their consolidated financial statements in accordance with IAS/IFRS starting from 2005;
- b** must continue to draw up their separate financial statements in accordance with Legislative decree no. 173/97;
- c** must draw up their separate financial statements in accordance with IAS/IFRS starting from 2006 if they issue financial instruments admitted to trading on regulated markets of any member state of the European Union and do not prepare consolidated financial statements.

Based on the above, the consolidated financial statements of SACE S.p.A. have been prepared in accordance with IAS/IFRS, ISVAP Regulation no. 7/2007, as amended by Ruling no. 74 of 8 May 2018, regarding the formats to be used, and applicable IVASS rulings, regulations and circulars.

Accounting standards used and statement of compliance with IFRS

The consolidated financial statements have been prepared in accordance with IAS/IFRS issued by the IASB and endorsed by the European Union and in the technical formats required under ISVAP Regulation no. 7/2007, as amended by Ruling no. 74 of 8 May 2018. The term international accounting standards refers here to all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), and those previously issued by the Standing Interpretations Committee ("SIC"), as well as the technical formats required under ISVAP Regulation no. 7/2007, as subsequently amended.

New accounting standards applicable during the year

No new applicable accounting standards are found in the financial year 2022.

Forthcoming requirements

IFRS 17, applicable to the entire SACE Group from January 1, 2023, will significantly change the accounting presentation of insurance contracts, replacing IFRS 4 which was issued in 2004.

The effective date of IFRS 17, originally set for January 1, 2021, was subsequently postponed to January 1, 2023. The EU endorsement process of this standard was completed on November 23, 2021 with the publication of EU Regulation 2021/2036.

IFRS 17 is the new standard governing insurance contracts. Its objective is to improve financial reporting by making it more transparent and comparable across countries and industries. The scope of IFRS 17 is similar to that of IFRS 4. This standard focuses on the type of contracts rather than the nature of the companies.

IFRS 17 introduces a general measurement model whose objective is to determine all information necessary to calculate both the expected cash flows and the profitability of insurance contracts.

It also introduces the concept of expected profit for providing insurance coverage recognised in profit or loss over time as the insurance coverage is provided, i.e., the contractual service margin ("CSM"), and the concept of portfolio of insurance contracts which, in turn, are broken down into unit of account. The cash flows include the present value of future cash flows ("PVFC"), risk adjustment ("RA") and the contractual service margin ("CSM").

Implementation of IFRS 17

The SACE Group expects a significant change in financial statements disclosure in terms of both the measurement of technical provisions and the presentation of economic performance and periodic reporting. The changes introduced by this standard will have significant impacts in terms of resources, processes and information systems supporting the measurement framework. In 2022, the implementation project began, starting with an analysis of SACE Group's insurance products, continuing with the process design phase, the development of calculation engines, the adjustment of procedures and the testing of the new model up to the transition to the new standard and the calculation of the new opening balances at January 1, 2022 and the comparative information necessary for the standard to come into force. In these consolidated financial statements, the impact of the application of IFRS 17 was determined based on a reasonable estimate pursuant to IAS 8. 31 and 32.

Scope

An entity shall apply IFRS 17 to all insurance contracts. All references to insurance contracts also apply to reinsurance contracts issued and held. All contracts managed by SACE Group are included in the scope of IFRS 17. Under IFRS 17, on initial recognition, insurance and reinsurance contracts are aggregated

into groups of contracts subject to similar risks and managed together. Furthermore, the recognition, measurement and presentation requirements must be applied to the group of contracts. The groups of contracts identified shall be included in the unit of account upon initial recognition and shall not be reassessed subsequently.

Definition of portfolio of insurance contracts

Under IFRS 17, an entity shall identify a portfolio of insurance contracts. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. Contracts in different product lines would be expected to have similar risks and hence would be expected to be in different portfolios.

Once the identification phase is complete, an entity shall divide a portfolio of insurance contracts in order to identify the different groups of contracts.

Under IFRS 17.16, each portfolio of insurance contracts must be divided into a minimum of:

- a group of contracts that are onerous at initial recognition, if any;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
- a group of remaining contracts in the portfolio, if any.

SACE analysed the characteristics of the marketed insurance contracts and, given that (i) the range of insurance products is subject to similar and identifiable risks in a single product line, (ii) the covered risks are jointly managed and (iii) Product valuation methodologies are the same due to the similar nature of the underlying risk, chose to establish a single IFRS17 portfolio.

The groups of contracts identified by SACE are the result of the aggregation of similar contract types in terms of operations, pricing and profitability and therefore two Contract Groups have been defined.

Accounting treatment

The company applies the building blocks approach, which is the standard method used to measure insurance contracts and which is based on the following principles:

- discounting of future cash flows identified at the measurement date;
- identifying risk adjustment as an offsetting factor relating to the uncertainty inherent in cash flows;
- recognising the contractual service margin ("CSM") which represents the difference between positive and negative discounted cash flows, adjusted for risk. The CSM shows the level of profitability/possibility of becoming onerous of the contract as further specified below.

The calculation of the CSM of a group of insurance contracts includes all cash flows expected from each insurance contract included in it. The valuation of the CSM results in the amount of the future profits that the entity will recognise in future years. For contracts generated in the current year, it is based on an initial market-consistent profitability assessment. The amount at period end is assessed using a recurring rule.

The CSM is recognised in the balance sheet and released annually based on an algorithm that takes into account the time development of the policies and the remaining term of the risks in portfolio. All future premiums and options left to the policyholder's decision must be included in the initial projections if the entity does not have the ability to reprice the policy when the premium is paid or the option exercised.

Expected cash flows

Expected future cash flows are the first element in determining the fulfilment cash flows and represent an estimate of the expected future cash flows within the contractual limits.

The estimate of future cash flows should: i) incorporate, in an objective manner, all reasonably available information; ii) reflect the views of the entity, provided the estimates of the relevant market variables are consistent with observable market prices for those variables; iii) be current; and iv) be explicit.

Generally, the operating assumptions underlying the projections of expected cash flows are in line with those used under Solvency II. With regard to the expenses, some differences may arise since IFRS 17 requires that only expenses directly attributable to insurance and reinsurance contracts should be considered in the measurement of expected cash flows.

Time value of money

Time value of money is the second element constituting the fulfilment cash flows. An entity must adjust estimates of future cash flows to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows. The discount rate shall reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts.

SACE has chosen to use the EIOPA risk-free rate curve adjusted with an Illiquidity Premium estimated using the Bottom-Line approach in line with the Volatility Adjustment Entity Specific estimation technique defined by EIOPA for the Solvency II framework.

Risk adjustment

Risk adjustment is the amount required by the entity for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk.

SACE has adopted the percentile approach for Risk Adjustment calculation.

Contractual service margin

It represents the unearned profit the entity will recognise as it provides insurance contract services in the future. The release of the CSM is based on the quantification of the expected benefits under the contract and the related expected coverage period.

Insurance finance income or expenses

Under IFRS 17, an entity shall make an accounting policy choice between disaggregating insurance finance income or expenses for the period in profit or loss or in comprehensive income. Once made, the accounting policy choice should be applied consistently across the portfolio of insurance contracts issued and reinsurance contracts ceded. In implementing such choice, an entity must assess the combination of potential results that could be generated by the different measurement models envisaged for insurance items under IFRS 17 and for investments under IFRS 9, in order to be able to mitigate any potential accounting mismatches.

The Group will apply the accounting disaggregation approach to most of the existing insurance contracts issued and reinsurance contracts ceded in order to mitigate potential accounting mismatches and related volatility in profit or loss.

Transition

An entity shall apply IFRS 17 for annual reporting periods beginning on or after January 1, 2023. The transition date is the beginning of the annual reporting period immediately preceding the date of initial application.

To apply IFRS retrospectively, an entity shall have information and historical data with a level of detail that allows application of all the requirements of the new standard (full retrospective approach). If it is impracticable to apply this approach, an entity may choose to either apply the modified retrospective approach or the fair value approach. In choosing between these two alternatives, the standard does not define a priority.

- **Full retrospective approach:** under this approach an entity must identify, recognise and measure each group of contracts as if IFRS 17 had always been applied;
- **Modified retrospective approach:** if it is impracticable to apply a full retrospective approach, an entity may choose to apply the modified retrospective approach which introduces a series of simplifications in terms of aggregation, discount rate, full retrospective approach: under this method, an entity must identify, recognise and measure each group of contracts as if IFRS 17 had always been applied;
- **Fair value approach:** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If it is impracticable to apply the full retrospective approach, an entity may choose to apply the fair value approach. This transition method is based on the possibility of calculating the contractual service margin at the transition date as the difference between the fair value of the group of insurance contracts and fulfilment cash flows at that date.

SACE S.p.A. assessed the inapplicability of the full retrospective approach for all insurance contracts in the portfolio and decided to apply the fair value approach due to poor quality and limited historical depth of data available and considering the operating costs for retrieving older historical data.

As a result of the measurements made on the portfolio, at December 31, 2021, the impact on the SACE Group's equity resulted in an FTA reserve decreasing equity by less than 1%, including the effects on deferred taxation.

Financial statements

The consolidated financial statements and related annexes are presented in accordance with the requirements of ISVAP Regulation no. 7/2007, as amended by Ruling no. 74 of 8 May 2018.

Other revenue includes the reimbursement of the acquisition costs incurred by SACE S.p.A. in connection with the Garanzia Italia scheme, Garanzia DL Energia scheme, short-term trade receivables reinsurance, the Garanzia Green New Deal scheme and the co-insurance system with the MEF.

Basis of consolidation

Subsidiaries are companies controlled by SACE. Under IFRS 10, the group controls an investment entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are consolidated from the date on which control is assumed and until such control ceases to exist. All the subsidiaries are included in the scope of consolidation.

Changes in accounting policies

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), endorsed by the European Union pursuant to (EC) regulation no. 1606/2002 in force on the same date.

They have also been prepared in accordance with IVASS Ruling no. 74 of 8 May 2018, which amended and supplemented the provisions of IVASS Regulation no. 7/2007 with regard to the application of IFRS 9 (Financial Instruments) which replaces IAS 39 starting from annual periods beginning on or after 1 January 2018. The accounting policies are unchanged from the previous year.

Financial assets

Financial assets at amortised cost

This category applies to the financial assets covered by IFRS 7.8(f), other than receivables recognised under other receivables, that meet the following two conditions (IFRS 9.4.1.2):

- a** the objective of the entity's business model is to hold the financial asset to collect the contractual cash flows;
- b** the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

This item includes the financial assets referred to in IFRS 7.8(h) and, specifically:

- financial assets that meet the following two conditions (IFRS 9.4.1.2A):
 - a** the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
 - b** the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- equity investments, considering the clarifications set out in IFRS 9 BC5.21, which the entity irrevocably elected to measure at fair value through other comprehensive income at initial recognition in accordance with IFRS 9.5.7.5.

Financial assets at fair value through profit or loss

This item includes the financial assets referred to in IFRS 7.8(a) not classified as financial assets at amortised cost or at fair value through other comprehensive income (IFRS 9.4.1.4), specifically:

- financial assets held for trading;
- financial assets designated at fair value and, in particular, financial assets irrevocably designated at fair value at initial recognition to eliminate or significantly reduce an accounting mismatch (IFRS 9.4.1.5) and financial assets whose credit risk is managed using a credit derivative that is measured at fair value through profit or loss where the eligibility criteria set out in IFRS 9.6.7.1 are met;
- other financial assets for which fair value measurement is mandatory including, in particular, financial assets other than those which give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and assets not held for trading but managed in accordance with other business models (IFRS 9.B4.1.5).

Financial liabilities at fair value through profit or loss

This item comprises financial liabilities measured at fair value through profit or loss as defined by IFRS 7.8(e) and, in detail:

- financial liabilities held for trading;
- financial liabilities at fair value and, in particular, financial liabilities irrevocably designated on initial recognition at fair value to eliminate or significantly reduce a measurement or recognition inconsistency, i.e., an accounting mismatch (IFRS 9.4.2.2(a) – accounting mismatch) or a group of financial liabilities or a group of financial assets and financial liabilities managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy (IFRS 9.4.2.2(b)).

Financial liabilities at amortised cost

This item includes the financial liabilities defined and governed by IFRS 9.4.2.1, as established by IFRS 7.8(g).

Specifically, it comprises investment contracts (as defined in IFRS 4. IG 2) that do not fall within the scope of IFRS 4, the deposits received from reinsurers, any financial components of insurance contracts and lease receivables recognised by a lessor.

The impairment model

With respect to impairment, instruments measured at amortised cost and at fair value through equity, are subject to a model based on expected losses instead of the incurred loss model, envisaged by IAS 39. Under IFRS 9, companies shall recognise 12-month ECL since the initial recognition of the financial instrument (stage 1). Conversely, the time horizon to calculate the expected credit loss is the entire residual life of the asset under assessment, when the credit quality of the financial instrument has deteriorated significantly since the date of initial recognition (stage 2) or is impaired (stage 3).

Scope of consolidation

The scope of consolidation includes SACE S.p.A. and all its direct and indirect subsidiaries: SACE BT S.p.A., SACE Fct S.p.A., SACE SRV S.r.l., SACE do Brasil. For the purposes of a better presentation, Fondo Sviluppo Export, included in SACE S.p.A.'s assets, has been consolidated on a line-by-line basis. Indeed, SACE is the only subscriber to the Fund.

Scope of consolidation

Name	Country of head office	Method ¹	Business ²	% direct investment	% total interest ³	% voting rights at ordinary Shareholders' Meetings ⁴	% of consolidation
SACE BT	Italy	G	1	100%	100%	100%	100%
SACE FCT	Italy	G	11	100%	100%	100%	100%
SACE SRV	Italy	G	11	0%	100%	100%	100%
SACE Do Brasil	Brazil	G	11	99.997%	100%	100%	100%
FONDO SVILUPPO EXPORT	Italy	G	11	100%	100%	N.A.	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; 4.1 = mixed financial holding companies; 5 = EU reins; 6 = third-party country reins; 7 = banks; 8 = asset management companies; 9 = other holdings; 10 = real estate companies; 11 = other

3 The product of the percentages of ownership relating to all companies, along the equity investment chain, between the company preparing the consolidated financial statements 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

Breakdown of non-consolidated equity investments

Denominazione	Country of head office	Business ¹	Type ²	% direct investment	% total investment ³	% voting rights at ordinary Shareholders' Meetings ⁴	Carrying amount
AFRICAN TRADE INSURANCE AGENCY	Kenya	3	b	2.74%	2.74%	2.74%	11,193

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

2 a=subsidiaries (IAS 27); b=associates (IAS 28); c=joint ventures (IAS 31); companies classified as held for sale in accordance with IFRS 5 must be marked with an asterisk (*) and the key must be included at the foot of the table.

3 The product of the percentages of ownership relating to all companies, along the equity investment chain, between the company preparing the consolidated financial statements 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 transactions between the companies and also realised gains and losses on intercompany transactions have been eliminated. Impairment losses arising from intercompany transactions continue to be recognised.

Principles of consolidation

The carrying amount of investments has been eliminated against equity with recognition of goodwill if deemed recoverable.

Use of estimates

In preparing the financial statements, the directors are required to make estimates and evaluations which influence the carrying amounts of assets, liabilities, costs and revenues. The assumptions made for the 2022 financial statements are deemed appropriate. Consequently, these financial statements have been prepared clearly and give a true and fair view of the financial position, financial performance and cash flows for the year.

In order to make reliable estimates and assumptions, the directors have referred to past experience and to other factors deemed reasonable under the circumstances, based on all available information. However, it cannot be excluded that changes in these estimates and assumptions may have an impact on the financial position and financial performance and on the contingent liabilities disclosed in the notes, should different judgements be made with respect to those previously expressed. Specifically, management made greater use of subjective judgements for the following: calculating technical provisions; calculating the fair value of financial assets and liabilities when fair value was not directly observable on active markets; calculating the recoverable amount of recognised receivables; estimating the recoverability of deferred tax assets and calculating the provisions for risks and charges.

Measurement criteria

Intangible assets**a) Goodwill**

With respect to business combinations, the assets, liabilities and acquired and identifiable contingent liabilities are recognised at their fair value on the date of acquisition. The residual positive difference between the purchase price and the group's interest in the fair value of such assets and liabilities is classified as goodwill and recognised as an intangible asset; the negative difference is recognised through profit or loss at the time of acquisition. Goodwill is not amortised but is tested for impairment annually in accordance with IAS 36. Subsequent to initial recognition, it is recognised at cost, net of accumulated impairment losses.

b) Other intangible assets

This item comprises the assets defined and regulated by IAS 38. 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 amounts relating to deferred acquisition costs or intangible assets governed by other international accounting standards. These assets are recognised at cost. For assets with a finite useful life, the cost is amortised at constant rates according to their relative useful life. Assets with an 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 losses and reversal of impairment losses on non-financial assets), an impairment test is carried out at each reporting date or in the case of evidence of permanent impairment. The loss, equal to the difference between the carrying amount of the asset and its recoverable amount, is recognised through profit and loss. Amortisation 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**a) Property**

This item comprises property used in group operations as specified and governed by IAS 16. These assets are distinguished between Land and Buildings and are recognised 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 depreciated 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. An impairment test is carried out whenever there is evidence of a potential loss of value. The total of any such impairments, equal to the difference between the carrying amount of the asset and its recoverable amount (equal to the lower of fair value less costs to sell, and the related value in use of the asset, meaning the present value of future cash flows deriving from the asset), is recognised through profit or 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 tangible assets

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 losses. Depreciation rates are consistent with plans for the technical-financial use of each single category of assets.

Other property, plant and equipment are 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 receivable.

Investments

Investment property

This item comprises the property as specified and governed by IAS 40. Such investments comprise land, buildings and individual residential units not included among property used in group operations or available as part of the core business for purchase and sale. Investment property is 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. Property is stated net of accumulated depreciation and any impairment losses. 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 or 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 emerges during periodic testing or after specific events, the corresponding impairment loss is recognised. 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

All subsidiaries have been consolidated on a line-by-line basis. This item comprises equity investments measured using the equity method and relating to associates or jointly-controlled companies. In periods following the initial recognition at purchase cost, the change in the carrying amount of the equity investments attributable to the profit or loss of investees is taken to profit or loss.

Other receivables

Receivables arising out of direct insurance business

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. Impairment losses on these receivables are 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 their estimated realisable value.

Other receivables

This item includes other trade receivables as defined by IAS 32 and governed by IFRS 9, 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 measured analytically and, if impaired, are written down individually.

Other assets

Non-current assets held for sale and discontinued operations

For a better understanding of the comparative balance sheets of December 31, 2021, it is specified that the item Non-current assets (and the item Liabilities) or a disposal group held for sale included assets (liabilities) at December 31, 2021 defined and regulated by IFRS 5 and referring to the participation of SACE S.p.A. in SIMEST S.p.A. whose disposal was completed in the first half of 2022.

Deferred tax assets and liabilities

These items include, respectively, tax assets deriving from deductible temporary differences and tax liabilities deriving from taxable temporary differences, as defined and governed by IAS 12. They are recognised in accordance with applicable Italian legislation.

All deferred tax liabilities on taxable temporary differences are recognised. Tax assets on deductible temporary differences are recognised if it is probable that sufficient taxable income will be generated in the future such to permit their use. 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.

Current tax assets and liabilities

These items include, respectively, current tax assets and liabilities as defined and governed by IAS 12. Income tax is recognised on the basis of Italian tax law. Tax charges (income) are the total of current and deferred tax included in the determination of the profit or loss for the year. Current taxes are recognised with a balancing entry in profit or 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

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 recognised at closing rates.

Equity attributable to the owners of the parent

This section includes equity instruments forming the equity attributable to the owners of the parent, as required by the Italian Civil Code and insurance sector legislation, taking into account the necessary consolidation adjustments. Specific information on each component of equity follows.

Share capital

The item includes those elements that, according to the legal form of the parent, form its capital. Share capital (subscribed and paid up) is stated at face value.

Retained earnings and other equity reserves

The item includes:

- a** the reserve comprising gains (losses) arising from first-time adoption of IAS/IFRS as per IFRS 1;
- b** reserves arising from reclassification of certain supplemental reserves and all equalisation reserves recognised under the standards previously in force (IFRS 4);
- c** other reserves required by the Italian Civil Code and previous insurance legislation;
- d** consolidation reserves.

Reserves for net exchange differences

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

Other gains (losses) taken directly to equity

This item reflects the net balance of the changes recorded directly against equity. Accordingly, it includes the actuarial gains and losses deriving from the measurement of post-employment benefits pursuant to IAS 19.

Provisions

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. If the liability is deemed possible but not probable, no provision is recognised, but it is disclosed in the notes.

Technical provisions

IFRS 4 permits recognition of technical provisions on the basis of generally accepted local accounting standards. A review of all the non-life contracts showed that all the contracts qualify as insurance contracts. 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 standards adopted prior to IFRS as all the outstanding non-life policies fall within the scope of IFRS 4 (insurance contracts). Specifically, this item includes:

- Provision for unearned premiums: the provision for premium instalments is determined on a pro rata basis, applied analytically to each policy on the basis of gross premiums. The provision for unearned premiums is also aligned with the expected rate of claims not covered by the provision for premium instalments referring to insurance contracts signed by the reporting date (provision for unexpired risks). This provision relates to the business trend and covers the portion of risk that falls after the reporting date. SACE opted to calculate this provision analytically by estimating the expected rate of claims. The provision for unearned premiums is determined in order to ensure full coverage of the portfolio's expected lifetime loss.
- 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 acquisition costs. These 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.

Payables

This item comprises trade payables arising out of direct and indirect insurance business.

Payable arising out of direct and indirect insurance business

They are recognised at cost.

Other payables

The item reflects the liability towards employees for Italian post-employment benefits (TFR).

It is calculated analytically for each employee in accordance with the law and current collective bargaining agreements. Due to the reform of supplementary pension schemes under Law nos. 252/2005 and 296/2006 and bearing in mind the OIC guidelines, it was decided to: a) recognise the obligation for benefits accrued at December 31, 2006 in accordance with the rules of defined benefit plans; this means that the company must measure the obligation for benefits accrued by employees using actuarial techniques and must determine the total amount of actuarial gains and losses to be recognised in profit or loss with a balancing entry in equity; b) recognise the obligation for benefits accruing from 1 January 2007, to be allocated to supplementary pension schemes or to the treasury fund set up at INPS (Italy's social security institution), according to the contributions due each year.

Other liabilities

This category includes:

Liabilities of a disposal group HFS

Reference should be made to the assets section.

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 expenses and deferred income that could not be allocated to specific items;
- c** the balancing entry of cash on the central treasury current account paid by the MEF and related to the new business.

Items of the Income Statement

Costs and revenue are recognised on an accruals basis. The recognised balance of the various revenue items is identified, for each item, according to the criteria set out below.

Net premiums

This item includes premiums for the year relating to contracts classifiable as insurance contracts under 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 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 from financial instruments at fair value through profit or loss

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

Income and expense on investments in subsidiaries, associates and joint ventures

These items include income and expense on investments measured using the equity method and recognised in the corresponding item under assets.

Income and expense from other financial instruments and investment property

These items include income and expense on investment property and financial instruments not at fair value through profit or loss.

Specifically, they comprise:

- a** interest income and expense (recognised on financial instruments using the effective interest method);
- b** other income and expense (including, by way of example, revenue from the use of third-party assets, investment property and dividends and investment property management charges, such as service charges and maintenance and repair costs not capitalised);
- c** realised gains and losses (including those resulting from the derecognition of a financial asset/liability or investment property);
- d** unrealised gains and losses (including positive and negative changes resulting from write-backs and value re-adjustments and from measurement subsequent to initial recognition of investment property at fair value and of financial assets and liabilities).

Other revenue and Other costs

These items comprise, respectively:

- a** revenue from services other than insurance services and the third-party use of property, plant and equipment and intangible assets or other assets belonging to the company, as required by IFRS 15;
- b** other net technical income and charges linked to insurance contracts;
- c** additional provisions made during the year;
- d** exchange differences to be charged to profit or loss according to IAS 21;
- e** realised gains and reversals of impairment losses on property, plant and equipment and intangible assets and realised losses, impairment losses and depreciation not otherwise allocated to other cost items, and amortisation of intangible assets;
- f** gains and losses relating to non-current assets and disposal groups held for sale, other than those relating to discontinued operations.

Net claims incurred

This item includes – before settlement costs and net of amounts ceded to re-insurers – amounts paid, net of recoveries, changes in the claims provisions, in the recovery provision relating to insurance contracts and financial instruments governed by IFRS 4. It also includes direct and indirect claim settlement costs.

Operating expenses

The item includes:

- a** commissions and other acquisition costs on contracts classified as insurance or investment contracts under IFRS 4; these costs are recognised 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.

Current taxes

This item includes income taxes calculated in accordance with Italian tax law.

Deferred taxes

This item refers to income tax payable in future years relating to taxable temporary differences. Deferred taxes are charged to profit or loss except for those relating to gains and losses recognised directly in equity in respect of which taxes are treated in the same way. Deferred taxes are calculated using the tax rates prevailing in each 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, foreign currency items are measured as follows:

- a** cash balances are translated at closing rate;
- b** non-cash balances measured at historical cost are translated using the transaction-date exchange rate;
- c** non-cash items at fair value are translated using closing rates.

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 when 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.

New business of 2020 and 2022

With respect to the new business launched in 2020 and 2022 by the "Liquidity, Relaunch, Simplification and Aiuti decrees", characterized by the full mitigation of risks for SACE via the MEF's Fund, it is noted that SACE recognises the revenue from the reimbursement of the acquisition costs incurred in profit or loss. The statement of financial position includes the cash held in the current account in the name of SACE (Euro 31 billion) relating to the Fund established pursuant to article 1.14 of the Liquidity decree, to cover the State's commitments in connection with the granting of guarantees related to SACE's new business. The statement of financial position also includes a balancing entry under other liabilities. The commissions received in respect of the guarantees issued are recognised separately in accordance with applicable legislation, under the "Liability with the MEF" item, with a balancing entry under other technical charges.

As of 2021, in accordance with the Liquidity decree, SACE and the State assumed commitments through a co-insurance scheme to the extent of ten and ninety per cent of the commitments, respectively.

Risk management

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

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

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

The forward and swap contracts are mainly used for this purpose. 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.

Exchange rates

The main currencies were converted into euros, using the following exchange rates:

	31 December 2022	31 December 2021	31 December 2020
US Dollar	1.0666	1.1326	1.2271
GB Pound	0.88693	0.8403	0.89903
Swiss Franc	0.9847	1.0331	1.0802

Segment reporting

Pursuant to the provisions of IVASS Regulation no. 7/2007, it is noted that the SACE Group operates in the following segments:

- non-life insurance business (SACE S.p.A., SACE BT S.p.A.)
- other businesses (SACE Fct S.p.A., Fondo Sviluppo Export).

Balance Sheet by business sector

		Non-life business			Life business			Other businesses			Elimination between sectors			Total
		31/12/2022	31/12/2021	31/12/2022	31/12/2022	31/12/2021	31/12/2022	31/12/2022	31/12/2021	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
1	INTANGIBLE ASSETS	10,034	8,339				1,399	1,784			-	-	11,433	10,123
2	TANGIBLE ASSETS	57,591	64,426				2,066	2,887			-	-	59,677	67,313
3	REINSURERS' SHARE OF TECHNICAL PROVISIONS	4,227,775	3,730,155				-	-			-	-	4,227,775	3,730,155
4	INVESTMENTS	7,502,161	3,841,794				1,759,426	1,878,269			(852,949)	(791,084)	8,408,638	4,928,979
	4.1 Investment property	12,289	12,275				-	-			-	-	12,289	12,275
	4.1 Equity investments in subsidiaries, associates companies and joint ventures	11,193	10,180				-	-			-	-	11,193	10,180
	4.3 Financial assets at amortised cost	5,701,571	3,516,525				1,643,890	1,715,167			(851,060)	(791,000)	6,494,401	4,440,692
	4.4 Financial assets measured at fair value through other comprehensive income	-	-				-	-			-	-	-	-
	4.5 Financial assets at fair value through profit or loss	1,777,108	302,814				115,536	163,102			(1,889)	(84)	1,890,755	465,832
5	SUNDRY RECEIVABLES	932,968	868,222				5,482	6,572			(10,039)	(8,508)	928,412	866,286
6	OTHER ASSETS	346,724	174,128				17,780	555,994			(25)	(3,689)	364,479	726,433
	6.1 Non-current assets or of a disposal group classified as held for sale	-	-				-	546,311			-	(3,688)	-	542,623
	6.2 Deferred acquisition costs	-	-				-	-			-	-	-	-
	6.3 Other assets	346,724	174,128				17,780	9,683			(25)	(1)	364,479	183,810
7	CASH AND CASH EQUIVALENTS	32,048,292	37,221,808				130,664	93,536			-	-	32,778,956	37,315,344
	TOTAL ASSETS	45,125,546	45,908,873				1,916,836	2,539,043			(863,012)	(803,281)	46,719,370	47,644,632
1	SHAREHOLDERS' EQUITY												5,570,345	5,643,271
2	PROVISIONS	22,338	39,262				6,006	6,358			(99)	(15)	28,245	45,606
3	TECHNICAL PROVISIONS	5,361,865	4,768,422				-	-			-	-	5,361,865	4,768,422
4	FINANCIAL LIABILITIES	660,767	315,212				1,660,390	1,726,975			(852,985)	(791,193)	1,468,172	4,092,995
	4.1 Financial liabilities at fair value through profit or loss	89,340	173,952				-	-			-	-	89,340	173,952
	4.2 Financial liabilities at amortised cost	571,427	2,983,260				1,660,390	1,726,975			(852,985)	(791,193)	1,378,832	3,919,043
5	PAYABLE	1,629,509	1,060,122				43,203	34,430			(9,903)	(5,463)	1,662,808	1,089,089
6	OTHER LIABILITIES	32,083,707	31,766,185				4,253	242,165			(25)	(3,101)	32,087,935	32,005,250
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES										-	-	46,719,370	47,644,632

Net claims incurred

	Non-life business			Life business			Other businesses			Elimination between sectors			Total	
	31/12/2022	31/12/2021		31/12/2022	31/12/2021		31/12/2022	31/12/2021		31/12/2022	31/12/2021		31/12/2022	31/12/2021
11	Net premiums	111,284	213,824				-	-		-	-		111,284	213,824
1.11	Gross premiums for the year	(61,244)	522,608				-	-		-	-		(61,244)	522,608
1.12	Outward reinsurance premiums for the year	172,527	(308,784)				-	-		-	-		172,527	(308,784)
12	Commissions income	-	-				18,619	41,646		-	-		18,619	41,646
13	Income and expense from financial instruments at fair value through profit or loss	(17,413)	11,919				(884)	(10,833)		(2,308)	(473)		(20,605)	613
13 bis	Reclassification using the overlay approach	-	-				-	-		-	-		-	-
14	Income from investments in subsidiaries, associates companies and joint ventures	1,282	1,226				-	-		-	-		1,282	1,226
15	Income from other financial instruments and investment property	225,353	129,792				35,810	52,362		(157)	(440)		261,006	181,714
16	Other revenue	181,141	83,152				18,481	16,992		(11,590)	(10,721)		188,032	89,423
1	TOTAL REVENUES AND INCOME	501,646	439,913				72,026	100,167		(14,055)	(11,634)		559,617	528,446
21	Net claims incurred	(71,558)	(116,209)				-	-		(495)	(695)		(72,053)	(116,904)
2.11	Claims paid and changes in technical provisions	(232,713)	(190,647)				-	-		(495)	(695)		(233,208)	(191,342)
2.12	Reinsurers' share	161,155	74,438				-	-		-	-		161,155	74,438
2.2	Commissions expense	-	(1)				(7,478)	(9,891)		4,435	5,470		(3,042)	(4,421)
2.3	Expense from investments in subsidiaries, associates companies and joint ventures	-	-				-	-		-	-		-	-
2.4	Expense related to other financial instruments and investment property	(29,408)	(14,908)				(12,220)	(8,741)		-	-		(41,628)	(23,649)
2.5	Operating expenses	(93,515)	(67,855)				(25,770)	(48,155)		(1,496)	(1,066)		(120,780)	(117,076)
2.6	Other expenses	(155,917)	(86,500)				(16,727)	(19,545)		(413)	(214)		(173,058)	(106,258)
2	TOTAL COSTS AND EXPENSES	(350,398)	(285,472)				(62,195)	(86,333)		2,032	3,496		(410,561)	(368,309)
	PROFIT (LOSS) FOR THE PERIOD BEFORE TAXES	151,248	154,440				9,831	13,834		(12,023)	(8139)		149,056	160,137

Notes to the Consolidated Balance Sheet

1. Intangible assets (Item 1)

TABLE 1

Intangible assets		
(amounts in € thousands)	Net amount at 31/12/2022	Net amount at 31/12/2021
Goodwill	101	92
Other intangible assets	11,332	10,031
TOTAL	11,433	10,123

"Goodwill" (Euro 101 thousand) relates to SACE SRV S.r.l. (formerly SACE Servizi) established in the second half of 2007.

Other intangible assets mainly include costs for the company's information system. Amortisation periods reflect the useful life of capitalised costs.

Further details on the measurement of Intangible Assets are provided in Annex 1 "Breakdown of Property, Plant and Equipment and Intangible Assets".

2. Tangible assets (Item 2)

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

TABLE 2

Real property	
(amounts in € thousands)	Amount
Opening balance	62,521
Increases and purchases	3,150
Decreases	(7,284)
Depreciation	(3,516)
CLOSING BALANCE	54,871

This item amounts to Euro 54,871 thousand and relates to the carrying amount of the building located in Rome, Piazza Poli 37/42, owned by SACE S.p.A. and

used by the company to operate. The fair value of this building exceeds its carrying amount. 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 1 "Breakdown of property, plant and equipment and intangible assets".

TABLE 3

Other property, plant and equipment	
(amounts in € thousands)	Amount
Opening balance	4,791
Increases and purchases	1,794
Decreases	(379)
Depreciation	(1,400)
CLOSING BALANCE	4,806

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

This item, which totals Euro 4,227,775 thousand (Euro 3,730,155 thousand at December 31, 2021) includes reinsurers' commitments arising on reinsurance contracts regulated by IFRS 4. Further details are provided in the annex 2 "Breakdown of reinsurers' share of technical provisions". The change in this item is mainly due to the effects of the reinsurance scheme in place with the MEF pursuant to Decree Law No. 23/2020

4. Investments (Item 4)

The detail is as follows:

TABLE 4

Breakdown			
(amounts in € thousands)		31-dic-22	31-dic-21
4.1	Investment property	12,289	12,275
4.2	Equity investments in subsidiaries, associates and joint ventures	11,193	10,180
4.3	Financial assets at amortised cost	6,494,401	4,440,692
4.4	Financial assets at fair value through other comprehensive income		
4.5	Financial assets at fair value through profit or loss:	1,890,755	465,832
4.5.1	Financial assets held for trading	1,836,253	405,154
4.5.2	Financial assets designated at fair value		
4.5.3	Other financial assets for which fair value measurement is mandatory	54,502	60,678
TOTAL		8,408,638	4,928,979

4.1 Investment property

Investment property (Item 4.1) refers to property leased to third parties by the subsidiary SACE BT S.p.A. Overall, the market value of each asset exceeds the carrying amount. The expert appraisals are in line with the provisions of Title III of ISVAP Regulation No. 22. Further details are provided in Annex 1 "Breakdown of Property, Plant and Equipment and Intangible Assets".

4.2 Investments in subsidiaries, associates and joint ventures

This item comprises the investment in ATI (African Trade Insurance Agency), equal to 100 shares worth USD 13.9 million.

4.3 Financial assets at amortised cost

The detail is as follows:

TABLE 5

Breakdown		
(amounts in € thousands)	31/12/22	31/12/21
Government bonds	2,880,394	2,266,968
Other listed securities	772,016	440,007
Other	2,841,991	1,733,717
TOTAL	6,494,401	4,440,692

"Other" includes the loans and receivables of the subsidiary SACE Fct S.p.A. (euro 1,640,138 thousand) and time deposit with bank counterparties (euro 1,164,762 thousand).

This item includes financial assets that meet both of the following characteristics:

- the objective of the entity's business model is to hold the financial asset to collect the contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Further details are provided in Annex 3 "Breakdown of Financial Assets".

4.4 Financial assets at fair value through other comprehensive income

This item includes the financial assets covered by IFRS 7, paragraph 8(h).

4.5 Financial assets measured at fair value through profit or loss

This item includes the financial assets covered by IFRS 7, paragraph 8(a) not classified as financial assets at amortised cost or at fair value through other comprehensive income (IFRS 9, paragraph 4.1.4). Further details are provided in Annex 3 "Breakdown of Financial Assets".

4.5.1 Financial assets held for trading

TABLE 6

Financial assets held for trading		
(amounts in € thousands)	31/12/22	31/12/21
Government bonds	1,236,013	197,652
Listed bonds	380,932	1
Unlisted bonds	113,249	158,451
Listed shares	8,668	17,669
Equity instruments	24,781	24,255
Forward contracts	69,069	6,052
UCITS	3,541	-
Other	-	1,074
TOTAL	1,836,253	405,154

4.5.3 Other financial assets for which fair value measurement is mandatory

This item comprises financial assets other than those which give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding and assets not held for trading but managed in accordance with other business models (IFRS 9.B4.1.5).

TABLE 7

Breakdown		
(amounts in € thousands)	31/12/22	31/12/21
Government bonds	54,502	60,678
TOTAL	54,502	60,678

The information required by IFRS 13.93 letter b) about fair value hierarchies in accordance with IFRS 13.92 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 inputs, level 3 securities and financial instruments measured using valuation techniques based to a large extent on unobservable inputs.

Annex 9.1 "Breakdown of level 3 financial assets and liabilities measured at fair value on a recurring basis" provides the information required by IFRS 13.93 letters e) and f) about the reconciliation between opening and closing balances and the breakdown of changes of the year in assets and liabilities measured at fair value on a recurring basis, classified under level 3.

5. Other receivables (Item 5)

TABLE 8

Breakdown		
(amounts in € thousands)	31/12/22	31/12/21
5.1 Receivables arising out of direct insurance business	578,556	591,483
5.2 Receivables arising out of reinsurance business	156,758	66,760
5.3 Other receivables	193,098	208,043
TOTAL	928,412	866,286

5.1 Receivables arising out of direct insurance business

This item, of Euro 578,556 thousand, mainly relates to subrogation receivables from sovereign debtors for Euro 243,333 thousand (euro 267,250 thousand at December 31, 2021) and from foreign trade debtors for Euro 150,998 thousand (euro 144,391 thousand at December 31, 2021).

5.2 Receivables arising out of reinsurance business

This item, amounting to euro 156,758 thousand, refers to current account debit and credit balances for premiums, claims, commissions, deposits and related interest to counterparties with which reinsurance business is transacted. It comprises the transactions pursuant to the Agreement with the MEF (euro 129,822 thousand).

5.3 Other receivables

"Other receivables" are detailed below.

TABLE 9

Breakdown		
(amounts in € thousands)	31/12/22	31/12/21
Receivables from tax authorities	14,195	13,997
Receivables for invoices to be issued	1,835	802
Receivables from CDP for tax consolidation	-	1,814
Receivables for margins on financial transactions	145,470	164,500
Sundry receivables	31,598	26,930
TOTAL	193,098	208,043

Other receivables mainly comprise advances on co-insurance claims (euro 7,950 thousand) and receivables from policyholders in relation to their exposure (Euro 14,693 thousand). Their terms and conditions are similar to the receivables from foreign countries due directly to SACE.

6. Other assets (Item 6)

TABLE 10

Breakdown			
(amounts in € thousands)		31/12/22	31/12/21
6.1	Non-current assets or group's disposal asset held for sale	-	542,623
6.2	Deferred acquisition costs	-	-
6.3	Deferred tax assets	209,657	138,971
6.4	Current tax assets	42,599	5,677
6.5	Other assets	112,223	39,162
TOTAL		364,479	726,433

"Current tax assets" amount to Euro 209,657 thousand and include tax assets from consolidated companies. "Deferred tax assets" comprise those amounts recognised in the financial statements of companies included in the scope of consolidation and taxes related to IFRS adjustments to the consolidated financial statements as required and governed by IAS 12. For a breakdown of deferred tax assets and liabilities, reference should be made to the notes to the "Income Statement – Taxes".

"Deferred tax assets" total Euro 209,657 thousand and mainly relate to taxes calculated on technical provisions (Euro 53,636 thousand), taxes calculated on financial assets at amortised cost and financial assets measured at fair value (Euro 96,955 thousand) and taxes calculated on the provisions for risks and charges (Euro 5,222 thousand), in addition to deferred tax assets calculated on unrealised exchange differences on receivables and payables (Euro 42,210 thousand).

7. Cash and cash equivalents (Item 7)

TABLE 11

Breakdown			
(amounts in € thousands)		31/12/22	31/12/21
	Bank and Post Office demand deposits	32,178,948	37,315,336
	Cash in hand	8	8
TOTAL		32,178,956	37,315,344

This item includes Euro 31 billion paid by the MEF on SACE's current account held with the Central Treasury (Bank of Italy) and related to the business covered under the ex-Liquidity Decree.

8. Shareholders Equity

At December 31, 2022, equity totalled euro 5,570,345 thousand. The breakdown as follows:

TABLE 12

Breakdown			
(amounts in € thousands)		31/12/22	31/12/21
SHAREHOLDERS' EQUITY		5,570,345	5,643,271
I	Group interest	5,570,345	5,569,121
	Share capital	3,730,324	3,730,324
	Capital reserves	43,305	43,305
	Revenue reserve and other equity reserves	1,701,373	1,678,547
	Other gain (losses) recognised directly in equity	6,142	953
	Group interest in the profit (loss) for the year	89,201	115,992
II	Minority interest	-	74,150
	Share capital and reserves	-	73,282
	Gains (losses) taken directly to equity	-	(67)
	Minority interest in the profit (loss) for the year	-	935

The share capital consists of 1,053,428 ordinary shares and is fully paid in. "Revenue reserve and other equity reserves" includes 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 accounting standards and also reserves arising on exchange gains and losses).

9. Provisions

A breakdown of the provisions to cover the legal or implicit obligations to which SACE is exposed in exercising its business is provided below:

TABLE 13

Description			
(amounts in € thousands)		31/12/22	31/12/21
	Provision for credit risk - financial commitments and guarantees issued	279	233
	Provisions for amounts due to policyholders	982	986
	Provision for legal disputes	5,684	19,759
	Provision for payments to agents	3,206	2,699
	Other provisions	18,094	21,929
TOTAL		28,245	45,606

The "Provision for credit risk - financial commitments and guarantees issued" relates to SACE Fct S.p.A. commitments to grant funds for formal non-recourse financing.

"Other provisions" includes euro 5,662 thousand related to agreements with policyholders which are nearing completion and euro 4,060 thousand attributable to the "Intersectoral solidarity fund to provide income support and to support employment and professional retraining of employees of insurance and service companies" established by INPS, pursuant to Ministerial Decree No. 78459 of 17 January 2014.

TABLE 14

Description	
(amounts in € thousands)	Amount
Opening balance	45,606
Provisions	12,244
Utilisations	(29,605)
CLOSING BALANCE	28,245

10. Technical provisions (Item 3)

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

TABLE 15

Description		
(amounts in € thousands)	31/12/22	31/12/21
Provision for unearned premiums - non-life business	4,532,059	3,944,347
Provision for claims outstanding - non-life business	828,204	822,999
Other provisions	1,602	1,076
TOTAL	5,361,865	4,768,422

Further details are provided in the Annex 4 "Breakdown of technical provisions".

11. Financial liabilities (Item 4)

The breakdown is as follows:

TABLE 16

Description		
(amounts in € thousands)	31/12/22	31/12/21
4.1 Financial liabilities at fair value through profit or loss:	89,340	173,952
4.1.1 Financial liabilities held for trading	89,340	173,952
4.1.2 Financial liabilities designated as at fair value		
4.2 Financial liabilities at amortised cost	1,378,832	3,919,043
TOTAL	1,468,172	4,092,995

"Financial liabilities held for trading" include the financial instruments in portfolio.

"Financial liabilities at amortised cost" decreased on the previous year end, mainly as a consequence of the expiring of repurchase agreements with banks during the year (euro 2,414,979 thousand at December 31, 2021). This item includes:

- euro 497.5 million related to the subordinated loan, listed on the Luxembourg Stock Exchange, issued by the parent SACE S.p.A.; On September 16, 2022, SACE repurchased its bonds for euro 2.5 million.
- euro 652 million related to bank loans taken out by SACE Fct S.p.A. not repaid at December 31, 2022;
- euro 8.3 million related to financial liabilities arising from lease contracts within the scope of application of IFRS16.

Further details are provided in the Annex 5 "Breakdown of financial liabilities".

12. Payables (Item 5)

TABLE 17

Description		
(amounts in € thousands)	31/12/22	31/12/21
5.1 Payable arising out of direct insurance business	38,779	36,607
5.2 Payable arising out of reinsurance business	1,072,415	832,263
5.3 Other payable	551,614	220,219
TOTAL	1,662,808	1,089,089

"Payables arising out of direct insurance business" mainly include the amounts due to policyholders for deductibles on amounts recovered, equal to euro 30,403 thousand. "Payables arising out of reinsurance business" include euro 663,900 thousand related to the amount due to the MEF for the technical provisions transferred in accordance with article 2 of Decree Law No. 23/2020.

Other payables include:

TABLE 18

Description		
(amounts in € thousands)	31/12/22	31/12/21
Amounts due to suppliers	22,808	19,310
Provision for termination benefits	3,288	3,445
Payables for financial margins	61,551	18,454
Sundry payables	463,967	179,010
TOTAL	551,614	220,219

“Other payables” consist in premiums to co-insurers (euro 412,984 thousand) and payments received from creditors in connection with factoring activities (euro 24,355 thousand).

13. Other liabilities (Item 6)

The breakdown of this item is as follows:

TABLE 19

Description		
(amounts in € thousands)	31/12/22	31/12/21
6.1 Group's disposal liabilities held for sale	-	234,290
6.2 Deferred tax liabilities	301,904	223,930
6.3 Current tax liabilities	51,478	4,399
6.4 Other liabilities	31,734,553	31,542,631
TOTAL	32,087,935	32,005,250

Deferred tax liabilities, of Euro 301,904 thousand, mainly relate to the taxes calculated on the elimination of the equalisation provision for IFRS purposes (euro 118,816 thousand), the taxes calculated on financial assets at amortised cost and financial assets measured at fair value (euro 61,478 thousand). The total balance also considers euro 40,099 thousand related to deferred tax liabilities calculated on unrealised exchange differences on receivables and payables. “Other liabilities” include the balancing entry of the MEF's deposit on the treasury current account held by SACE of euro 31 billion (recognised under asset item Cash and cash equivalents), the liability, net of the operating expenses incurred, related to the fees on Garanzia Italia transactions at December 31, 2022 (euro 403,190 thousand), the reinsurance of short-term trade receivables (euro 221,580 thousand) and the Green Guarantee (euro 87,745 thousand).

Notes to the Consolidated Income Statement

14. Net premiums

This item includes the premiums earned relating to insurance contracts under IFRS 4.2, net of amounts ceded to reinsurers. Gross premiums written for the period amount to Euro 528,126 thousand. Information about premium income by business for 2022 is provided in the Directors' Report.

Further details are provided in Annex 6 “Breakdown of Insurance Technical Items”.

15. Income and expense from financial instruments at fair value through profit or loss

This item comprises realised gains and losses and increases and decreases in the carrying amount of financial assets and liabilities at fair value through profit or loss. Specifically, it reflects the carrying amount of financial instruments used to hedge exchange rates (see also “Other revenue” for the component relating to exchange rate adjustments to receivables in the portfolio) and the balance of asset swap transactions. Further details are provided in Annex 7 “Financial and Investment Income and 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 income recognised using the effective interest method (IFRS 9).

Other income

This item includes income from lease of investment property.

Realised gains

This item includes gains realised upon derecognition of a financial asset or liability or investment property.

Valuation gains

This item includes positive changes resulting from reversals of impairment and measurement subsequent to initial recognition of financial assets and liabilities. Further details are provided in the Annex 7 “Financial and Investment Income and Expense”.

17. Other revenue

This item, totalling euro 188,032 thousand, mainly includes exchange rate differences to be recognised in profit or loss as set forth in IAS 21 of euro 37,857

thousand (Euro 19,902 thousand in 2021), of which euro 26,409 thousand related to unrealised exchange differences, and the utilisation of the risk provision for euro 16,886 (Euro 15,351 thousand in 2021). It also includes the reimbursement of the operating expenses on the transactions carried out as part of the new business launched in 2020 by the relevant government decrees (euro 7,863 thousand) and the fees and commissions on co-insurance premiums (euro 108,731 thousand).

18. Net claims incurred

This item includes the amount of claims paid (gross of settlement costs and amounts ceded to reinsurers) for euro 103,837 thousand (euro 117,961 thousand December 31, 2021). Information about claims in 2022 by class of business is provided in the Directors' Report. Further details are provided in Annex 6 "Breakdown of Insurance Technical Items".

19. Expense related to other financial instruments and investment property

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

Interest expense

This item includes interest expense recognised using the effective interest method (related to outstanding loans).

Other expense

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

Realised losses

This item includes losses realised upon derecognition of a financial asset or liability.

Valuation losses

This item includes negative changes resulting from amortisation and depreciation, impairment and measurement subsequent to initial recognition of financial assets and liabilities.

Further details are provided in the Annex 7 "Financial and Investment Income and Expense".

20. Operating expenses

Commissions and other acquisition expenses

This item includes acquisition costs, net of amounts ceded to reinsurers, related to insurance contracts. It amounts to a negative euro 22,070 thousand (a negative euro 1,023 thousand in 2021) and mainly reflects fees and commissions received from insurers on ceded premiums (Euro 21,436 thousand; Euro 33,702 thousand in 2021) related to the Agreement entered into with the MEF (euro 18,086 thousand).

Investment management expenses

This item includes general and personnel expenses related to the management of financial instruments, 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 expenses.

21. Other expenses

The items under this heading, for a total of euro 173,059 thousand (euro 106,258 thousand at December 31, 2021) includes:

- impairment losses and additional provisions accrued during the year for euro 8,227 thousand (Euro 9,227 thousand at December 31, 2021);
- exchange differences recognised in profit or loss as set forth in IAS 21 for Euro 114,590 thousand (Euro 60,811 thousand at December 31, 2021), of which unrealised exchange differences for euro 65,884 thousand;
- realised losses, depreciation and amortisation for euro 5,382 (euro 3,931 thousand at December 31, 2021);
- the impairment loss on SIMEST S.p.A.'s investment (euro 2,286 thousand) related to the results of the first three months of the 2022 financial year pertaining to the Group.

22. Taxes

Taxes recognised in the consolidated income statement are as follows:

TABLE 20

Income tax

Through profit or loss

(amounts in € thousands)	2022	2021
CURRENT TAXES		
Expense (Income) for current taxes	41,505	35,633
Adjustments to prior year current taxes	5,689	3,605
DEFERRED TAXES		
Expense (Income) due to recognition and elimination of temporary differences	11,939	3,972
Expense (Income) due to changes in tax rates or new taxes		
Expense (Income) arising from tax losses		
Expense (Income) arising from impairment losses or reversals of impairment losses on deferred tax assets		
TOTAL INCOME TAX	59,133	43,210

The reconciliation between the tax charge and the theoretical tax charge, calculated using the theoretical tax rates ruling in Italy, is as follows:

TABLE 21
Reconciliation between average effective and theoretical tax rates - breakdown
Rates as percentages

	2022	2021
Ordinary rate applicable	30.82%	30.82%
Effect of increases/decreases	8.85%	(3.84%)
TAX RATE ON PROFIT BEFORE TAXES	39.67%	26.98%

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

TABLE 22
(amounts in € thousands)
Deferred tax assets and liabilities

related to:	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
Intangible assets						
Unrealised revaluation	61,861	13,512			61,861	13,512
Technical provisions			118,816	114,333	(118,816)	(114,333)
Employee benefits			780	589	(780)	(589)
Assets at FV			59,126	58,417	(59,126)	(58,417)
Other items	147,796	125,459	123,182	50,591	24,614	74,868
Taxable losses	209,657	138,971	301,904	223,930	(92,247)	(84,959)
Compensation of taxes						
TOTAL NET TAX (ASSETS)/ LIABILITIES	209,657	138,971	301,904	223,930	(92,247)	(84,959)

Other information

Intragroup and related party transactions

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

- services rendered under specific agreements in that they do not constitute the company's core business;
- costs for rental of offices;
- reinsurance business and non-recurring deposits with the subsidiary SACE BT S.p.A.;
- irregular deposits in favour of the SACE Fct S.p.A. subsidiary;
- staff secondments (the amount relates to the reimbursement of the costs incurred by the seconding company in the form of remuneration and the related costs) with group companies (SACE Fct, SACE BT and SACE SRV).

During 2022, as a result of the sale to the MEF, the tax consolidation with Cassa Depositi e Prestiti ceased. During the same tax period, the option for consolidated taxation, for the three-year period 2022-2024, with the subsidiaries Sace Fct, Sace BT and Sace SRV was communicated to the Agenzia delle Entrate.

Fees paid to senior managers with strategic responsibility

The fees paid in 2022 amount to euro 2,339 thousand.

Other information

From the social point of view, SACE supported IPE ("Istituto per ricerche ed attività educative"), "Croce Rossa Italiana", Sant 'Egidio community and Italian Committee for Unicef by means of a cash disbursement of euro 61 thousand (this disclosure is made pursuant to Law no. 124/2017).

Independent auditors' fees

Pursuant to Legislative decree no. 39 of 27 January 2010, the fees due to the independent auditors for the audit of the 2022 financial statements amount to euro 296 thousand.

Analysis of the impacts of Covid - 19

For an analysis of the impacts of COVID-19 on the figures of the consolidated financial statements, reference should be made to the directors' report.

Garanzia Italia, Garanzia Italia L.D. Energy, Garanzia SupportItalia, Insurance of short-term receivables and Green New Deal

In 2022, following the applications received through the "Garanzia Italia" portal (which ceased on June 30, 2022), 2,090 guarantees were issued for a total of Euro 10,945²¹ million and a guaranteed maximum amount²² of Euro 9,989 mil-

²¹ Included Euro 4,460,000 related to the Energy LD.

²² The guaranteed amount is the principal plus ancillary charges and interest, net of the percentage coverage, upon

lion. With respect to the guarantees issued from the start of the new business to December 31, 2022, the amounts paid are equal to Euro 177 million and the amounts to be collected are Euro 21 million²³.

The expenses relating to the Garanzia Italia/Supportitalia schemes amount to Euro 7.1 million and comprise the expenses incurred by SACE S.p.A. to issue contract received, checks carried out and information flows.

The changes to the portal continued, along with the drafting of policy conditions, reporting to banks and underwriting activities in order to implement the guarantees under the Aiuti LD (Supportitalia Guarantee scheme), which became effective in July.

With respect to the guarantee under the Energy LD (article 8.2), which came into force on April 28, 2022 and expired on June 30, 2022, two guarantees were issued for a financed amount of Euro 4,460,000 as part of the "Liquidity related to the instalment of bills payment". The expenses related to the issue of the two guarantees covered by the Energy LD amounted to Euro 1.7 million.

In the period from July 22, 2022 to December 31, 2022, against applications received through the "Supportitalia" portal, 1,030 guarantees were issued for a total financing amount of Euro 18,016 million and a maximum guaranteed amount of ²⁴ Euro 14,369 million. The expenses related to the "Garanzia Supportitalia" scheme were included in that related to the "Garanzia Italia" scheme.

The "SACE-Riassicurati" agreement pursuant to article 35 of LD no. 34 of May 19, 2020 became effective on November 5, 2020. Since its launch, the premiums paid by insurance companies, net of commissions, have amounted to Euro 288.8 million. Paid indemnities totalled Euro 69.3 million (gross of recoveries of Euro 4.3 million). The expenses incurred by SACE in 2022 to control management and accounting information flows received and perform checks and credit recovery activities amounted to Euro 0.7 million.

With respect to Green operations, pursuant to article 64 of LD no. 76 of July 16, 2020, in 2022, SACE approved the issue of 246 guarantees for total financing of Euro 4,264.3 million and a guaranteed commitment (principal and interest) of Euro 2,965.8 million. In 2022, a total of 244 guarantees were issued (resources mobilised) for total financing of Euro 3,020.3 million and a guaranteed commitment (principal and interest) of Euro 2,090.6 million. In 2022, earned premiums amounted to Euro 31 million.

Events after the reporting date

No significant events occurred after the end of the financial year.

issuing of the guarantee

23 This figure includes the Garanzia Supportitalia scheme

24 The guaranteed amount is the principal plus ancillary charges and interest, net of the percentage coverage, upon issuing of the guarantee



Annexes to the notes

Annexes to the notes

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

Annex 1 Detail of tangible and intangible assets

(in € thousands)	At cost	Restated or at fair value	Total carrying amount
Investment property	12,289		12,289
Other property	54,871		54,871
Other property, plant and equipment	4,806		4,806
Other intangible assets	11,332		11,332

Annex 2 Detail of reinsurers' share of technical provisions

(in € thousands)	Direct business		Indirect business		Total carrying amount	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
NON-LIFE PROVISIONS	4,219,868	3,725,011	7,907	5,144	4,227,775	3,730,155
Provision for unearned premiums	3,685,597	3,204,628	5,525	3,559	3,691,122	3,208,187
Provision for outstanding claims	533,521	519,722	2,382	1,585	535,903	521,307
Other reserves	750	661			750	661
LIFE PROVISIONS						
Provision for sums to be paid						
Mathematical provisions						
Technical provisions where the investment risk is borne by the policyholders and relating to pension fund administration						
Other reserves						
TOTAL OF REINSURERS' SHARE OF TECHNICAL PROVISIONS	4,219,868	3,725,011	7,907	5,144	4,227,775	3,730,155

Breakdown of financial assets

(in € thousands)	Financial assets at fair value through profit or loss												Total carrying amount			
	Financial assets at amortised cost			Financial assets at fair value through other comprehensive income			Financial assets held for trading			Financial assets at fair value				Other financial assets for which fair value measurement is mandatory		
	31/12/2022	31/12/2021		31/12/2022	31/12/2021		31/12/2022	31/12/2021		31/12/2022	31/12/2021			31/12/2022	31/12/2021	
Equity instruments																
- of which listed							12,236	21,238							12,236	21,238
							8,668	17,669							8,668	17,669
Debt securities	3,652,409	2,706,975					1,730,193	356,103					54,502	60,678	5,437,104	3,123,756
- of which listed	3,652,409	2,706,975					1,616,944	197,652					54,502	60,678	5,323,855	2,965,305
Units of UCITS							3,541								3,541	
Loans and receivables with insured banks	3,752	413													3,752	413
Interbank loans and receivables																
Deposits with ceding companies	125	136													125	136
Financial asset components of insurance policies																
Other loans and receivables	2,791,115	1,706,169													2,791,115	1,706,169
Non-hedging derivatives							69,069	7126							69,069	7126
Hedging derivatives																
Other financial investments	47,000	27,000					21,214	20,687							68,214	47,687
Total	6,494,401	4,440,693					1,836,254	405,154					54,502	60,678	8,385,156	4,906,524

Annex 4
Detail of technical provisions

(in € thousands)	Direct business		Indirect business		Total carrying amount	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
NON-LIFE PROVISIONS	5,042,501	4,434,390	319,364	334,032	5,361,865	4,768,422
Provision for unearned premiums	4,359,203	3,748,894	172,856	195,453	4,532,059	3,944,347
Provision for outstanding claims	681,696	684,420	146,508	138,579	828,204	822,999
Other reserves	1,602	1,076			1,602	1,076
of which provisions stated following liability adequacy tests						
LIFE PROVISIONS						
Provision for sums to be paid						
Mathematical provisions						
Technical provisions where the investment risk is borne by the policyholders and relating to pension fund administration						
Other reserves						
of which provisions stated following liability adequacy tests						
of which deferred liabilities towards policyholders						
TOTAL TECHNICAL PROVISIONS	5,042,501	4,434,390	319,364	334,032	5,361,865	4,768,422

Annex 5

Breakdown of financial liabilities

Financial liabilities at fair value through profit or loss								
(in € thousands)	Financial liabilities held for trading		Financial liabilities designated at fair value		Financial liabilities at amortised cost		Total carrying amount	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Participating financial instruments								
Subordinated liabilities					528,909	531,476	528,909	531,476
Liabilities from financial contracts issued by insurance companies arising from:								
- financial contracts where the investment risk is borne by policyholders								
- pension fund administration								
- other contracts								
Deposits received from reinsurers					16,864	13,596	16,864	13,596
Financial liability components of insurance policies								
Debt securities issued								
Due to banks					651,661	705,287	651,661	705,287
Interbank liabilities								
Other loans obtained					101,318	119,807	101,318	119,807
Non-hedging derivatives	3,956	1,397					3,956	1,397
Hedging derivatives	85,384	172,555					85,384	172,555
Other financial liabilities					80,080	2,548,877	80,080	2,548,877
Total	89,340	173,952			1,378,832	3,919,043	1,468,172	4,092,995

Annex 6

Detail of technical insurance items

	31/12/2022				31/12/2021			
	(in € thousands)	Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount	
NON - LIFE BUSINESS								
NET PREMIUMS		(61,243)	172,527	111,284	522,608	(308,784)	213,824	
a Premiums written		528,126	(310,408)	217,718	562,576	(382,158)	180,418	
b Change in the provision for unearned premiums		(589,369)	482,895	(106,434)	(39,968)	73,374	33,407	
NET CLAIMS INCURRED		233,209	(161,156)	72,053	191,342	(74,438)	116,904	
a Claims paid		257,536	(153,699)	103,837	195,640	(77,678)	117,962	
b Change in the provision for outstanding claims		(2,389)	(7003)	(9,392)	(26,706)	2,488	(24,217)	
c Change in recoveries		(24,458)	916	(23,542)	21,057	1,893	22,950	
d Change in other technical provisions		2,520	(1,370)	1,150	1,351	(1,141)	210	
LIFE BUSINESS								
NET PREMIUMS								
NET CLAIMS INCURRED								
a Amounts paid								
b Change in the provision for claims to be paid								
c Change in mathematical provisions								
d Change in technical provisions where the investment risk is borne by the policyholders and relating to the administration of pension funds								
e Change in other technical provisions								

Annex 7

Financial and investment income and expense

(in € thousands)			Valuation gains						Valuation losses		Total income and expense		
	Interest	Other income	Other expense	Realised gains	Realised losses	Total realised gains and losses	Valuation gains	Reversals of write-downs	Valuation losses	Impairment of value	Total unrealised gains and losses	31/12/2022	31/12/2021
INVESTMENT INCOME (EXPENSE)													
a	238,163	14,952	(275)	193,912	(79,027)	36,7724	2,850		(31,310)	(7,439)	(35,899)	331,825	162,649
		634	(260)			373						373	264
b							1,282				1,282	1,282	1,226
c	226,282	29		609		226,921			(4,646)	(7,439)	(12,085)	214,835	145,854
d													9
e	8,768	14,289	(15)	192,875	(79,027)	136,890	35		(18,987)		(18,952)	117,938	13,310
f													
g	3,113			427		3,540	1,533		(7,677)		(6,144)	(2,604)	1,984
SUNDRY RECEIVABLES - INCOME (EXPENSE)													
	11,945					11,945				2,570	2,570	14,514	10,425
CASH AND CASH EQUIVALENTS - INCOME (EXPENSE)													
	7,762					7,762				76	76	7,838	(15)
FINANCIAL LIABILITIES - INCOME (EXPENSE)													
a	(149,931)					(149,931)						(149,931)	(13,040)
	(130,661)					(130,661)						(130,661)	
b													
c	(19,270)					(19,270)						(19,270)	(13,040)
PAYABLES - INCOME (EXPENSE)													
	(4,191)					(4,191)						(4,191)	(115)
TOTAL	103,747	14,952	(275)	193,912	(79,027)	233,308	2,850		(31,310)	(4,794)	(33,253)	200,054	159,903

Annex 8

Detail of insurance business costs

	(in € thousands)		Non-Life business		Life business	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
GROSS COMMISSIONS AND OTHER ACQUISITION COSTS	60,022	51,695				
a Acquisition commissions	26,263	22,912				
b Other acquisition costs	33,115	28,668				
c Change in deferred acquisition costs						
d Collection commissions	644	115				
REINSURANCE COMMISSIONS AND PROFIT-SHARING	(37,429)	(49,783)				
INVESTMENT MANAGEMENT CHARGES	3,258	4,018				
OTHER ADMINISTRATIVE EXPENSES	67,663	61,925				
TOTAL	93,514	67,855				

Annex 9

Assets and liabilities measured at fair value on a recurring and non-recurring basis: breakdown by fair value level

		Level 1		Level 2		Level 3		Total	
(in € thousands)		31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS									
Financial assets at fair value through other comprehensive income									
Financial assets at fair value through profit or loss	Financial assets held for trading	1,629,153	215,321	104,762	48,462	102,339	141,372	1,836,253	405,154
	Financial assets designated at fair value								
	Other financial assets for which fair value measurement is mandatory	54,502	60,678					54,502	60,678
Investment property									
Tangible assets									
Intangible assets									
TOTAL ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS		1,683,655	275,999	104,762	48,462	102,339	141,372	1,890,755	465,832
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading			89,340	173,952			89,340	173,952
	Financial liabilities designated at fair value								
TOTAL LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS				89,340	173,952			89,340	173,952
Assets and liabilities measured at fair value on a non-recurring basis									
Non-current assets or disposal group classified as held for sale					542,623				542,623
Liabilities of a disposal group held for sale					234,290				234,290

Annex 9.1

Breakdown of level 3 financial assets and liabilities measured at fair value on a recurring basis

(in € thousands)	Financial assets at fair value through profit or loss				Financial liabilities at fair value through profit or loss			
	Financial assets at fair value through other comprehensive income	Financial assets held for trading	Financial assets designated as at fair value	Other financial assets for which fair value measurement is mandatory	Investment property	Property, plant and equipment	Intangible assets	Financial liabilities held for trading
								Financial liabilities designated "AS" at fair value
OPENING BALANCE		141,372						
Purchases/Issues		2,521						
Sales/Repurchases		(41,097)						
Repayments								
Profit or loss recognised in profit or loss		(425)						
- of which for value gains/losses		(425)						
Gain or loss recognised in other comprehensive income								
Transfers to level 3								
Transfers to other levels								
Other changes		(32)						
CLOSING BALANCE		102,339						

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Annexes to the notes

Annexes to the notes

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

The legal representatives of the company (*)	Alessandra Ricci (**)
The Statutory Auditors	Silvio Salini
	Giovanni Battista Lo Prejato
	Angela Salvini

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

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

** Chief Executive Officer and General Manager

Certification of the consolidated
financial statements
**pursuant to article 13, para. 10.8
of the corporate bylaws of SACE S.p.A.**

We the undersigned, Alessandra Ricci, in my capacity as CEO and Nicoletta Cassano, in my capacity as manager responsible for preparing the financial reports 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 December 31, 2022.

The adequacy of the administrative and accounting procedures used to prepare the consolidated financial statements for the year ended at December 31, 2022 was assessed on the basis of a process defined by SACE in accordance with generally recognised international standards.

We hereby also certify that:

- the consolidated financial statements December 31, 2022:
 - 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 management report on operations includes a fair review of the operating performance and result and the situation of the company and all the consolidated companies, together with a description of the main risks and uncertainties to which they are exposed.

Rome, March 30, 2023

Alessandra Ricci
CEO

Nicoletta Cassano
Manager responsible
for preparing the company's
financial reports



Independent Auditor's Report



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INDEPENDENT AUDITOR’S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 dOF JANUARY 27, 2010 AND
ARTICLE 10 OF THE EU REGULATION N. 537/2014

To the Shareholder of
SACE S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of SACE Group (the “Group”), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and the explanatory notes.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the regulation issued pursuant to art. 90 of Legislative Decree no. 209 of September 7, 2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the company in accordance with the regulations and standards on ethics and independence applicable to the audit of the financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona
Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT03049560166
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Evaluation of Provision for unearned premiums

Description of the key aspect of the audit	At December 31, 2022, the Group recorded in item 3 "Technical Provisions" – liabilities of the Balance Sheet – a provision for unearned premiums for Euro 4,532.1 million, including the provision for unexpired risks. As highlighted by the Directors into the Notes to the Consolidated Financial Statements, section “Use of estimates”, the technical provisions calculation is affected by complex subjective judgments and estimates based on past experience, which, with regards to the current fiscal year, may even be affected by the uncertainty related to the current macroeconomic context. The use of such subjective judgements and estimates influences the carrying amounts of the Group financial statements.
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The Group, in the Notes to the Consolidated Financial Statements, section “Measurement Criteria”, provides details for the criteria adopted and the methodology applied in calculating the provision for unearned premiums. The provision for unearned premiums is determined on an accruals basis, applied analytically to each policy on the basis of gross premiums. The provision for unearned premium has also been integrated to take into account the expected rate of claims referring to insurance contracts in portfolio signed by the reporting date (so-called “provision for unexpired risks”). In respect of the determination of this component, the Directors highlight that the Company used a method based on the estimate of the expected loss of the entire portfolio; the main components taken into consideration includes:

- the observed and expected trends in the portfolio of outstanding guarantees with specific focus on the risk profile, concentration by counterparty and industrial sector;
- the exposure in foreign currency and observed and expected trends in exchange rates;
- duration of the portfolio run-off and observed trends.

In the light of the significance of the provision for unearned premiums amounts registered into the consolidated financial statements, of the complexity of the measurement criteria and of the variability of the assumptions made to determine the expected loss affecting the provision for unexpired risks and even in the light of the current macroeconomic context, we have considered the evaluation of the provision for unearned premiums a key audit matter for the Group consolidated financial statements as of December 31, 2022.



Audit procedures performed	<p>The audit procedures, also carried out with the support of specialists belonging to the Deloitte <i>network</i>, included, among others, the following:</p> <ul style="list-style-type: none">• understanding of the process of formation of the provision for unearned premiums and detection and verification of the implementation of the relevant controls on the determination process of the aforementioned provision;• carrying out verification procedures in relation to the completeness and adequacy of the portfolios taken into consideration and their databases;• verification of the correctness of the amounts related to the unearned premiums provision through the independent recalculation of the same for a sample of insurance contracts in the portfolio;• reasonableness analysis of the methods and of the main technical and evolutionary hypotheses on which the estimate of the overall expected loss of portfolio has been based for the purpose of determining the provision for unexpired risks;• verification of the computation of the provision for unexpired risks through the application of simplified methods in order to evaluate the reasonableness of the provision amounts determined by the Group Management;• verification of the completeness and adequacy of the information provided by the Group with respect to the provisions of the applicable legislation.
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Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 90 of Legislative Decree no. 209 of September 7, 2005 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or unintentional behaviors or events.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group’s ability to continue as a going concern, and, in preparing the consolidated financial statements, for the appropriateness of using the going concern assumption, as well as for adequate disclosure in matter.



The Directors use the going concern assumption in the preparation of the consolidated financial statements unless they have assessed that the conditions exist for the liquidation of the parent company SACE S.p.A. or for the interruption of the activity or do not have realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or unintended behaviors or events, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or unintended behaviors or events and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from unintended behaviors or events, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate the related risks or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of SACE S.p.A. has appointed us on October 17, 2019 as auditors of the Company for the years from December 31, 2020 to December 31, 2028.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Management Control Committee, in its role of Audit Committee, referred to art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree no. 39 of January 27, 2010, and art. 123-bis, paragraph 4, of Legislative Decree no. 58 of February 24, 1998

The Directors of SACE S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structures as at December 31, 2022, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree no. 58 of February 24, 1998, with the consolidated financial statements of SACE Group as at December 31, 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.



In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of SACE Group as at December 31, 2022 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree no. 39 of January 27, 2010, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree December 30, 2016, no. 254

The Directors of SACE S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree December 30, 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Vittorio Frigerio
Partner

Rome, Italy
April 13, 2023

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

SACE S.p.A. Report of the Board of Statutory Auditors

Consolidated financial statements at 31st December 2022

Dear Shareholder,

As stated in the explanatory note of the financial statements, the scope of consolidation of SACE S.p.A., at 31st December 2022, includes:

- **SACE S.p.A.**, which directs and coordinates its direct subsidiaries;
- **SACE Fct S.p.A.**, wholly owned;
- **SACE BT S.p.A.**, wholly owned;
- **SACE SRV S.r.l.**, wholly owned through SACE BT S.p.A.;
- **SACE do Brasil Representações Ltda**, with a 99.99972% direct stake and a 0.00028% indirect stake through SACE SRV S.r.l.;
- **Fondo Sviluppo Export** – Investment fund in which SACE is the sole unitholder.

At December 31st 2022 SACE S.p.A. does not hold any treasury shares; its subsidiaries do not hold any shares of their shareholders either directly or through trust companies or through third parties.

The consolidated financial statements of SACE S.p.A. at 31st December 2022 have been prepared, pursuant to Legislative Decree No. 38 of 28 February 2005, in accordance with the IAS/IFRS principles issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union and in accordance with the technical formats required under IVASS Regulation No. 7/2007, as amended by Provision No. 74 of 8 May 2018.

The measurement criteria and the basis of consolidation are described in the explanatory note of the consolidated financial statements.

The consolidated financial statements were also audited by the independent auditors Deloitte & Touche S.p.A. Please note that no direct control over the financial statements of companies included in the scope of consolidation has been performed by this Board of Statutory Auditors, since it is under the responsibility of competent Board of Statutory Auditors of each company.

We acknowledge that the reports issued by each competent body concerning the part for which they are responsible, do not reveal any irregularities, findings, issues or reserves.

Furthermore, within the framework of the duties assigned to us by law, we checked the following:

- the compliance with measurement criteria, principles of consolidation and other law requirements, with particular reference to the creation of the scope of consolidation, the data reference date and the consolidation regulations;
- the adequacy of the detailed information provided in the Report on operations and in the notes to the financial statements and the consistency with the data provided in the consolidated financial statements.

Today the independent auditor Deloitte & Touche S.p.A. issued their report on the consolidated financial statements at 31st December 2022, in accordance with the rules on statutory audits implemented with Legislative Decree No. 135/2016. Specifically, the independent auditors: i) issued their report stating that the consolidated financial statements give a true and fair view of the Group's financial position, performance and cash flows at and for the year ended 31st December 2022, in accordance with the International Financial Reporting Standards ("IFRS") endorsed by the European Union and with the Regulation issued in implementation of art. 90 of Legislative Decree No. 209/2005; ii) expressed their opinion on the consistency of the Report on operations and of specific data included in the Report on Corporate Governance and ownership structure set out in art. 126-bis., paragraph 4, of Legislative Decree No. 58/1998 with the consolidated financial statements of the SACE Group at 31st December 2022 and that those Reports have been drawn up in accordance with applicable law; iii) with reference to the statement pursuant to art. 14.2(e) of Legislative Decree No. 39/2010, issued on the basis of their knowledge and understanding of the company and the context in which it operates, obtained in the course of their audit, they had nothing to report.

For any other findings and comments on the consolidated financial statements at 31st December 2022, reference should be made to the Report to the financial statements of SACE S.p.A. which underlines the main aspects, whose activities continue to significantly affect the consolidated financial statements also throughout 2022.

In our opinion and based on that stated above, the consolidated financial statements of the SACE Group for the year ended 31st December 2022 – recording a net income of 89.923 thousands of Euro, including a Group net income of 89.201 thousands of Euro, total assets for 46.179.370 thousands of Euro, total liabilities for 40.609.025 thousands of Euro and consolidated shareholders' equity for 5.570.345 thousands of Euro – which are the result of financial statements that generated no exceptions, recommendations, criticisms or reserves, give a true and fair view of the assets and financial position of the SACE Group at 31st December 2022, of its result and cash flows for the year ended at that date, in accordance with the aforesaid applicable laws concerning consolidated financial statements.

Rome, April 13th 2023

THE BOARD OF STATUTORY AUDITORS

Dr. Silvio Salini (Chairman)

Dr. Giovanni Battista Lo Prejato (Standing Auditor)

Dr.ssa Angela Salvini (Standing Auditor)

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