



**PRESS NOTICE**  
**Rome, March 28th, 2007**

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**Consolidated accounts as at December 31st, 2006**  
**2006 Financial statements of the SACE Group Approved:**

**Net income: 510 million euros**

**339.1 million euros proposed for dividend distribution**

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- *Net income: 510.1 million euros*
  - *Gross premiums : 240.5 million euros*
  - *Year's insurance volumes: 17,073 million euros*
  - *Dividend distribution proposal: 339.1 million euros*

Rome, March 28th, 2007 – Today, the Board of Directors of SACE S.p.A., which met under the chairmanship of Ignazio Angeloni, approved the consolidated financial statements of the SACE Group and the financial statements of the parent company SACE S.p.A. for the fiscal year ending December 31st, 2006.

**THE SACE GROUP: STRATEGY AND RESULTS**

The SACE Group, in full compliance with the objectives of its industrial plan, exhibited a significant improvement in 2006 in all its main management indicators with respect to the previous fiscal year.

The principal consolidated results may be summarised as follows:

- a **net income** of 510.1 million euros (757.4 million euros in 2005), in diminution with respect to 2005 as a result of prudential accruals to offset concentrations of risk in non-market activities. Net of such accruals profitability would have been in line with the preceding year.
- **gross premiums** referring to the consolidated accounts of the group, amounting to 240.5 million euros, are 22% higher than the preceding year, principally on account of the growth in market activities.
- **losses**, at 44.3 million euros, were down 39%;
- overall insurance **volumes** and an indicator of the support for the "Sistema-Italia", amounting to 17,073 million euros, exhibit a year-on-year growth of 35%.

The Group's strategy addresses the following aspects:

- **Product/customer development**

Its "product - workshop" has been enhanced with the creation of new financial and financial products. These include products to complement bank products, products specially designed for the SMEs (for example *Export Plus*) have been developed and improved on-line products. This development has characterised all the companies of the Group.

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*The SACE Group SAC insures and re-insures Italian companies and banks against the political, currency and commercial risks to which they are exposed in their international commercial and investment operations. The Group comprises three companies: the Parent company SACE SpA SACE BT SpA, which is concerned with insuring short term credits and ASSEDILE SpA specialised in performance and surety bonds. In 2005 the SACE Group insured operations around the world for about 16 billion euros.*



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#### ▪ **Group Reorganisation**

The growth of market activities referring to SACE BT (which in its second complete year of business activities and ahead of the industrial plan targets, has returned a profit) and Assicuratrice Edile, has continued by exploiting the synergies between these two sectors. The development of non-market activities continues with the consolidation of the activities in progress and the implementation of operations to promote *Made by Italy*. Moreover, some new bases from which to enlarge the boundaries of the Group's activities have been instituted as also the entry into new market segments following the innovations introduced by the 2007 Finance Act.

#### **THE PARENT COMPANY SACE S.P.A.**

The consolidation and development of activities made possible by the changes to the regulatory framework ( CIPE resolution of December 2004 and the competitiveness decree of March 2005) continued into 2006. An active policy of risk diversification has enabled the average *rating* of the company's portfolio to be improved while an overall reduction in credit risk, in part due to the maintenance of a positive economic cycle of *emerging market*, led to significant anticipated credit reimbursements (in particular Russia, Nigeria, Brazil, and Algeria).

The 2006 fiscal year closed with:

- **net income** of 565.1 million euros (701.2 million euros in the 2005);
- **gross premiums** for 175.4 million euros, in line with last year's results;
- a **closing balance** of 211.2 million euros (236.8 million euros in 2005);
- **losses** for 30.7 million euros, equivalent to a 56% reduction;
- a **financial management result of** 198.1 (+136%) million euros;
- **shareholders' equity** at 8,868.8 million euros with **technical reserves** for 2,253.3;
- **new productions** in terms of underwritings, for 8,233.5 million euros especially concentrated in such economic and geographical areas as the newly enlarged EU, the Middle East and North Africa.

#### **THE MARKET ACTIVITIES**

The market activities of the Group, with special reference to the credit insurance and sureties, have undergone strong growth. The development and integration of the **distribution network** continues through the entry of new direct producers as well as cooperation with new brokers and agents. In particular, a project is underway aimed at the development and optimisation of the distribution network of the two companies. The following results should be noted:

- both insurance divisions, sureties and credit insurance, posted a **net income**, with the latter exceeding the targets of the industrial plan;
- **gross premiums** for about 65.1 million euros, of which 17.7 million referring to credit insurance, 24.4 to sureties and 23.0 for the other divisions in which the Group is authorised to operate;
- an overall **loss ratio** for the two companies of 41%; the sureties division returned 26.5% (36.7% in 2005), which is below the market average, while the credit insurance ratio stands at 32.9%;
- an overall **combined ratio** of 84%;

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- **insurance volumes** for 9,131 million euros (+71%).

## DIVIDENDS

On the basis of the results posted as at December 31st 2006, the Board of Directors of SACE S.p.A. passed a resolution to propose a **dividend distribution of 339.1 million of euros with a 60% dividend payout** to the Shareholders' Meeting.

## 2007 EVENTS

Among the principal events to be noted the first part of the 2007 fiscal year mention should be made of a further **extension of the boundary of activities** of the company, introduced following the approval of the 2007 Finance Act2007 that, inter alia, provides support to foreign companies in order to promote the internationalisation of the Italian economy. This support refers for operations of strategic importance in terms of economic security and the activation of productive and occupational processes within the national territory as well as the possibilities to Italian and non-Italian financial operators for transactions that have an impact on the internationalisation and competitiveness of the Italian economy.

The results of recent years, especially the high levels of credit reimbursement obtained from sovereign states pursuant to international agreements, have improved the quality of the financial assets in the Company's balance sheet to such an extent as to allow, at the start of 2007, Company to reduce its share capital by 3,500 million euros without any consequences for its *Aa2* rating from Moody's, which is equivalent to that of the Italian Republic. The rating was assigned on the basis of the valuation of SACE's market capitalisation, the position that it occupies in the reference market and the support provided by the Italian State.

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