






# Financial innovation and evolution of SACE's products in support of internationalization

28<sup>th</sup> of October 2008 - Roma



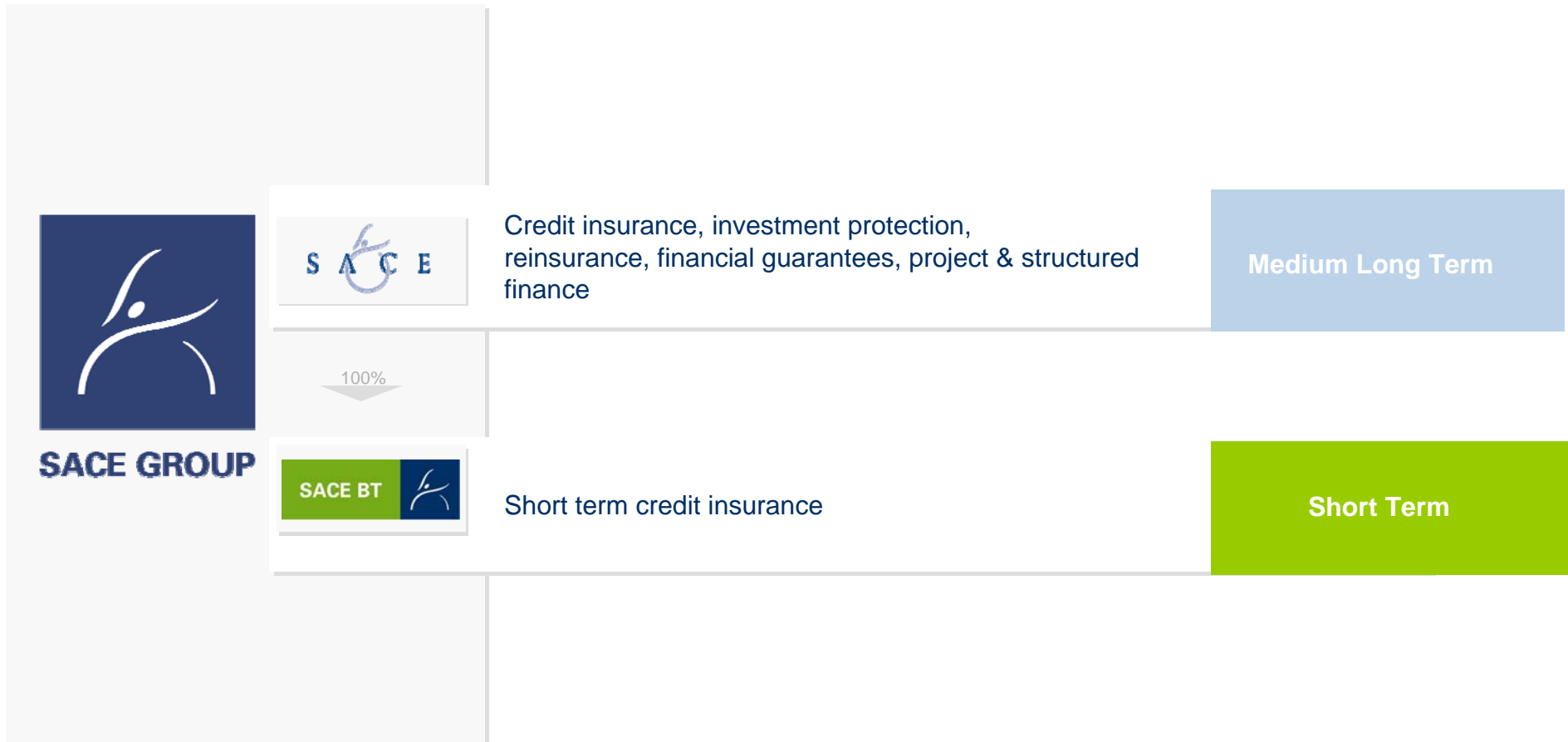
**Carolina Lonetti**

	<b>SACE Group</b>
	<b>SACE Business</b>
	<b>SACE support in the Gulf Countries</b>
	<b>Main SACE Products</b>
	<b>Credentials, network and how to contact</b>



SACE GROUP

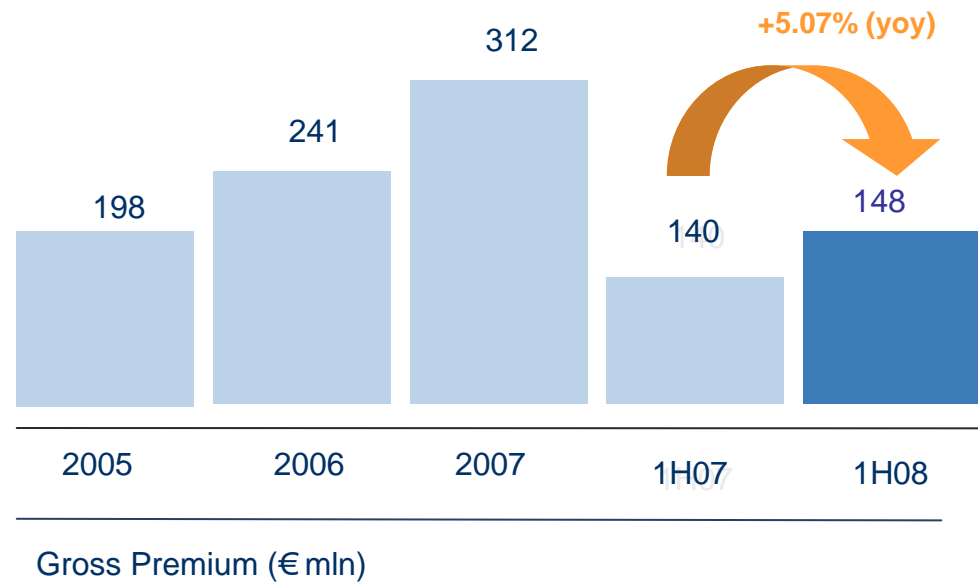
## SACE Group: one group many solutions





## Highlights 2007

Gross Premium	€312 mln
Outstanding Guarantees	€33.600 mln
Net Profit	€377 mln
Shareholder's Funds	€5.772 mln
Rating (Moody's)	Aa2
Employees	511

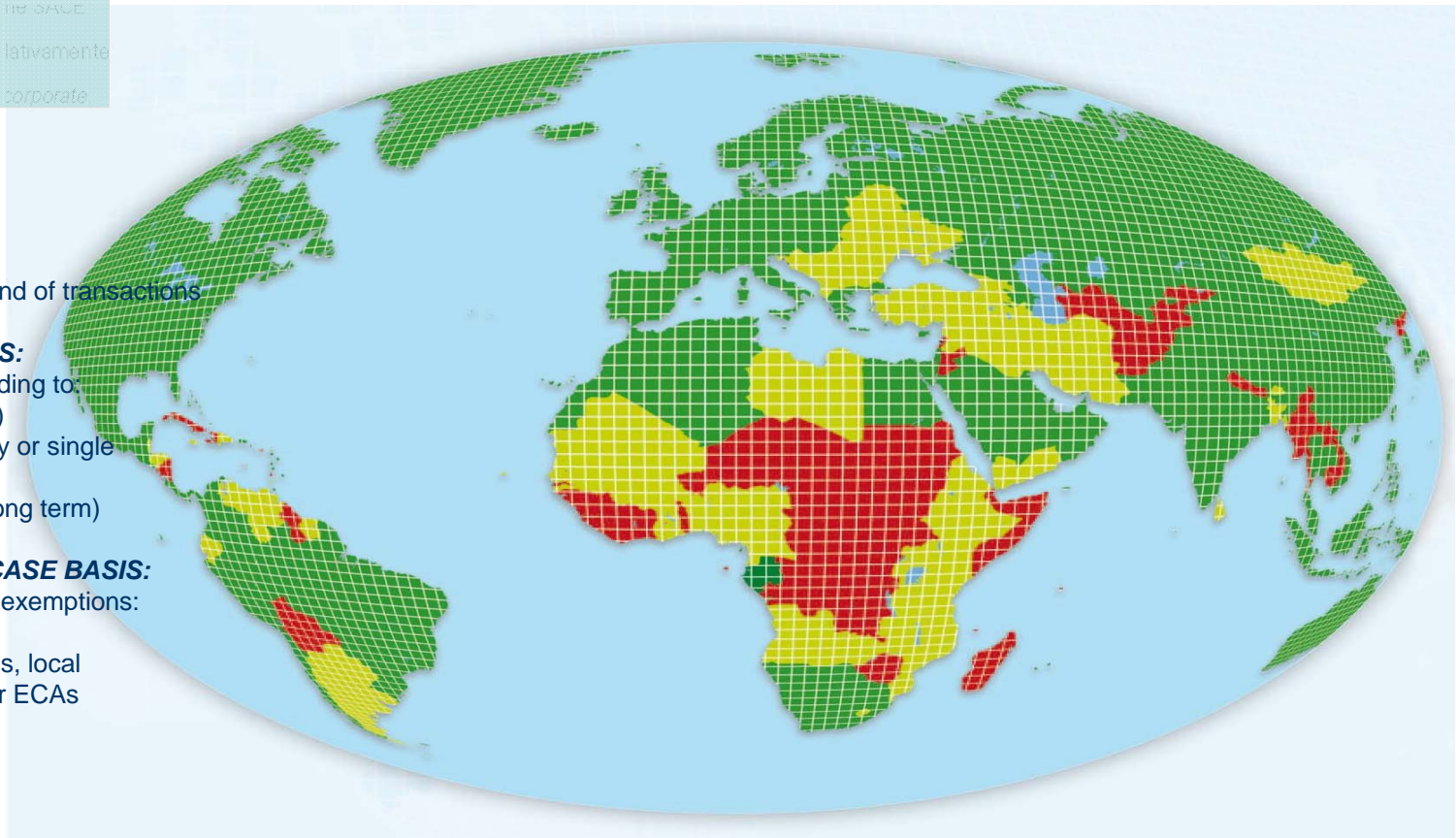


## More than 155 countries on cover

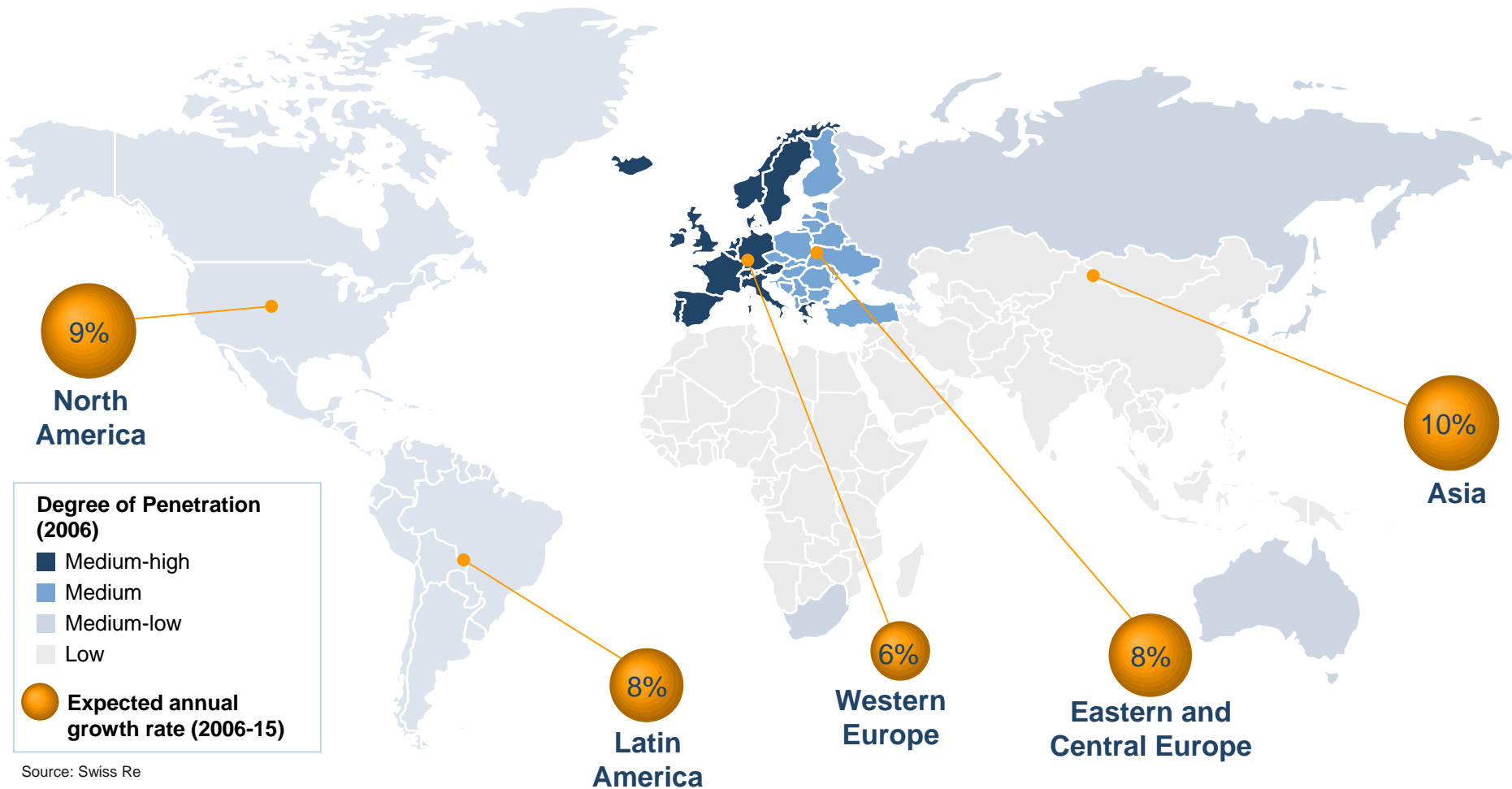
### TERMS OF COVER

THE SACE  
 relativamente  
 corporate

- **OPEN:**  
Potential involvement in all kind of transactions
- **OPEN WITH RESTRICTIONS:**  
Restrictions may apply according to:
  - counterparts (i.e. sovereign)
  - amounts (i.e. cap for country or single transaction)
  - tenors (i.e. short, medium-long term)
- **VALUABLE ON CASE BY CASE BASIS:**  
No cover available. Potential exemptions:
  - *project finance*
  - co-financing with Multilaterals, local development banks and other ECAs
  - investments
  - *non-credit risks*



## Geographic Distribution of Credit Insurance



**A market worth €5 bln of premia estimated to reach €10 bln in 2015, with higher development opportunities throughout the emerging markets**








In the B2B in Europe 83% of the sales are made on a credit basis

	Percentage of sales on credit basis				
	0-20%	21-40%	41-60%	61-80%	81-100%
<b>Europe</b>	<b>12%</b>	<b>3%</b>	<b>1%</b>	<b>1%</b>	<b>83%</b>
Belgium	15%	3%	0%	0%	82%
France	10%	2%	1%	1%	86%
Germany	2%	1%	2%	1%	94%
Holland	27%	3%	0%	1%	69%
Hungary	9%	2%	1%	0%	88%
Italy	13%	2%	0%	0%	85%
Spain	10%	3%	2%	0%	85%
Polond	6%	1%	0%	1%	92%
Portugal	24%	9%	5%	0%	62%
United Kingdom	13%	1%	1%	1%	84%

.In Europe 83% of enterprises carry 81 to 100% of their sales on a credit basis. Source Allianz



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### Traditional Export Credit

*Target:* supporting italian exports and investments abroad

Export Credit

PRI

### New Products

*Target:* supporting strategical country interests and international growth

Internationalization

Market Window



## TRADITIONAL BUSINESS

*Objective:* supporting italian exports and investments abroad

Export Credit

Political Risk  
Insurance

From traditional eligibility criteria...

Italian Content

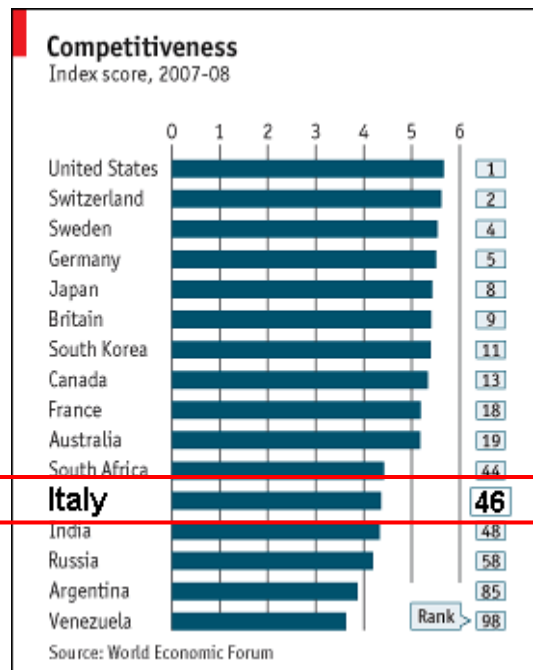
UE Content: Flexibility for UE  
suppliers

“Made by Italy” for commercial  
contracts signed by italian  
companies

“Made for Italy” for suppliers  
of foreign companies partially  
or totally owned by italian  
companies

... to new criteria





## Internationalisation

New “marketable” business, supporting the Internationalisation of Italian Economy (banks and corporates)

## Market Window

New “marketable” business supporting any strategic interest for the Italian Economy



### ... to the Banks

#### Capacity provider

Preservation of bank credit lines

#### Risk partner

Acting as a risk taker and credit risk enhancer, SACE decreases the syndication risks

#### Zero risk weight

SACE guaranteed assets are zero weighted under Basle I and under Basle II (full guarantee by the Government of Italy)

### ... to the Borrowers

#### Competitiveness


Longer term financings and attractive all-in cost of funding

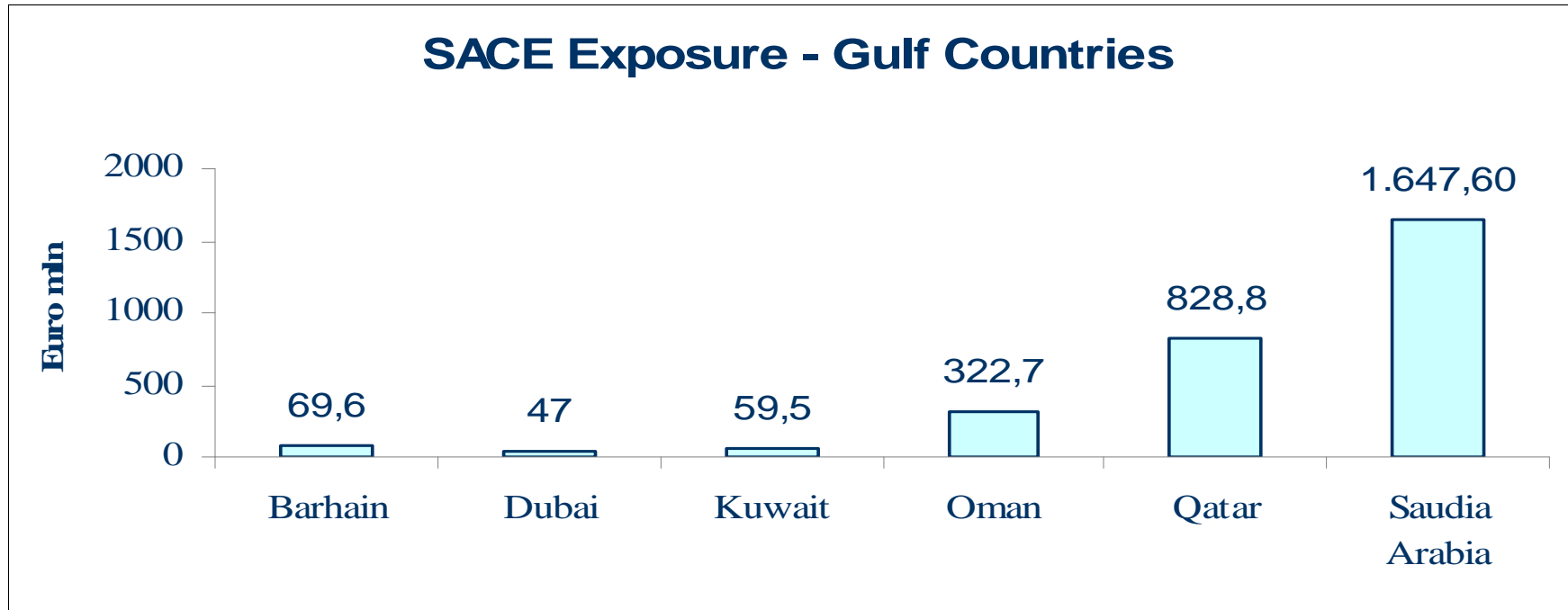
#### Capacity and Liquidity provider

Preservation of bank credit lines and liquidity provider

#### Stability

Improvement of balance sheet composition (diversification of funding sources)






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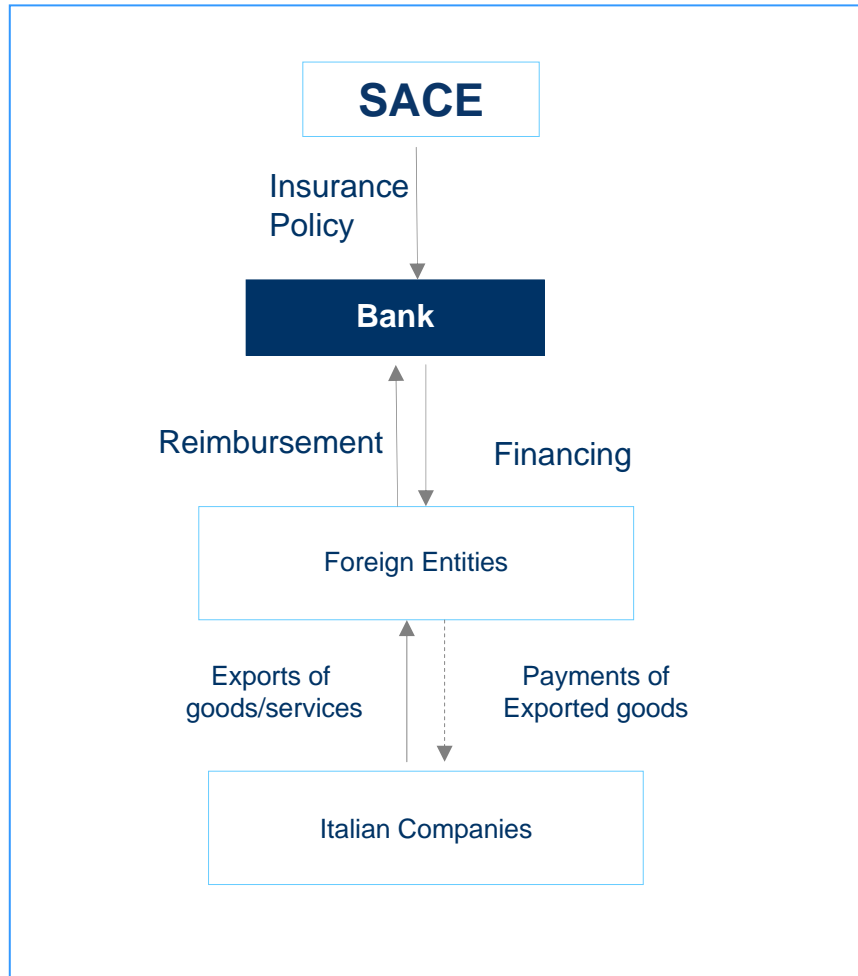
**Total Exposure in the Gulf Countries:** Eur 2.9 bn, 11.5% of the total  
SACE Portfolio

(1) As of October 2008



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## Transaction scheme



## PRODUCT: Buyer Credit Policy

### ➤ TARGET CLIENTS:

**Foreign Entities (corporates, governments and banks)** interested in financing/ refinancing their business with Italian counterparties

### ➤ MAIN FEATURES:

- Coverage **up to 100%** of financed/ refinanced amounts for political and commercial risks
- Financing **up to 100%** of premium amount and **up to 100%** of interests
- Reimbursement on a short, medium or long term basis, with a fixed or floating interest rate
- Tied or multitied financing/ refinancing of one or more well identified import transactions to specific foreign clients (previous imports are also insured through the Refinancing scheme)
- Open financing/ refinancing under general framework agreements

**Refinancing** enables to free up borrowers' credit lines, making them available for other uses

## Transaction scheme



## PRODUCT: Supplier Credit Policy

### ➤ TARGET CLIENTS:

**Italian Companies and/or their Foreign Subsidiaries** exporting goods and services which are interested in granting their foreign counterparts short/medium/long term deferred payments

### ➤ MAIN FEATURES:

- Risk cover for single transactions abroad
- Coverage **up to 100%** of the insured amounts
- Coverage for non-payment, unilateral termination of contract, destruction, requisition, seizure, unfair call of bonds, caused by political or commercial events
- Monetisation of assets through assignment of the insurance policy to a financial institution on a pro-soluto basis

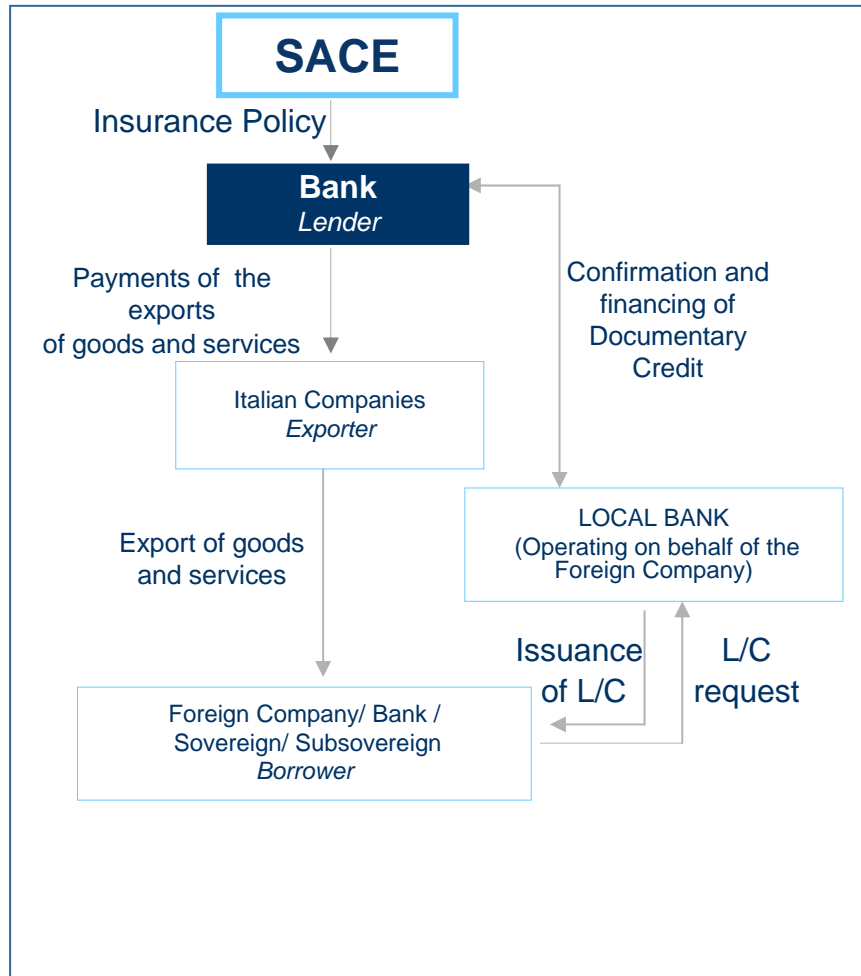
### Easy:

- “Basic” easy and fast for contracts under €250.000 and deferred payment under 24 months
- “Export plus” for contracts under 2,5 Mln euro on line: [www.exportplus.it](http://www.exportplus.it)

### Standard:

- Supplier’s Credit Policy for contracts over 2,5 Mln euro
- Framework Agreement

## Transaction scheme



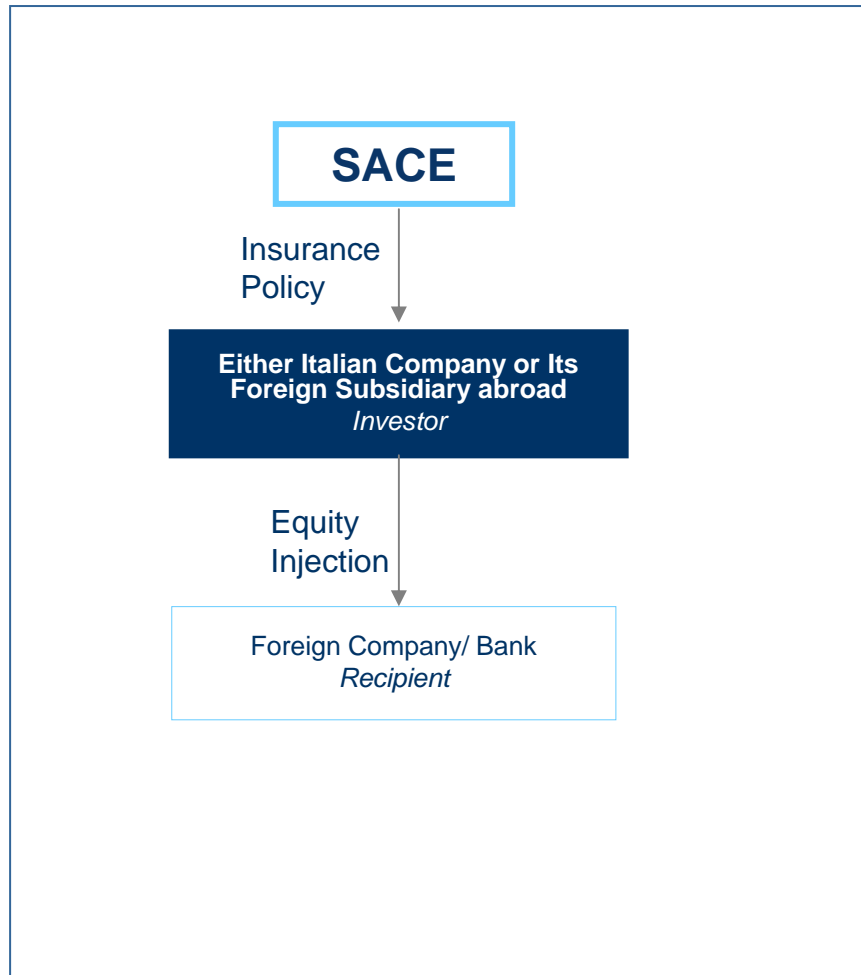
## PRODUCT: L/C Confirmation

- TARGET CLIENTS:
  - Italian and foreign banks interested in insuring credits deriving from the confirmation of documentary credits issued by a local bank (located in a country other than that of the confirming bank), in connection to Italian exports or related activities. Maximum acceptable tenor is 5 years.
- MAIN FEATURES:
  - Coverage up to 100% of the financed documentary credit amounts for the political and commercial risks
  - The product is available also **on line**
  - The product can be structured as a **Framework Agreement**

**BOUND BY CONSENSUS RULES**



## Transaction scheme



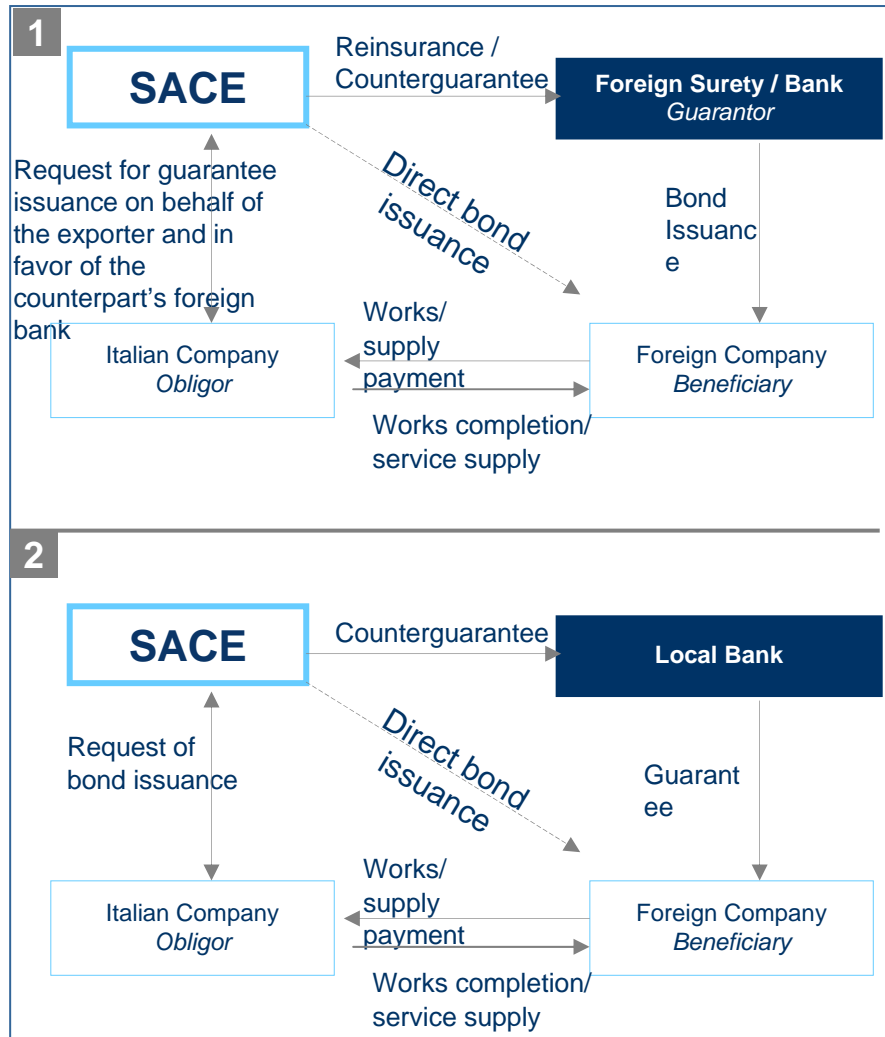
## PRODUCT: Political Risk Insurance Policy

- TARGET CLIENTS:  
Italian companies and /or their foreign subsidiaries interested either in establishing companies abroad or in holding a stake in a foreign company.
- MAIN FEATURES:
  - Investment carried out by means of capital injections (to finance capital goods, technologies, licenses and copyright, design services, civil works and others)
  - Coverage up to 100% of the total investment amount against political events
  - The Political Risk Insurance Policy can be assigned to a bank

OFF CONSENSUS RULES



## Transaction schemes



## PRODUCT: Surety Bond

### ➤ TARGET CLIENTS:

- **Italian companies** required to provide contract bonds to their foreign clients, or
- **Italian / Foreign Banks** issuing contract bonds on behalf of the Italian Companies, for exports/supply of goods & services, for the execution of civil works

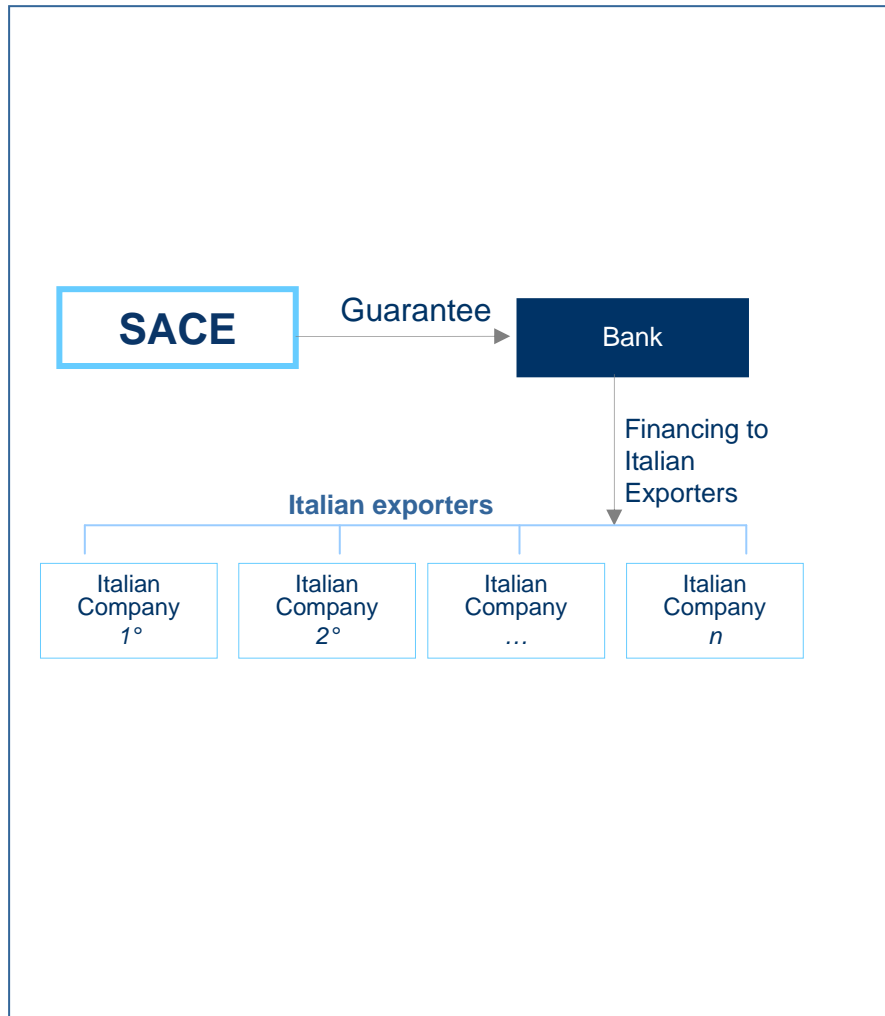
### ➤ MAIN FEATURES:

- The Obligors can either be Italian companies or their subsidiaries / participated companies abroad (JVs with Italian stakes). SACE will guarantee either an amount proportional to the Italian stake or the portion of Italian good and services
- Either Bonds issued directly or conterguaranteed are typically: Bid Bonds, Advance Payment Bonds, Performance Bonds, Retention money bonds, warranty bonds, tax bonds Performance & Payment Bonds

## OFF CONSENSUS RULES



## Transaction scheme



## PRODUCT: SMEs Financial Guarantee

### ➤ TARGET CLIENTS:

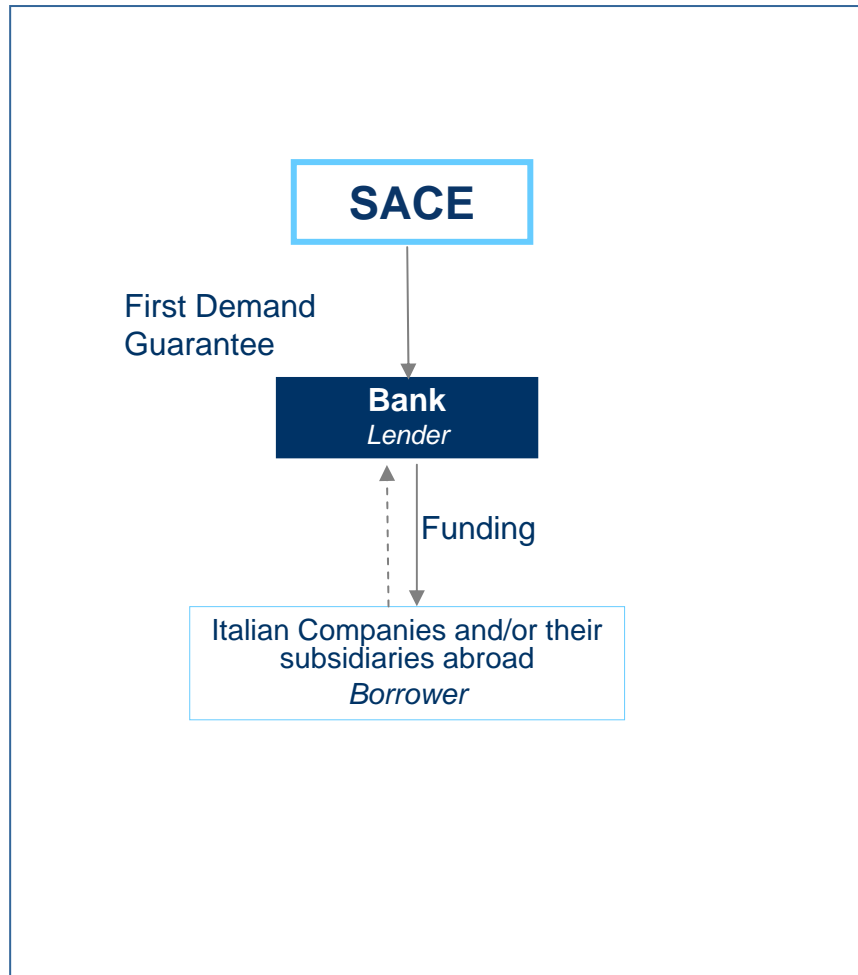
**Banks and Financial Institutions** financing Small and Medium Enterprises (SMEs) for internationalization purposes. This product allows the collection and possibly the subsequent Securitisation of loans.

### ➤ MAIN FEATURES:

- Loans Portfolio must be at least 50% SMEs and the remaining portion companies with total annual revenues under Eur 250 mln
- Eligible companies must demonstrate that at least 10% of the total annual production is exported
- Pricing all-in applied to the loans need to be a market price
- Company's rating is agreed between SACE and the Bank
- Risk is shared between SACE and the Bank on a 70%-30% basis. SACE's guarantee is a State Guarantee, zero weighed according to Basle I and II

## OFF CONSENSUS RULES

## Transaction scheme



## PRODUCT: Investment Financial Guarantee

### ➤ TARGET CLIENTS:

**Italian companies and/or their foreign subsidiaries** interested in financing their cross border investments, among others:

- Setting up of new production units, subsidiaries or JVs abroad
- Cross border M&A, leverage buyout, restructuring etc...
- Loans to foreign subsidiaries
- Subordinated / mezzanine loans (case by case basis)
- Working capital needs

### ➤ MAIN FEATURES:

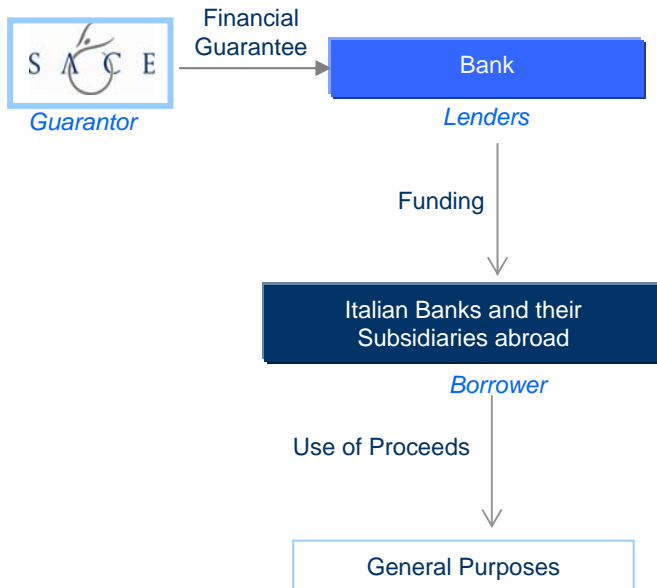
- Financing linked to the Internationalisation of the Italian companies
- First demand Guarantee for the benefit of the Lender
- Risk participation with the funding bank, on a % to be agreed, against non-payment risk
- Capital release
- Preservation of the Borrower bank credit lines
- Attractive Borrower's all-in pricing

## OFF CONSENSUS RULES

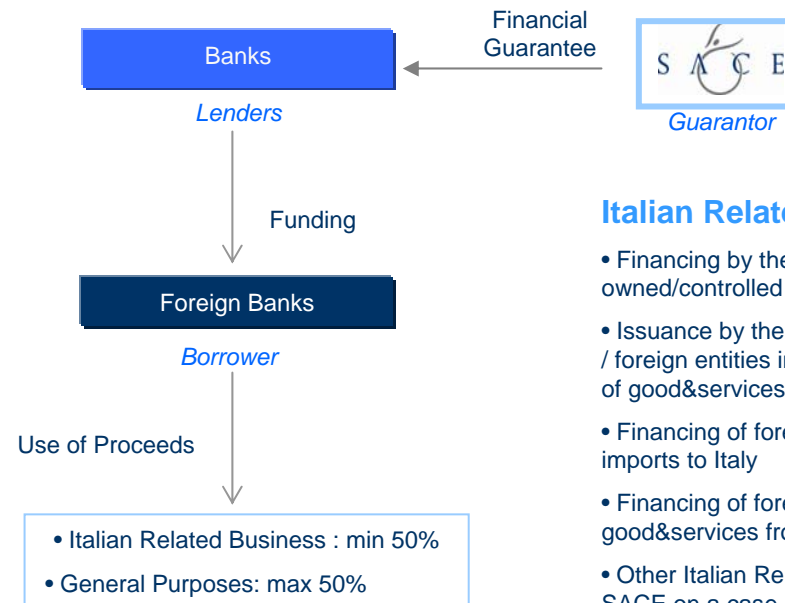


... by way of either bilateral or syndicated facilities for

## General Purposes



## Italian Related Business



## Italian Related Business

- Financing by the Borrower of local/foreign entities owned/controlled by Italian entities
- Issuance by the Borrower of LCs on behalf of local / foreign entities in favour of Italian entities for import of good&services
- Financing of foreign entities making strategic imports to Italy
- Financing of foreign entities importing good&services from Italy
- Other Italian Related business will be assessed by SACE on a case by case basis

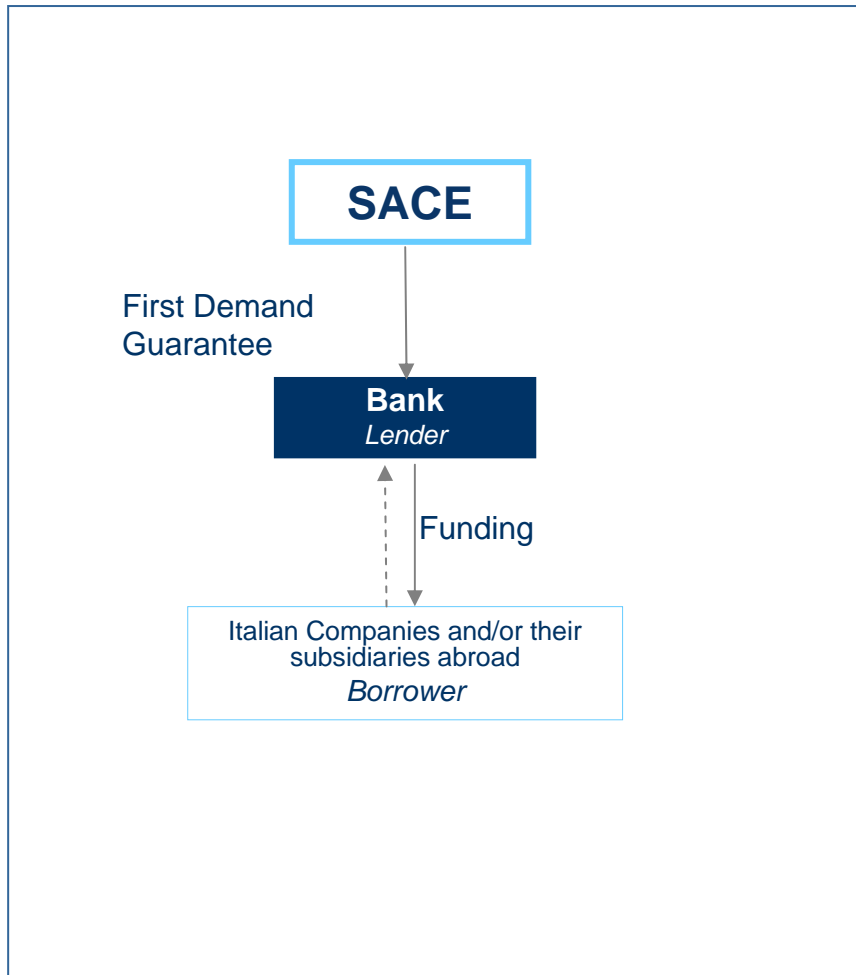
SACE coverage: up to 80% of the overall loan amount

SACE Remuneration is determined as a portion of the Lender all-in pricing, calculated on the guaranteed percentage, as follows:

- a portion of the overall margin charged by the Lender to the Borrower, less the Lender funding costs and
- a portion of the up front fees charged to the Borrower ( exact sharing is determined on a case by case basis)



## Transaction scheme



## PRODUCT: Investment Financial Guarantee

### ➤ TARGET CLIENTS:

#### Banks interested in arranging financing to:






- **Foreign Corporates** for **strategic imports to Italy** (power, Oil & gas and raw-materials or semi-finished products)
- **Italian and/or foreign Corporates** or their subsidiaries supporting **infrastructure project**, the diversification of **energy sources** in the Italian domestic market (pipelines, gas plants, etc...), environment, logistics and tourism (**Strategic domestic sectors**)

### ➤ MAIN FEATURES:

- Financing strategic for the Italian economy
- First demand Guarantee for the benefit of the Lender
- Risk participation with the funding bank, on a % to be agreed, against non-payment risk
- Capital release
- Preservation of the Borrower bank credit lines
- Attractive Borrower's all-in pricing

## OFF CONSENSUS RULES



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SACE GROUP

# Internationalisation of Italian Banking System – 2008 Track record

August 2008



USD 200,000,000

3 yrs Senior Unsecured Term Loan Facility

**SACE**

**Guarantor to Italian Lenders**



April 2008



USD 100,000,000

5 yrs Senior Unsecured Term Loan Facility

**SACE**

**Supporting Unicredit Group**



May 2008



USD 100,000,000

3 yrs Senior Unsecured Term Loan Facility

**SACE**

**Supporting Intesa San Paolo**



May 2008



USD 30,000,000



10 months Senior Unsecured Term Loan Facility

**SACE**

**Supporting Unicredit Group**



June 2008





USD 125,000,000

5 yrs Senior Unsecured Term Loan Facility

**SACE**

**Supporting Unicredit Group**



July 2008




USD 150,000,000

5 yrs Senior Unsecured Term Loan Facility

**SACE**

**Supporting BNL**



July 2008



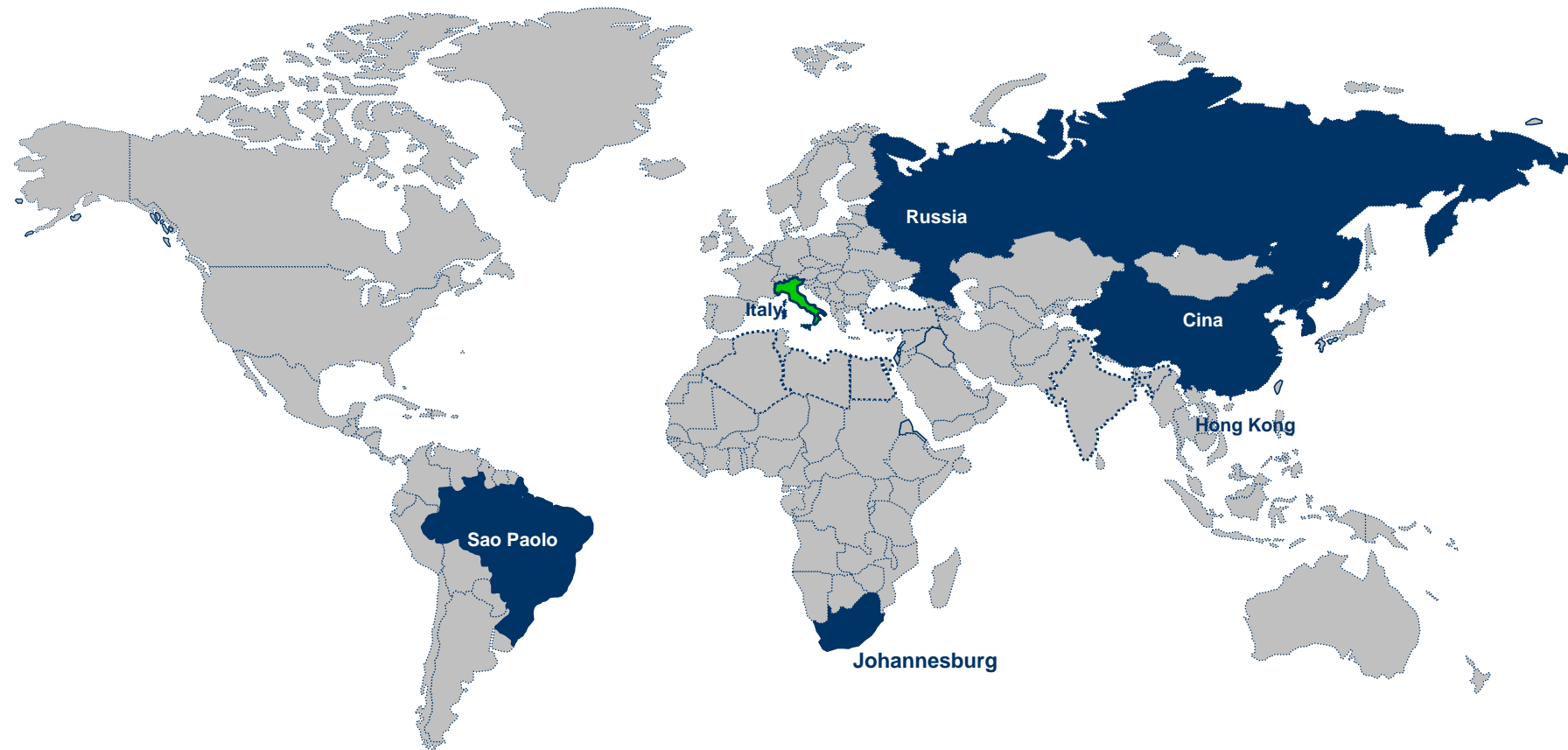

USD 150,000,000

5 yrs Senior Unsecured Term Loan Facility

**SACE**

**Supporting BNL**





### Regional Offices

- Milan
- Modena
- Rome (Headquarters)
- Turin
- Mestre Venice



### Representatives Overseas

- Moscow
- Hong Kong
- Johannesburg
- Sao Paolo





SACE GROUP

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[www.sace.it](http://www.sace.it)



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