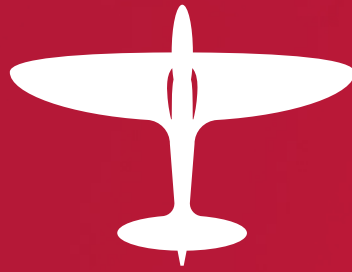


DRIVING YOUR AMBITIONS

ANNUAL REPORT 2013





OVERVIEW

In the following pages we present analyses and figures, pictures and stories to tell the story of SACE's achievements in 2013. This Annual Report outlines another year of challenges and new horizons in our work to support Italian companies.

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HIGHLIGHTS

MILLIONS EUROS

398.7

GROSS WRITTEN PREMIUMS

34,476

SACE

401.9

CLAIMS PAID

36,170

SACE BT

345.3

PROFIT AFTER TAX

1,504

SACE FCT

5,321

SHAREHOLDERS' EQUITY

25,000

CUSTOMERS

2,519

TECHNICAL PROVISIONS

OUTSTANDING
COMMITMENTS



A

nother complicated year has drawn to a close, tightly packed with challenges and opportunities which are still there for the taking. 2013 has seen weak growth across all four corners the globe, a gradual recovery in the advanced markets and a slow-down and new criticalities in the major emerging markets. It was the year in which Italy technically emerged from recession, after nine consecutive quarters of contraction. Despite all this, however, it continued to rise to the challenges of

an economy racked with a lifeless domestic market. Alongside the positive signals given off by exports and the repayment of outstanding public sector debt, important questions remain unanswered concerning the revival of employment, increased risks of insolvency and access to credit.

The particularly complex global economic situation is still extremely relevant today, as shown by the claims settled by SACE in 2013: totalling 402 million euros, allowing many businesses to mitigate the impact of the crisis.



Giovanni Castellaneta, Chairman SACE - Alessandro Castellano, CEO SACE

Notwithstanding such disbursement, which marked a 52% increase on last year, the technical balance amounted to 122 million euros, thanks to the positive performance of recovery activities and to premiums.

At the heart of our efforts lies the desire to grow together with businesses according to principle of economic and financial sustainability.

We are firmly convinced that this is the only route possible for a group whose ambition is to serve an increasing number of businesses, through efficient

resource management. We closed 2013 with consolidated net profits of 345 million euros, more than double last year's 168 million euros: a result we can be proud of and that confirms the validity of a

At the heart of our efforts lies the desire to grow together with businesses according to principle of economic and financial sustainability.

business model founded on a concept of partnership with our clients.

This year our insured transactions portfolio exceeded 72 billion euros, of which 38 billion euros related to the credit insurance, surety and factoring business and 34 billion euros to the support of investment exports and internationalisation.

Mechanical engineering, shipbuilding, oil & gas, infrastructures and construction, aeronautics, electrical appliances: our medium-high technology sectors of excellence kept Italy firmly ahead in international competitiveness. They also proved to be the sectors of greatest activity for SACE in 2013, alongside which, more typical Italian-made goods, such as food, fashion and furniture, have continued to take prominence, buoyed by the unquestiona-

Exporting today means competing with new financial and other strategies in faraway places: the emerging markets

ble appeal of Italian quality to foreign consumers. In 2013, SACE's new commitments mainly involved non-European countries – from Turkey to Russia, Egypt, Mexico and the Arab Emirates – together with some less familiar destinations, including Vietnam, Indonesia, Azerbaijan and Chile.

SACE BT recorded positive technical performance for surety bond operations and the protection of construction risks, achieving a significant improvement in the technical performance of credit insurance activities, now back in the black during the second half-year, after the negative trend, due to the significant increase in business insolvencies recorded in the last two years.

The performance of commercial information and credit recovery business lines managed by SACE SRV ensured an improvement in the Group's recovery rate and significant economies of scale.

SACE Fct booked a 46% increase in turnover (2.6

billion euros), going against the trend of an essentially stable factoring market. From its very beginnings, the company discounted receivables worth approximately 6.5 billion euros through factoring, helping transform receivables due to businesses supplying public sector companies, into liquid funds.

A vocation for company exports is becoming an even more defining feature of our country, together with a capacity to rethink, react to the crisis and resume growth.

At the end of the year, the Purchasing Managers Index (PMI) for the manufacturing sector finally returned to positive territory, showing improving forecasts, a rise in new orders and a growing intention to hire. Italy's performance, alongside that of Germany, was the best in Europe: an important sign of optimism, that reveals Italy's position as a driving force at the industrial heart of this continent.

For the last two years, sales of Italian goods and services in emerging countries have exceeded those made in the European Union, charting a trend of further increases in future years. As a consequence, exporting today means competing with new financial and other strategies in faraway places, which offer those opportunities able to offset the weakness of our traditional reference markets.

It is there that various risks (currency, regulatory, credit and political) highlight the complex nature of the export business. And it is there that our activities are focussed.

We manage these new markets through a team of country risk analysts and an international network with global coverage. In 2013, we opened a new office in Mexico City and we are currently considering opening additional offices, which we are certain will act as catalysts for the growth of Italian business throughout the world. With the same objective we have developed dedicated initiatives, like the programme "Frontier Markets" aimed at identifying forthcoming emerging markets and open up new reference horizons,

beyond traditional destinations, for Italian exports and investments.

This goes hand-in-hand with the development of an increasingly extensive domestic network, offering its customers close support, and the positive collaboration with Cassa depositi e prestiti, the European

Our clients, with their tenacity and spirit of innovation, are the true source of inspiration for our work.

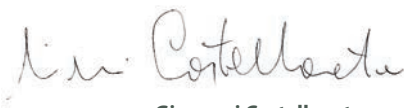
Investment Bank and the credit intermediaries. In the background, however, the shared need remains for a more extensive and efficient capital market: one that can perform a complementary function to the banking channel.

SACE itself has proven capable of supporting the development of alternative sources of funding such as project bonds, as well as bond issues for foreign projects where Italian companies are involved as exporters or investors. We now intend to reinforce this commitment, helping create an Italian capital market able to satisfy the high demand for credit.

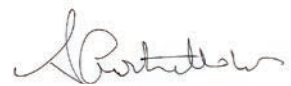
Europe is not only an area requiring us to devise and implement a common policy for industry, employment and supporting exports, but it is also the boundary to be pushed. Here, we need to rethink our way of doing business, tap into new opportunities and take up a successful position in global chains of value, production and employment, which are today increasingly more fragmented, specialised and internationalised.

On behalf of the Board of Directors, we would like to thank every woman and man at SACE for these important results. It is only thanks to their day-in, day-out professional commitment that, once again, we have been able to achieve important targets. Our thanks also go to all our clients, 25,000 companies whose tenacity and spirit of innovation are the true source of inspiration for our work.

If constant adaptation has become the distinctive quality of those who do business, we want to be up to the challenges of the times. This is the commitment that together with all our clients we intend to make for the year of work ahead: to continue increasing the role played by SACE in finding innovative strategies to support Italy's growth, success and entrepreneurial heritage.



Giovanni Castellaneta
Chairman



Alessandro Castellano
CEO

OUR TAILOR-MADE RANGE OF BUSINESS SERVICES COMMITTED TO SUPPORTING YOU

The best ideas come from a meeting of minds; they come from going out into the field, getting to grips with the reality in which businesses operate and working alongside them. This is why here at SACE, we are firmly convinced of the importance of our regional network.

Our account managers are not merely sales people; they are experts in internationalisation, ready to assist companies in the development of their overseas markets, every step of the way. It is thanks to this commitment that SACE successfully finds cutting-edge solutions for the insurance and finances required by businesses, and SMEs in particular, supporting their growth. Our "SACE Points" and offices located throughout Italy are our customers' first port of call, where we attend to their initial requests. This is where we independently manage the entire process of the demand for, evaluation and issuing of

covers for up to a maximum of 20 million euros. The SACE network works closely with the SACE BT network, specialised in credit insurance, surety and the protection of construction risks, and with SACE Fct, a factoring company.

Our network is also continuing to grow abroad and is currently in the best position to supply the markets with the greatest potential for our businesses (BRIC, Romania, South Africa, Turkey and Mexico) and to strengthen strategic relationships and partnerships with banks and local institutions and other counterparts.

The choice to work so closely with companies is a very practical one: it means that we are able to respond rapidly, collaborating closely with exporters and assisting them through all stages of their operations, in Italy and around the world.



SMES

A tailor-made range of services for SMEs

Strengthening exports

We insure exporters against the risk of non-payment and guarantee loans granted to foreign companies for the purchase of Italian goods or services. This also includes project finance and asset-based transactions.

Supporting internationalisation

We guarantee loans to businesses, especially SMEs, for their internationalisation and protect foreign investments from political risks.

Fostering strategic investments for Italy

We guarantee the financing of projects carried out in Italy in industries that are of key importance to our economy, such as infrastructures and renewable energy.

Supporting companies in bids and contracts

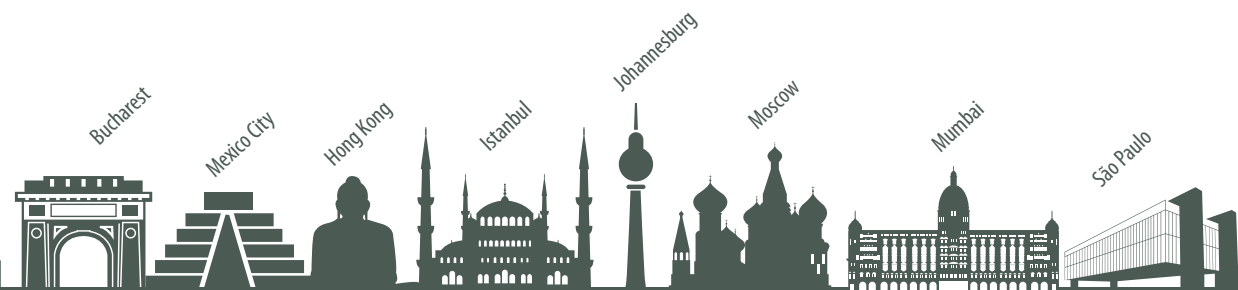
We offer contractual guarantees covering the legal commitments businesses are required to make in order to take part in tenders or acquire contracts in Italy and abroad. We also offer construction risk cover.

Insuring company sales

We insure business sales with deferred payment of less than 12 months against the risk of insolvency of Italian and foreign customers.

Improving cash flow

We offer factoring services, with and without recourse, through facilities dedicated to the suppliers of public sector companies.



WORKING TOGETHER TO TURN RISKS INTO OPPORTUNITIES



From left: Franco Pagliardi, Director General SACE FCT - Paolo Alferi, Human Resources and CSR Director SACE - Claudio Andreani, Director General SACE BT
Marco Traditi, Chief Information Officer SACE - Roberto Taricco, Chief Financial Officer SACE
Teresa Saponara, Export Credit and Structured Finance Director SACE - Piergiorgio D'Ignazio, Risk Management and Monitoring Director SACE

More than 25,000 Italian companies trust SACE to protect and develop their business, both in Italy and abroad.

We support their growth, providing a preferential point of contact when they look to enter foreign markets. We seek to offer suitable responses to their needs, working in partnership with the banking system to help them manage risk, improve their equity position and gain access to credit.

The best opportunities for expansion are currently to be found in countries undergoing rapid growth, which, while extremely dynamic and promising, often have complex economic and political situations. It takes analytical skills, suitable financial instruments and a certain appetite for risk in order to be competitive in these contexts and to invest in worthwhile projects. SACE offers all of these and underwrites risks that others will not.



Alessandra Ricci, Corporate and Investment Finance Director SACE - Rodolfo Mancini, Chief Legal Officer SACE
Valerio Ranciaro, Director General SACE SRV - Michal Ron, International Relations and Network Director SACE
Simonetta Acri, Domestic Network Director SACE - Raoul Ascari, Chief Operating Officer SACE

HELPING BUSINESSES GROW HELPS ITALY TO GROW



OUR PEOPLE

Employees
Partners
Interns
Trade unions



COMMUNITY

Civil society and future generations
Non-governmental organisations
Environmental associations
Students and the world of academia
Professional associations



PARTNERS

Export credit agencies
Financial institutions

Businesses are the driving force of our economy. Employment, investment, innovation, development and the well-being of Italy all depend on how they are faring.

By helping them to develop on foreign markets and facilitating their access to credit, we, in turn, help Italy to grow.

The aim of this Annual Report is to give our customers a voice and our people a face, presenting their stories in our day-to-day operations.

Customers have always been our number one priority. We seek to establish a relationship with them based on trust and professionalism. The best way to describe our successes is simply to recount what we achieve for businesses: exports to emerging countries, opening new offices abroad, loans for research and development and much more besides.

What follows is also a means of illustrating last year's events through the men and women who are demonstrate a daily commitment, to making Italian

OUR STAKEHOLDERS



CUSTOMERS

Small and medium enterprises
Large enterprises
Banks



INSTITUTIONS

National and international institutions



SHAREHOLDERS

Cassa depositi e prestiti

goods increasingly competitive and successful. We believe in corporate social responsibility and know that our actions reflect on our stakeholders. We are conscious of the fact that we create value, not only for the economy, but also for society as a whole and our customers first and foremost. We are convinced that exemplary behaviour really does make a difference.

We operate transparently, behaving correctly, loyally and honestly toward all those we deal with. Every

relationship we establish grows and is enriched because we embrace and adhere to these principles.

We pay close attention to the environmental impact of our work, complying with OECD standards and following international best practice, in order to ensure that the projects we support generate added value for the well-being and development of the countries in which we operate. Working towards a better Italy with our eyes focused on the world now and for the future.



COMPLEX EVOLUTIONS

ECONOMIC FRAMEWORK



GLOBAL ECONOMIC SCENARIO

2013 was another year of weak economic growth for the world economy. The most recent estimates place it at just under 3%, a decidedly restrained performance compared with both pre-financial crisis trends and with figures recorded over the last three years.

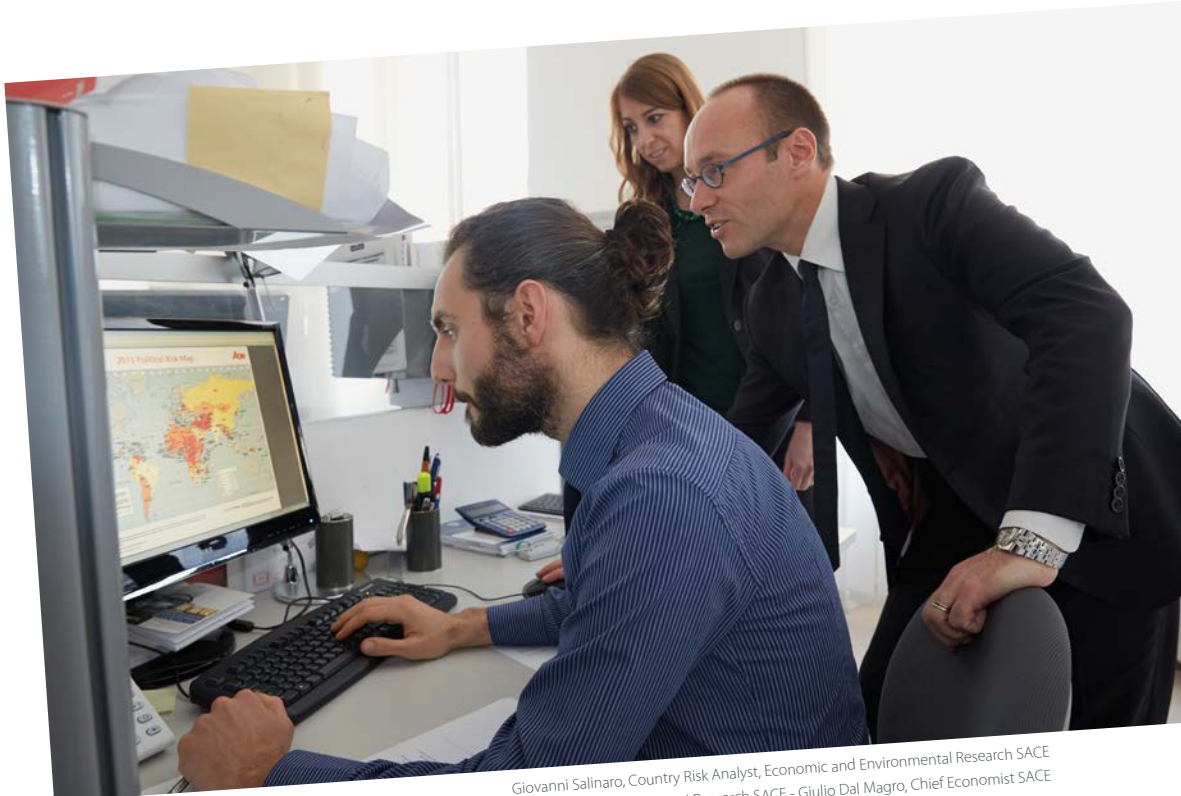
Within advanced markets, there is a considerable difference between the Eurozone, which recorded negative growth rates, and other developed economies, which remained on positive ground. The United States showed signs of a recovery, visible in both the positive dynamics of investments and

employment, and in the increase in house prices, although the freeze on public spending, culminating in the partial closure of public offices in October, took the wind out of the sails of the economy. In Japan, the expansive tax and monetary policies adopted by the government led by Shinzō Abe supported growth and improved short-term expectations, although the critical factors related to implementing structural reforms and defining a credible consolidation strategy for the national debt remained. It has been a struggle for the Eurozone to come out of the recession, although the light at the

Exchange rate performance in the “fragile 5” (local currency/dollar)



Source: Datastream



Giovanni Salinaro, Country Risk Analyst, Economic and Environmental Research SACE
Federica Pocek, Country Risk Analyst, Economic and Environmental Research SACE - Giulio Dal Magro, Chief Economist SACE

end of the tunnel seems to be in sight. 2013 was yet another year of negative growth due to the ongoing crisis in Mediterranean economies. Positive signs are coming from surveys conducted by businesses, which indicate a gradual improvement in prospects. However, unemployment levels remain high, especially among young people, and non-performing loans are impacting the ability of businesses to obtain new loans, particularly in southern European countries.

Growth in emerging countries has slowed down considerably, and this has been particularly obvious for the major economies, the so-called "BRIC" countries. The reasons for this are both short-term (reduction of easy credit, slowing down of the positive cycle of commodities) and structural (regulatory and physical bottlenecks, depletion of the demographic dividend, general difficulties in overcoming the so-called middle income trap).

The summer saw the triggering of a mini currency

crisis in the emerging markets caused by the fear of a review of the U.S. expansionary monetary policy (tapering) and a consequent temporary short-term capital flight from countries considered to be more risky. The impact that this sudden redirection of portfolio flows had on some countries, specifically on the "fragile five" (India, Turkey, Indonesia, Brazil and South Africa), clearly demonstrated how it will be necessary in the future to pay greater attention when evaluating different macroeconomic contexts. Economies featuring structural deficits in their current account balances and/or dependency on short-term foreign financial flows will very likely be subject, during the coming year, to currency tensions and worsening of conditions for accessing international capital markets.

Oil prices continue to remain high, to the benefit of exporting countries and geopolitical matters are still having a strong influence on the price dynamics of oil. It is difficult to forecast whether the elements

that will push prices down (such as the first steps towards a normalisation of U.S./Iran relations), or the elements that will push prices up (such as continued tensions in North Africa or in Iraq) will prevail. In the medium-/long-term, it is difficult to consider a return of oil prices to levels below 70-80 dollars per barrel, given the increasing extraction costs of unconventional technologies, including U.S. shale oil.

MARKETS: REGIONAL PERFORMANCE AND OPPORTUNITIES

The most sustained and dynamic growth is seen in Asia, although the pace has slowed as a result of falling demand in advanced countries and a slow down in the economies of the two main players in the region – India and China. The most important economy by far in the area is that of China, which saw its growth rate fall to below 8% for the first time since 1999. A change in the growth model is taking place in the country: from an exports and investments driven economy to a more balanced model, supported by growth in domestic consumption, to avoid excessively falls in the dynamics of the GDP. Moderation of Chinese growth has global implications specifically for those countries that depend heavily on the export of commodities. Asian countries have been more adept at responding to the downturn in the global economy, thanks to the increasing importance of intra-area trade and the positive performance of some countries, especially

the Philippines, which recorded some of the highest growth rates in Asia (slightly less than 7%).

2014 will be another complex year for North African countries. Approximately three years since the start of the Arab Spring, Egypt, Libya and Tunisia continue to suffer from considerable political instability. In all three countries, the lack of well-established and lawful governments and the worsening of security levels have also resulted in negative impacts on the economy. In Libya, in particular, the background of extensive violence and growing tensions between the various regions of the country have led to a collapse of activities in the oil & gas sector. Given the centrality of hydrocarbons in the Libyan economy, the interruptions have had broad repercussions on growth (GDP forecast to fall to -5.1% in 2013) and public finance (fiscal deficit at 7.4% of GDP). The picture is considerably different, and decidedly more positive, for the Persian Gulf countries, which continue to benefit from a favourable economic context, also caused by the high international price of oil, of which these countries are major exporters (the growth in GDP for the Gulf countries, excluding Iran, is estimated at just below 4% in 2013). The reopening of negotiations between Iran and the United States could lead to interesting political and economic developments for the entire Middle East area. The economic performance of Latin America continues to be modest (estimated growth of 2.5% for the GDP of the area), alongside the international context and certain specific internal dynamics of the countries in the area. The fall in prices and



In Brazil with Exprivia

SACE has guaranteed a 1 million euro loan to help raise capital for the Brazilian subsidiary of Exprivia, a global company and Italy's market leader in process consultancy, technology services and IT solutions.

SMES

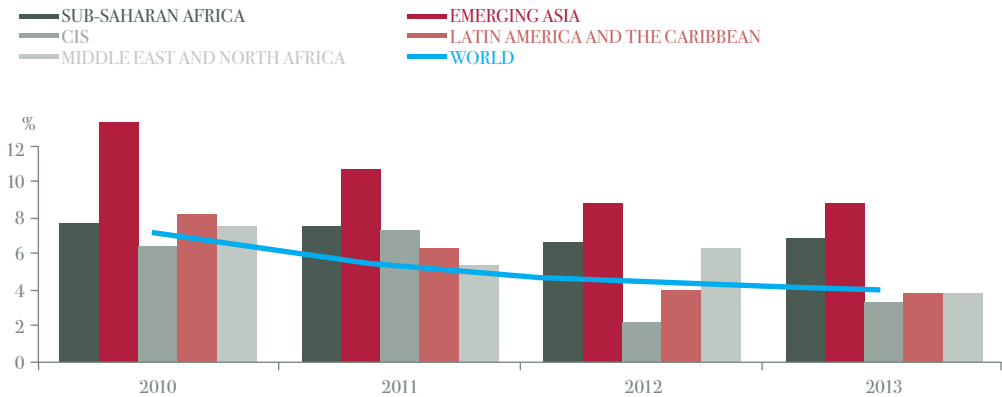
Around the world with Tenova

SACE has provided partial backing for a 135 million euro loan granted to Tenova, international supplier of advanced technologies, products and engineering services for the metals and mining & minerals industries, in order to support purchases in South Africa and Germany.

demand of commodities, related in particular to the slowdown in China, increasing infrastructural links and the deterioration of conditions on the international financial markets are creating problems for the Brazilian growth model, driven by domestic consumption and exports of raw materials. The second most important economy in the area, Mexico, recorded an extremely small increase in GDP in 2013, estimated at slightly over 1%, although the

ambitious governmental reform programme (specifically in energy, telecommunications) is bringing a positive outlook to the country's future growth. Political and economic pressures affected the performance of Argentina and Venezuela, grappling with overvalued exchange rates, double-digit inflation and subsidy policies that continue to deepen the public deficit and worsen the operating context. The Russian economy showed clear signs of

GDP growth rates by geographical area



Source: Inf

slowing down in 2013, with the appearance of structural fragility in the country related to the difficult operating context, the poor capacity to attract private capital and the excessive dependence on the energy sector. In other CIS (Commonwealth of Independent States) countries, the fall in demand for commodities (specifically, steel and raw mineral materials) and the slowdown in foreign investments resulted in economic growth that was not particularly buoyant (estimated at around 3.5%), with some significant exceptions for countries that export hydrocarbons, which continue to benefit from high prices on international markets. The evolution of the relations between Russia and Ukraine and the related possible consequences - both regionally and globally - has to be kept under close monitoring.

Emerging European economies continue to record low growth rates as a result of the reduction in foreign investments and the fall in demand for exports, specifically by the European market. In addition to these external factors, for some countries in the area (Bulgaria, Poland), there is also the negative impact on domestic consumption of the austerity policies adopted by governments under the scope of EU constraints. Although economic dynamics remain positive, Turkey recorded a definite worsening in the perception of country risk, related to both the economic situation (high deficit for current account balances and dependence on short-term capital flows), and the political situation.

Sub-Saharan Africa has maintained sustained levels of growth, with GDP estimated to grow by 4.9% in



In Egypt with Italtrend

SACE
SACE has provided a payment guarantee worth a total of 1.5 million euros, covering the supply of equipment for the Saqqara archaeological site and the Cairo Egyptian Museum, commissioned from Italtrend C&T.



In China with Morellato

SACE has guaranteed an 8 million euro loan taken out for the opening of new flagship stores in China. The brand belongs to the Morellato group, Europe's most important watch and jewellery group with all-Italian capital.

2013. Economic activity related to exploiting natural resources is still the main growth factor for the area, although there is a fall in international demand for commodities. The attempt by various countries to diversify their economic structure through the development of the service industry (tourism, commerce

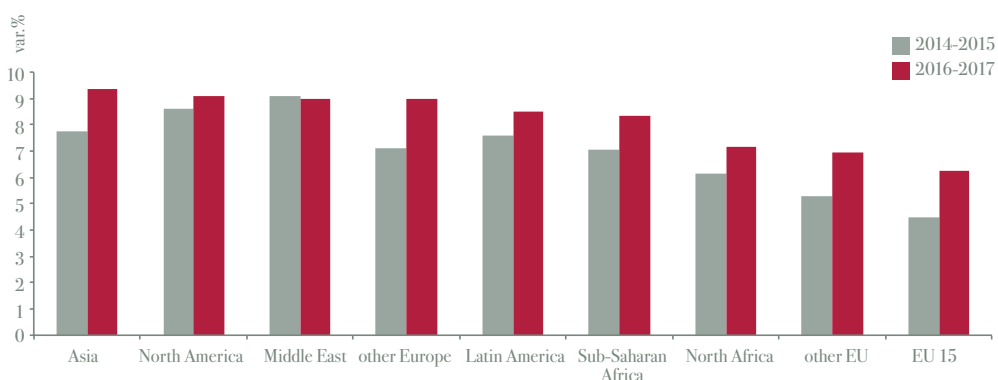
and telecommunications) and the strengthening of local manufacturing activities should be noted. In an improving political-institutional context, problems relating to instability and violence remain in various countries in the area, particularly in the Central African Republic and the newly independent South Sudan.

ITALIAN EXPORTS: DEVELOPMENTS AND PROSPECTS

After more than six years since the financial crisis broke out, the structure of Italian exports, which had already exceeded pre-crisis levels in 2011, is showing several significant transformations. At a commodity level, there has not been a revolution in the industry specialisation model, rather the adjustment of a structure already outlined at the beginning of the twenty-first century.

Despite having been affected by the fall in demand in Eurozone countries, investment goods continue to represent the main export group. A result made possible by the high degree of specialisation achieved in recent years, which earned the title of “new Made in Italy” for more competitive medium-high technology Italian production, among which mechanical engineering stands out. At the same time,

Export forecast by geographical area



Source: SACE/SRV



Alessandro Terzulli, Economic Analysis and Research Manager SACE SRV - Eleonora Padoan, Analyst, Economic Analysis and Research SACE SRV

the traditional Made in Italy leading sectors (the so-called “three F’s”: fashion, furnishings and food) further established their positions.

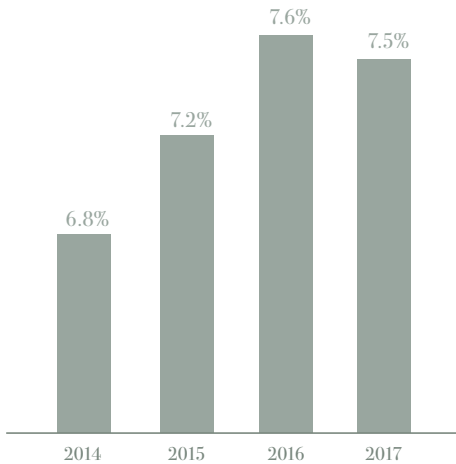
The changes were more marked in terms of commercial partners. The crisis forced businesses to search for alternative export routes, with a repositioning towards less well-established markets. In effect, the share of our exports to some emerging Asian and Latin American markets increased, while more than half of Italian exports now end up outside the Eurozone. Even in Germany, France and Spain, the most marked downturn in sector value, on total exports of goods, occurred in medium technology production (especially in mechanical engineering). A downsizing which, however, did not undermine European industrial vocation. Our competitors were also forced to search for new destinations, with a strong focus towards Asia, although the percentage

for the Eurozone for their foreign sales has not yet fallen below 50%.

SACE forecasts predict that the value of Italian goods exported will increase at an annual average rate of 7.3% over the next four years (2014-2017) benefiting in part, in 2014, from the poor growth observed during the previous year. The dichotomy recorded in the past – according to which industry performances were classified in intermediate/investment blocks, the most dynamic, on the one side and agriculture/consumption on the other – will tend to lessen in coming years.

The groups displaying major growth will be investment goods and agricultural goods, with above-average dynamics. The former will always have an increasingly high degree of specialisation, which will allow Italian businesses to enter global value production chains, gaining market shares. The strong

Growth rates of Italian exports: forecasts



Source: SACE SRV

points of agricultural goods are tradition and certification, always more appreciated by international consumers, as well as the increased capacity to tap into changes in global demand. Attention to new consumers' tastes, especially in emerging countries, will also be a determining factor for our consumer goods, for which quality will continue to be the driving force, not only for high-end products.

Intermediate goods will, on the other hand, be affected by the uncertain recovery of European industry and the downsizing of significant customer sectors (cars, home appliances) and should continue to be repositioned towards non-European markets.

From a destination perspective, the picture of opportunities for Italian exports will be increasingly diverse. The most important contribution to the growth of our exports will come from emerging countries, with a key role played by BRIC markets. In the light of structural ties to be resolved in economies such as those in China, India and Brazil, the major increases in demand will take place in "less significant" economies, but with strong growth, such as in the Philippines, Indonesia, Chile and Colombia. The Middle East will see Italian exports will increase at higher-than-average rates is the Middle East, thanks to markets such as Saudi Arabia and the United Arab Emirates, with their favourable political and economic risk profiles. The continued unstable situation in North African countries, on the other hand, has not prevented Italian businesses from resuming commercial trade in the area, but they do so more selectively and cautiously. Prospects for exports to Sub-Saharan Africa are also positive, courtesy of the development and increase of the middle classes and to the commitment of several countries to diversify their economies, thus developing the manufacturing industry. Emerging Europe will be worse affected than other areas by the weakness in the recovery of the Eurozone with impacts felt on Italian exports, with the exception of some more buoyant markets. Lastly, it will be important to pay attention to some advanced economies, the United States in particular, where the recovery in domestic demand has already resulted in considerable progress, and Japan, thanks to the significant economic policies implemented.



In Germany with Adler

SACE has guaranteed a 16 million euro loan granted to Adler, an international group based in Ottaviano (Naples) specialised in components and systems for the transport industry, allowing it to finalise its acquisition of the German company HP Pelzer.

ITALIAN INDUSTRY: RISK PERFORMANCE BY SECTOR

In the third quarter of 2013, Italy technically came out of recession after two years of declining GDP. This result, however, did not prevent an annual decline in economic activity (-1.8%).

At the end of the year, there was a recovery in industrial production (+1.4% trend in November, after twenty-six negative months), and a slight progress in the payment of Public Administration outstanding debts (79% of payments made relating to approximately 27 billion euros allocated). Figures that were, however, accompanied by several negative signs, which posed questions concerning Italy's return to growth: the further increase in unemployment (this variable reacts with a delay in relation to changes in the economic situation) and the risk of insolvency, as well as the remaining tensions in the lending criteria for businesses, with an emphasis on selective policies by the smaller banks.

The industry risk indicator developed by SACE SRV (which ranges from a minimum risk level of 1 to a maximum of 9) identifies the following sectors as having recorded the best results in the first nine months of the year: leather goods and footwear, the chemical and pharmaceutical industry and the food industry. It measures the difficulties of Italian export core sectors such as mechanical engineering and textiles and clothing, and it

signals the continuation of a particularly critical situation for building, transport and metallurgy. The food industry (with a risk of 4.2) is also in a good condition this year, despite the cutbacks recorded during the year, in spending on food by Italian families, both in value and in volume, which weighs on the turnover of agricultural businesses. The leather goods and footwear sector has the lowest risk profile (with a risk of 4), falling by 27.2% thanks to improvements in total sales, which increased by 3.2% in the first nine months of the year compared with the same period in 2012. There are, however, some cautionary notes, especially with regard to the relation between non-performing and bank loans, which remains high. As far as the tanning industry is concerned, luxury brands and exports are the drivers and the first positive signs for the domestic market are starting to show.

With regard to the chemical and pharmaceutical industry (with a risk of 4.1), high costs of energy and difficulties in important customer sectors, such as the automotive, furniture and home appliance industries (the last two were supported in the second half of 2013 by tax concessions introduced by the government), generated a 3.6% fall in demand volumes. Despite this, the sector showed strong resilience, particularly in the fine and specialist chemicals sector, thanks to exports which limited the fall in production.

The risk for mechanical engineering increased slightly (with a risk of 5.3). Demand for mechanical machinery and equipment also continued



In Venezuela with Effegielle

SACE has insured the Cremona-based company Effegielle for the export of sugar packaging and palletisation machinery to Venezuela, for a total value of 9 million euros.

SMES



In Russia with Maire Tecnimont

SACE has guaranteed a 75 million dollar loan for the construction of a polypropylene plant in Omsk (Siberia) by Maire Tecnimont, an international player in the engineering & construction field, with a specific focus on energy projects.

to be fuelled by the foreign channel, which has always played a major role in the industry. Between January and September 2013, exports showed some signs of slowing down, from a trend perspective, both globally and at the level of the European Union (the channel for more than 40% of exports). On the domestic front, signs of recovery are still anticipated, which should be achieved as a result of the tax concessions implemented.

The textile and clothing industry (with a risk of 5.7) recorded positive signs of foreign and domestic demand in the first three quarters of 2013. Exports continued to grow (in terms of trends, +1.4%, with the textile industry falling, however), while domestic demand saw a reduction in negative dynamics.

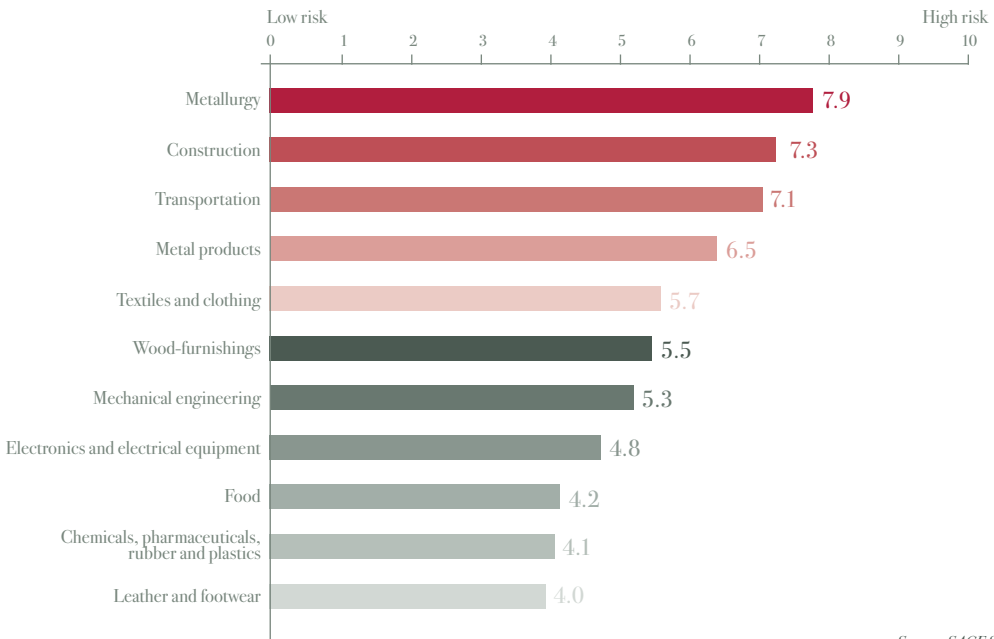
Positive developments for high-end products continued, not only in terms of sales but also in margins. Many difficulties still exist in sectors such as the building industry (with a risk of 7.3), transportation and metallurgy (with risk levels, of 7.1 and 7.9 respectively), with the last two significantly worse in 2013. For construction, one of the sectors most affected by the crisis and most exposed to the risk of insolvency, the fall in investments in all segments continued (especially in new housing: -18.4%), with the exception of residential renovation (+2.6%).

The transportation sector suffered a fall in vehicle registrations in Italy for the sixth consecutive year (-7.1%), with the used car market remaining

unchanged (+0.4%). Another feature of the critical situation the sector faces is the fall in the consumption of petrol and diesel fuel. It should, however, be noted that the automotive production chain generates more than 20% of private spending for R&D in Italy. The development of the international scenario requires increasingly more global dimensions for the players in the industry.

The metallurgy industry, which has the highest risk (with a risk of 7.9), suffered from events affecting several Italian businesses, from fewer investments in recent years and from resulting production with low added value which led businesses to reposition themselves in lower market categories, where Asian competitors are prevalent, thus jeopardizing the very survival of some of our manufacturers.

Italian industry risk levels by sector (2013)



Source: SACE.SRV



In Saudi Arabia with Proger

SACE has guaranteed the supply of engineering and project management services worth a total of 180 million euros, commissioned from the Pescara-based company Proger for the construction of 610 buildings to be used by the Security Department of the Kingdom of Saudi Arabia.



GLOBAL VISION

PRODUCTS AND SERVICES



OVER 30 YEARS' EXPERIENCE IN RISK ASSESSMENT

Each development project abroad brings new opportunities, but also risks.

Internationalisation cannot be improvised. Careful assessment of all associated risks must be undertaken to ensure full understanding of the situation and there is the need for a partner with international operational experience, with their greater risk profiles and opportunities.

The new **Advisory** programme has been developed by SACE with the aim of: working alongside businesses, especially SMEs, in a consulting and professional role, suggesting the most suitable routes for their requirements and planning foreign activities, step-by-step. The Advisory programme

builds on the experience gained by SACE over the years, making specialist teams that are able to offer managerial support available to businesses.

SACE clients can rely on analysts who support the company in all phases of the operation. A business that is planning to export or invest abroad can obtain an assessment on the reliability of the foreign buyer or of the feasibility of the transaction and an estimate of the costs of any insurance coverage, through **Parere Preliminare**, an online service available on ExportPlus.

When insuring its turnover with SACE BT, a business benefits from the preliminary assessment services and subsequent monitoring of the solvency



In Nigeria with Nuovo Pignone

The SACE group has provided the Nigerian company GE International Operations (Nuovo Pignone) with its full backing in an innovative scheme combining the export credit insurance offered by SACE with the discounting of receivables by SACE Fct, making for total support worth around 11 million dollars for the supply of oil plant turbines.



In emerging markets with Poltrona Frau

SACE BT has insured Poltrona Frau, a leading high-end furniture brand company, for several supplies in various emerging markets, for a total value of 700 million euros.

of customers for the entire duration of the cover. SACE Fct factoring products allow the seller to benefit from credit portfolio assessment services during the debtor entrustment stage, a regular review of the positions and routine management of the entire credit exposure.

Lastly, SACE SRV completes the range of services, offering commercial information and credit recovery activities.

Businesses that rely on SACE also have the advantage of a team of economists dedicated to assessing the risks and opportunities in 189 countries and who are also specialised in the analysis of Italian industry trends. SACE has developed operating instruments to support corporate strategies, such as the Country Risk Map, an interactive map which can display the various risk ratings by selecting the country concerned, the activities involved, the type

of counterparty with which the customer intends to work with or the risk event that the customer could run into. SACE has also developed Export Report, a forecasting tool that identifies the direction that exporting businesses should take for growth abroad, and Frontiers, the new SACE series which presents the emerging countries with the greatest potential for growth for Italian businesses. SACE Training, the unit specialising in training services, makes SACE's know-how available to banks, companies and industry specialists, as well as through video seminars which can be consulted online.

SACE also offers consulting services to other export credit companies and international institutions, providing the necessary expertise for the development of the main activities that are typical of export agencies.

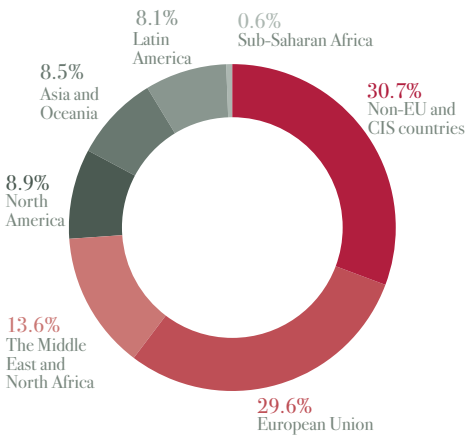
WE STRENGTHEN EXPORTS

The ability to export has allowed our businesses to reposition themselves in markets with greater potential and to identify new directions for growth. In 2013, SACE guaranteed over 4.8 billion euros in exports, facilitating 766 transactions in foreign markets. With SACE's intervention, Italian companies were able to sell their products and services abroad, offering longer and more competitive deferred payments to their customers and protecting

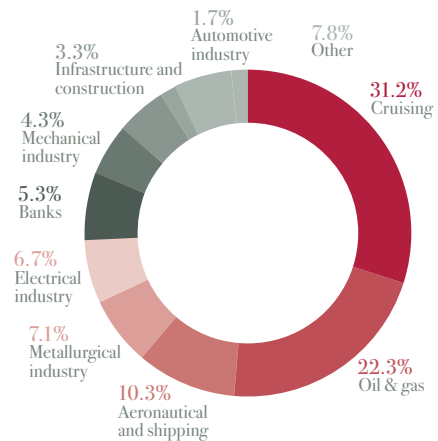
themselves against the risk of non-payment of receivables. 55% of transactions were managed through ExportPlus, the online portal available to companies, in particular SMEs, where insurance cover can be requested and obtained for exports and preliminary feasibility opinions regarding transactions and the credit worthiness of foreign counterparties.

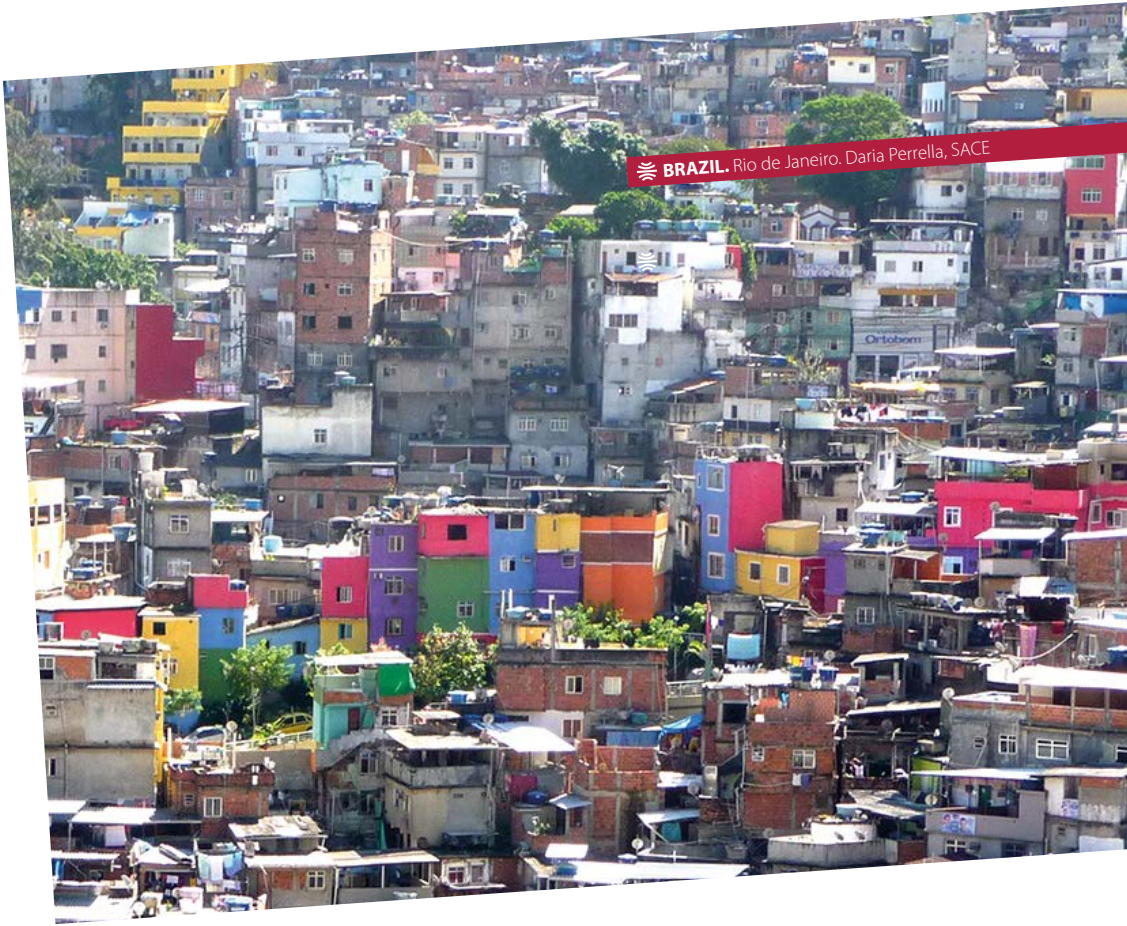
Non-EU and CIS countries accounted for 31% of


Insured volumes supporting Italian exports by destination area (2013)



Insured volumes supporting Italian exports by industry sector (2013)





 **BRAZIL.** Rio de Janeiro. Daria Perrella, SACE



Around the world with Danieli

In 2013, SACE supported the international business - in Russia, Brazil and Egypt - of the Friuli-based multinational Danieli, a leading supplier of plants and equipment to the metals industry worldwide, for a total value of 130 million euros.

amounts insured in 2013 supporting Italian exports, followed by the European Union (30%), the Middle East and North Africa (14%) and North America (9%). The breakdown of exports changes if we look at the number of transactions guaranteed by geographical area, in which Latin America stands out with 35% of transactions.

The most active sector, in terms of amounts insured, was the cruising industry (31%), followed by oil

4.8 billion

EUROS IN INSURED EXPORT TRANSACTIONS

55%

OF EXPORT TRANSACTIONS MANAGED ONLINE

& gas (22%) and aeronautics and shipping (10%). Taking into consideration the number of transactions insured, businesses which have benefited most from SACE's support for their exports mainly belong to the mechanical industry (39% of transactions insured, many of which were conducted by SMEs).

DEVELOPING EXPORTS

SACE protects Italian companies that sell goods and services abroad from the risk of non-payment from their customers, ensuring more stable cash flows and improving the competitiveness of the commercial offering.

Through the **Supplier Credit** policy, SACE allows Italian exporters to enhance the package offered to foreign customers with deferred terms, also at medium/long-term, nullifying the risk of non-payment. As of this year, SACE customers can combine the advantages of insurance with those of factoring, with access to new **Trade factoring** services that allow businesses to transform the insured credit into liquidity. The supplier Credit policy is also available online on the ExportPlus platform, where Italian exporters can obtain a risk assessment of their commercial counterparties and sign up for insurance cover, reducing the time and cost of the transaction. Over 3,500 Italian companies have chosen to use ExportPlus to manage their policies independently.

Construction and plant engineering firms involved in works abroad, where payments are due at intervals or upon completion of milestones, can rely on the SACE **Civil Works** policy to safely manage all risks associated with the operations in overseas markets.

SACE Italian businesses that operate abroad by facilitating the negotiation of payments through letters of credit. Through its **Confirmation of Documentary Credit** policy, SACE protects banks that confirm documentary credits against the risk of non-reimbursement, thereby assisting Italian exporters in their relations with the banking system. Everything takes place in real time through the online ExportPlus platform.

FINANCING EXPORTS

Competitiveness of Italian exports is not only connected to the quality and price of the products on offer, but it is also increasingly linked to financing conditions of overseas customers. Through the **Buyer Credit** product, SACE guarantees loans granted to foreign counterparties for purchasing goods or services from Italian businesses or subsidiaries, extending the financing capacity of the banking system. SACE covers the risk of the foreign borrower failing to repay the loan granted by the bank under the agreed terms.

This product is also used in investment projects



In the Maldives with T&D

SMES

SACE has guaranteed a 7 million dollar loan for the plants needed as part of the development of a green resort in the Maldives, commissioned from the Padua-based company T&D Water Technologies and Development.



Marina Vettese, Oil&Gas Infrastructure and Steel Manager, Export Credit and Structured Finance SACE
Cristina Pinzari, Senior Underwriter, Export Credit and Structured Finance SACE - Paolo Tarquini, Credit Risk Analyst, Credit Risk Analysis SACE



In Bulgaria with Technip

SACE has guaranteed a 420 million euro loan granted to the Russian energy giant Lukoil for the renovation and energy efficiency improvement of the Burgas refinery in Bulgaria, carried out by Technip.

realised on the basis of project finance and asset-based finance. Under project finance, SACE guarantees limited and non-recourse financing for the promoters of the project, whose commitment is generally limited to their own financing linked to the project. In the case of asset-based transactions, used especially in the aeronautics and shipping sectors, the asset subject to financing constitutes a guarantee for

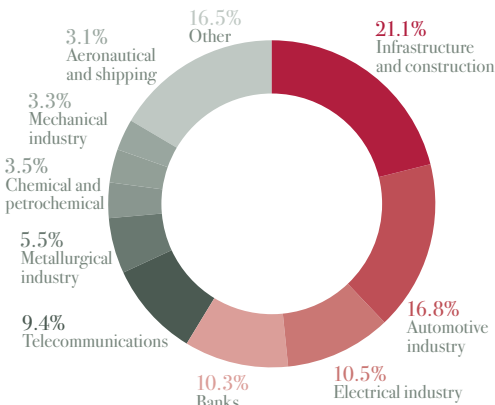
lenders. If the debtor fails to pay, the credit is recovered by selling the asset. A team of professional experts with expertise in the various industrial sectors is involved in all of these transactions, working on the project from the initial stages of finance structuring and accelerating the due diligence process by providing efficient and timely support to the parties involved.

WE SUPPORT INTERNATIONALISATION

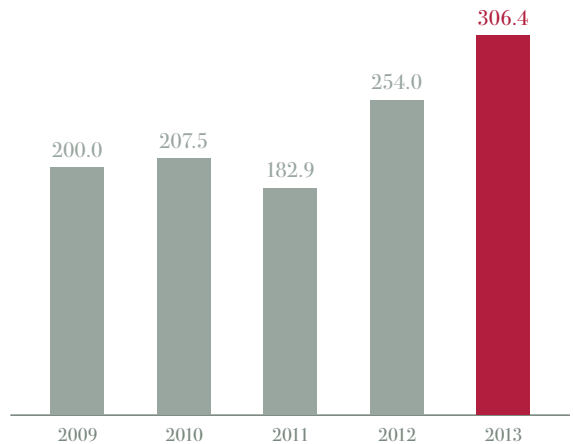
Obtaining the sources of funding required for developing new internationalisation and growth strategies is the real challenge Italian companies face, especially SMEs. With banks that are still unable to satisfy all funding requests, businesses must demonstrate creativity and courage in the quest for innovation. SACE has developed solutions that meet the demands of internationalisation of businesses in order to improve access to bank credit, to facilitate entry into the capital market and to

insure foreign investments against political risk. In 2013, SACE guaranteed loans and insured investments abroad for over 2 billion euros, an 11% increase compared with the figure of 1.8 billion euros in the previous year. Of these transactions, 85% involved small and medium companies. The industrial sectors that benefited most from SACE's intervention were infrastructure and construction (21%), the automotive industry (17%) and the electrical industry (11%). Under the scope of these operations,

New guarantees for internationalisation activities by sector (2013)



Guaranteed volumes supporting internationalisation activities of SMEs (million euros)



SACE devoted a great amount of attention to supporting Italian SMEs. In 2013, volumes guaranteed in support of the internationalisation activities of small and medium companies stood at 306 million euros and represented 85% of guarantees issued under the scope of these operations. From 2005 to date, SACE has issued a total of 3,200 guarantees supporting over 2.9 billion euros of funding.

FINANCING INTERNATIONAL DEVELOPMENT

SACE devotes particular attention to SMEs, the segment most badly affected by the liquidity crisis of recent years. Since 2008, SACE has entered into agreements with the main Italian banking groups to facilitate access to credit for small and medium-sized businesses which intend to strengthen their activities with overseas markets. With the **SME internationalisation financial guarantee**, SACE guarantees the financing (either short-term or medium/long-term) provided by banks for projects directly and indirectly related to overseas development, for businesses with a turnover of no more than 250 million euros and with at least 10% generated through export activities. The guarantee is dedicated to businesses operating in foreign countries with direct investments (joint ventures, mergers, acquisitions and partnerships) or indirect investments, in other

words, financing working capital, investments in research and development in Italy, expenses for upgrading and expanding plants and machinery, protecting trademarks and patents, taking part in international trade fairs and promotional initiatives. In 2013, guarantees were issued under the scope of 62 agreements with 22 banking groups and 2 credit guarantee consortia.

FINANCING INVESTMENTS AND WORKING CAPITAL

SACE also collaborates with credit intermediaries by issuing guarantees on loans destined to support internationalisation projects and to strengthen the competitive position of medium and large Italian corporates or their foreign associate companies, or subsidiaries, in international markets: SACE's

2 billion

EUROS OF INSURED TRANSACTIONS SUPPORTING THE INTERNATIONALISATION OF BUSINESSES

85%

OF GUARANTEES ISSUED TO SMES



In Portugal with Generale Conserve

SACE has guaranteed a 1 million euro loan to support investments by the Liguria-based company Generale Conserve in restoring its Portuguese As do Mar plant and in further developing its export strategy.



In Argentina with Pedon

SMES

SACE has guaranteed the Vicenza-based SME Pedon for a 900 thousand euro credit facility to finance the working capital needs of its Argentinean subsidiary. Pedon operates in the agrifood sector, with a specific focus on the processing, packaging and distribution of legumes and cereals.

guarantee covers investments for the establishment of joint ventures, mergers, acquisitions, capital increases in foreign companies, construction of production facilities, investments in research and development, non-payment of loans granted for supplies destined for exporting or the execution of works abroad.

During the course of 2013, SACE extended its approach throughout the value chain, supporting Italian companies involved in exports, during the

procurement stages through guarantees, and covering lines of credit aimed at issuing letters of credit for regulating payments of product imports. In addition, a specific guarantee was developed covering leasing loans taken by Italian businesses to buy products and services (for example machinery) to support development and advancement strategies in international markets.

SACE's financial guarantees allow the business to leave the lines of credit available from banks

unaltered, as far as the guaranteed part is concerned. Since 2009, SACE has been working with the European Investment Bank (EIB) in supporting Italian businesses and their foreign subsidiaries, that invest in infrastructures, in the procurement of energy, environmental sustainability and research and development, both in the European Union and surrounding countries, as well as in developing countries. In 2013, SACE's support allowed the EIB to grant loans in support of Italian companies amounting to 2.3 billion euros. Collaboration between SACE and the EIB was also extended to benefit Italian banks, which were able to finance Italian SME projects through the EIB's provision. In 2013, the SACE guarantee allowed financing to be concluded for a total amount of approximately 400 million euros.

ACCESSING ALTERNATIVE SOURCES OF FUNDING

With banking resources increasingly difficult to obtain, businesses have to find alternative sources for their investments. SACE has developed the **Debt securities guarantee** dedicated to Italian companies which, in order to finance their export and internationalisation projects, or project of strategic interest for the country, decide to issue bonds (including those issued by smaller, unlisted companies). SACE intervenes to guarantee the payment of capital and

interest for these bonds, making them more attractive to investors.

PROTECTING FOREIGN INVESTMENTS

SACE support the international development of the Italian System, also protecting direct investments in high-potential countries with complex political situations. The **Investments policy** allows Italian businesses and banks that invest abroad, both directly and through associate companies or subsidiaries, to concentrate on business risks and business development, by protecting them against political risks. The policy protects both overseas investments (equity) and shareholder loans. For financial institutions, the cover means that the country ceilings do not have to be used, resulting in a lower impact on capital absorption. The business or bank that chooses the Investments policy can limit or compensate for losses or the non-payment of sums due in relation to the investment (for example, dividends, profits, repayment of shareholder's loans) following wars and civil disorder, currency restrictions, direct and indirect expropriation, termination of contracts agreed with local public counterparties. For equity investments of less than 5 million euros, this product is available online at the ExportPlus portal.



In Italy with Fiat

The European Investment Bank (EIB), SACE and Fiat have fine-tuned a 400 million euro loan supporting the R&D plans for 2013-2016 of five Italian automotive laboratories.

WE SUPPORT GROWTH IN ITALY

SACE supports the competitiveness of Italy by supporting infrastructure projects and projects involving sources of renewable energy based in Italy. In effect, these investments create the basis for facilitating the internationalisation of businesses and for attracting foreign investments to our country, generating virtuous cycles for the Italian economy, specifically for employment.

In 2013, SACE issued guarantees for approximately 421 million euros, supporting projects for a total amount of 1.6 billion euros.

Among the most important transactions in 2013 was the guarantee issued for Sitaf for the construction of the Italian section of the safety tunnel for the Fréjus motorway tunnel and the guarantees issued for the Brebemi project company for the construction of the new Brescia-Bergamo-Milan motorway link road, the first greenfield motorway project finance in Italy, winner, among other things, of the European Real Toll Deal of the Year 2013, awarded by Project Finance magazine, and European Infrastructure Deal of the Year 2013, awarded by Pfi magazine.

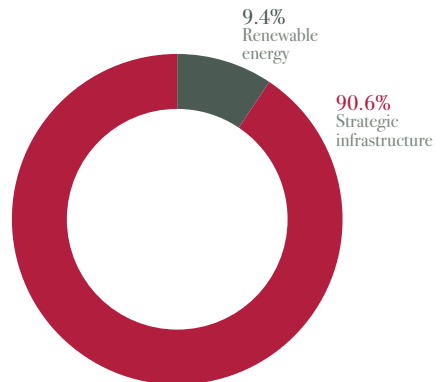
In six years of working in this area, SACE's intervention has made it possible to build over 290 kilometres of new motorways or third and fourth lanes, to carry out environmental mitigation or safety operations on over 3,600 kilometres of the national motorway network, to construct wind farms and

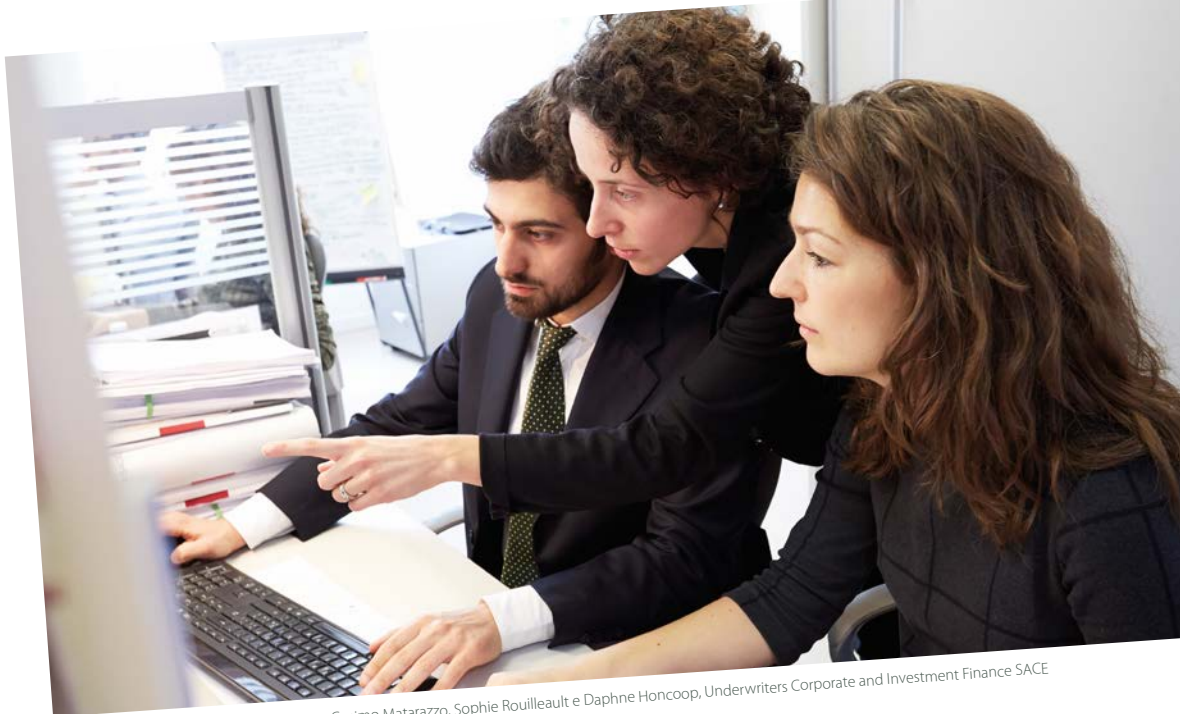
photovoltaic plants with a total installed capacity of over 540 megawatts and waste-to-energy plants capable of recovering the heat produced and generating power.

FINANCING INFRASTRUCTURE AND RENEWABLE ENERGY

Through financial guarantees for infrastructure and renewable energy, SACE insures financing destined for creating projects in Italy in strategic sectors for the Italian economy, including transport infrastructure

Volumes guaranteed by SACE in strategic infrastructure and renewable energy (2013)





Cosimo Matarazzo, Sophie Rouilleault e Daphne Honcoop, Underwriters Corporate and Investment Finance SACE



In Italy with Tep Solar

SACE has guaranteed a project finance-based loan of 31 million euros for the 9.2 MW “Librandello” photovoltaic plant built in Chiaramonte Gulfi by Tep Solar.

(motorways, ports, airports and underground systems), infrastructure for the distribution or procurement of energy (such as regasification plants, gas pipelines and power lines), investment plans for multi-utility companies and production plants for energy from renewable sources.

In order to allow better access to credit for operators involved in the creation of large infrastructure projects and for those operators involved in the energy sector, SACE has developed a sound partnership over recent years with the European Investment Bank. Under the scope of these operations, the SACE guarantee has allowed the EIB in 2013 to agree loans for a total amount of 980 million euros for the development of the Italian motorway network.

1.6 billion

EUROS FOR SUPPORTING PROJECTS INVOLVED
IN STRATEGIC INFRASTRUCTURE AND RENEWABLE ENERGY

540 megawatt

OF PLANTS FOR PRODUCING ENERGY FROM
RENEWABLE SOURCES

3,600 km

OF MOTORWAYS BUILT IN ITALY,
THAT WERE EXTENDED OR MADE SAFE

WE WORK ALONGSIDE BUSINESSES FOR TENDERS AND CONTRACTS

SACE works alongside Italian companies participating in tenders or bids for contracts in Italy and abroad, through the issuing, either directly or through counter-guarantees to the banking or insurance system, of guarantees and sureties covering legal obligations.

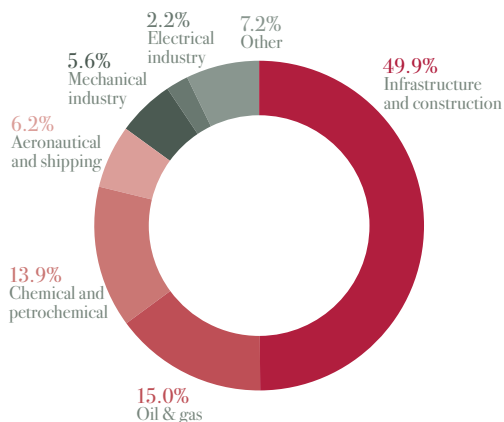
In 2013, SACE supported transactions for Italian businesses for a total sum of 578 million euros, mainly under the scope of works abroad in the infrastructure and construction sector (50%), oil & gas (15%) and chemical and petrochemical industry (14%).

Under the scope of these operations, SACE guarantees were concentrated at 51% in the Middle East and North Africa, demonstrating the strong attraction

this area holds for our businesses. Specifically, the foreign countries that benefited most from SACE guarantees were Libya, Algeria and Egypt.

The product company SACE BT offers a wide range of services in the business of surety bonds and in the protection of construction risks. In 2013, it issued sureties for 2.2 billion euros servicing more than 17,000 businesses, mainly SMEs, for a total of approximately 39,000 transactions relating almost exclusively to works carried out in Italy.

New surety bonds issued
by SACE by industry sector (2013)



2.8 billion

EUROS WORTH OF SURETY BONDS ISSUED

17,100

BUSINESSES HELPED WITH SURETY BONDS
AND CONSTRUCTION RISK PRODUCTS



In Turkey with Astaldi

SACE BT has insured the construction risks for the development of the Istanbul-Izmir highway contract awarded to Astaldi, worth a total of 223 million dollars.

WINNING CONTRACTS AND ORDERS

The competitiveness of Italian companies participating in tenders or bids for contracts is increasingly linked to the package of surety bonds which accompanies and supports the commercial and technical offering. The SACE Group works alongside Italian companies, issuing a wide range of contractual guarantees directly in Italy and abroad, which include:

- bid bonds, to guarantee bids for contracts and the signing of commercial contracts
- advance payment bonds, to guarantee the refund of advance payments made by the contractor

39,000

TRANSACTIONS CONCLUDED IN THE SURETY BOND AND CONSTRUCTION RISK SECTORS



Domenico Esposito, Underwriter Corporate and Investment Finance SACE - Annalisa Ricci, Senior Underwriter Corporate and Investment Finance SACE
Francesca Fabrizio, Policy Underwriter, Sureties SACE BT - Valerio Alessandrini, Senior Account Manager, Coordinator of Lucca Representative Office SACE



In Kuwait with Savena

SMES

SACE has guaranteed a performance bond for 20 million euros to the Tuscan company Savena for the supply of marble and granite to be used for the construction of the new Kuwait Investment Authority headquarters.

- performance bonds, guaranteeing the execution of the order in compliance with the conditions of the contract
- warranty bonds, guaranteeing the smooth operation of the product/system supplied
- money retention bonds, guaranteeing repayment of the money paid in advance to the business at every milestone.

To simplify the request for cover and to speed up response times, SACE offers banks the Online Sureties policy via the ExportPlus portal, for a maximum

amount of 5 million euros and a repayment period of up to 5 years.

The surety bond range dedicated to Italian companies is backed up by reinsurance agreements and counter-guarantees underwritten by SACE with important foreign operators. Companies with operations in American markets also have the benefit of partnerships, specifically with AIG (American International Group), Liberty Mutual, Travelers and Zurich. In North Africa and the Middle East, SACE's operations are extended through its collaboration

with the Europe Arab Bank, which has branches in 14 countries in the region.

For the domestic market, SACE BT issues:

- *guarantees for construction permits (for urbanisation charges)*, to safeguard the fulfilment of expense obligations and the correct execution of the works by the firm
- *sureties to protect the buyers of new buildings*, to ensure repayment of amounts paid by the buyer in advance at various stages of the work.

SACE BT also offers guarantees for the performance of legal obligations, which cover the fulfilment of obligations undertaken with public sector companies. The following come under this category:

- *policies for VAT credit repayments for tax refunds* for the advance payment of tax credit
- *customs guarantees*, for the movement and storage of goods and for guaranteeing the payment of customs charges
- *environmental guarantees*, which include membership in the "Albo Nazionale Gestori Ambientali" [National Register of Waste Management Companies], the cross-border shipment of waste and the management of collection, disposal and treatment plants.

GUARANTEEING CONSTRUCTION RISKS

SACE BT insures risks associated with the construction of factories and civil works. This enables

construction companies to participate in tenders in compliance with current legislation, either in Italy or abroad.

The **CAR** (Contractor's All Risks) policy insures the company against material and direct damage to the works carried out during construction or to pre-existing structures, including damage caused involuntarily to third parties. The policy also provides cover for construction risks for existing works or works in progress in foreign countries, in compliance with Italian law or, by means of fronting agreements, in compliance with local regulations. BasiCar, the standard policy dedicated to SMEs, is available for a maximum amount of 2.5 million euros and provides quick access to cover.

The **Decennial Liability** policy covers all direct material loss due to collapse, falling or serious structural defects in the building for ten years after completion of the building work, including damage to third parties due to structural defect. The policy is suitable for public and private works contracts.

The **EAR** policy (Erection All Risks) covers all risks arising from the construction and installation of machinery, plant and steel structures. Cover also includes inspections, tests and post-delivery damage during the guarantee or maintenance periods.

SACE BT also operates in primary branches of property coverage in the field of civil construction (Global Buildings policy, Fire policy) or risks connected with the construction industry.



In Great Britain with Gatto Cucine

SMEs

SACE has guaranteed a performance bond issued to to SME from the Marche region Gatto Cucine for the supply to the Olympic East Village in London of 1,692 modular kitchens worth a total of 14 million pounds.

WE INSURE BUSINESS TURNOVER

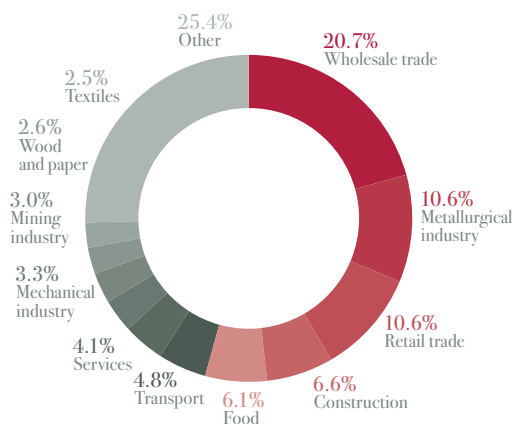
Credit insurance has proved to be an effective instrument in the current economic situation, both in the assessment of customer insolvency and in providing support for dealing with non-payment situations, thereby becoming a strategic choice for the businesses involved. It has enabled the consolidation of relations with regular customers and the opening-up of new business opportunities, without having to worry about the associated risk of non-payment.

In 2013, SACE BT insured credit volumes amounting to over 18 billion euros, supporting approximately

1,500 businesses. Almost the entire volume is attributable to the BT 360° policy, which insures the entire turnover of the company. Distribution of guarantees by industry sector shows a presence throughout the fabric of Italian business. Companies insured have a customer portfolio concentrated on the domestic market (73%), even if the foreign share has increased compared with last year.

PROTECTING SALES IN ITALY AND ABROAD

SACE BT insured volumes
by industry sector (2013)



SACE BT insures businesses against the risk of non-payment relating to commercial transactions concluded in Italy and throughout the world, with products and services capable of satisfying the demands of businesses of all sizes. SACE BT's solutions provide coverage of commercial risks, which the customer can even combine with political risk coverage.

The **BT 360° policy** is a tool dedicated to businesses that intend to insure their entire turnover, or homogenous risk classes, through access to a wide range of ancillary services: from the preventive assessment of customer solvency, to portfolio monitoring and compensation for losses suffered due to specialist credit recovery services. Due to its flexibility, this product is suitable for both SMEs and large



In Italy with Tradecom

SACE BT has provided non-payment risk cover to project the turnover of Tradecom, an energy trader for Italian companies.

industrial groups, protecting the turnover of subsidiaries at favourable rates.

SACE BT's offering dedicated to Italian exporters is strengthened through the **Export Development BT policy**, the latest in the line of credit insurance products. This product is a new feature for the entire market and is aimed at all Italian businesses that want to develop or consolidate relations abroad, protecting them against the risk of non-payment. The product, also available directly online, allows customers to adapt their export sales guarantee requirements, identifying reference countries and customers. Businesses that choose BT Export Development, in addition to nullifying the risk of non-payment, can obtain immediate liquidity

through credit without recourse discount thanks to the new **Trade factoring** service of SACE Fct.

Businesses can manage all the insurance solutions and paperwork connected with the cover through the online LeOn platform, enabling the viewing of the policy, submission of new applications, the increase or cancelling of ceilings, the handling of sales notifications and checking of the status of claims and credit recovery.

18 billion
EUROS OF INSURED CREDITS

WE CONVERT CREDIT INTO LIQUIDITY

Factoring is one of the most effective instruments available to companies for obtaining alternative resources to bank loans, transforming receivables due to customers into immediate liquidity.

During 2013, SACE Fct experienced strong growth and came into full operation, transferring receivables of 2.6 billion euros (a 50% increase compared with the previous year) for a total of 3,159 debtors (+17% compared with 2012).

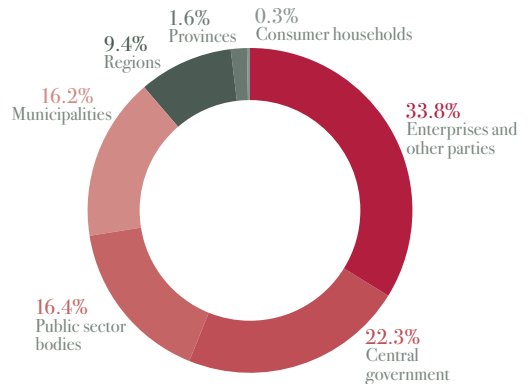
66% of the turnover referred to debtors in the public sector. Receivables transferred related to 39% of debtors in Central Italy, 38% in the North, 19% in the South and the Islands and the remaining 4% abroad. 81% of sellers chose non-recourse factoring solutions, while the remaining 19% opted for with recourse solutions.

DISCOUNTING OF RECEIVABLES DUE

SACE Fct offers a wide range of services for discounting receivables from companies of all sizes from any sector. The offer includes traditional factoring products featuring credit management and the provision of advance payments to the seller. If the borrower fails to pay, the two products differ through the right of recourse to the customer. **Maturity Factoring**, in addition to all typical

factoring services, involves crediting the customer with the nominal amount of the credit sold upon the due date of the invoice, possibly extended

SACE Fct turnover by debtor industrial sector (2013)



3,159

ACTIVE DEBTORS

2.6 billion

EUROS IN DISCOUNTED RECEIVABLES



Emilio Troiano, Account SACE Fct - Luca Alberto Olivieri, Credits Director SACE Fct - Valeria Sillipo, Credit Risk Analyst SACE Fct
Antonio Romeo, Sales Director SACE Fct

In Italy with ANICA and APT

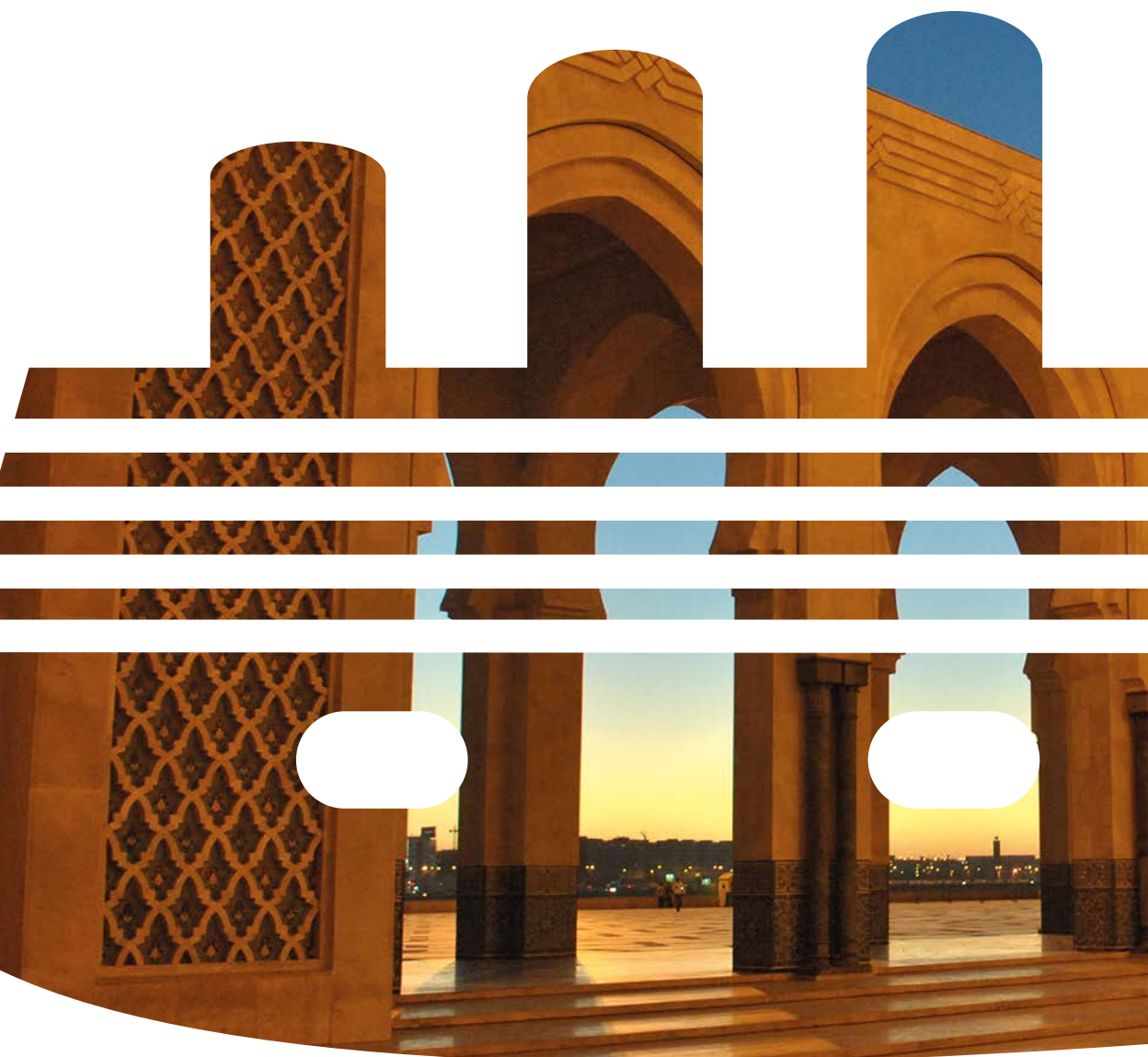
SACE Fct has stipulated an agreement with the Lazio Regional Authorities in order to enable film studios and companies belonging to the ANICA and APT cinematographic networks to discount their receivables from the public sector. Under the scope of this agreement, SACE Fct has already mobilized 13.5 million euros.

by a few days. Exporting companies can rely on the new **Trade factoring** product which combines the advantages of credit protection with those typical of factoring, allowing the insured party to immediately collect receivables granted to foreign counterparties.

REGULARISING PAYMENTS

Delayed payments by public sector companies can put a great strain on businesses, especially on SMEs. SACE Fct offers a “guaranteed payment” system which involves discounting invoices to

suppliers with credit certification from the debtor. Thanks to numerous collaboration agreements with major Italian banks (CariChieti, Cariparma, Carispezia, FriulAdria and Bcc of Piedmont, Liguria and Valle d’Aosta), added to the existing distribution agreement with Poste Italiane, suppliers to public sector companies have easier access to factoring services, in order to support liquidity requirements and to improve cash flow management. SACE Fct also guarantees the support of the production chain of large Italian companies, optimising the payment flows of their suppliers and facilitating access to credit under favourable conditions.



READY FOR THE FUTURE

STRATEGY AND RESULTS



REPORT ON OPERATIONS

STRATEGY

2013 was a year characterised by weak growth in the world economy. Italy, which is still in trouble, has particularly been affected by the continuing liquidity crisis of financial intermediaries, with negative consequences for the investment capacity of our businesses. Meanwhile, the high cost of funding has affected the competitiveness of the commercial offering of exporters, to the benefit of competitors in countries with better ratings than that assigned to Italy.

In this particularly complex context, in order to support internationalisation and exports, SACE has achieved the targets set in the 2011-2013 Business Plan and has launched strategic programmes aimed at satisfying the requirements demonstrated by Italian businesses, with particular reference to access to credit.

During the course of the year, collaboration with credit intermediaries and, in particular, with the European Investment Bank was strengthened.

The process of consolidating the domestic network, with a view to improving the oversight of the territory and proximity to customers, and also expanding of our international presence, with the opening of a representative office in Mexico City, continued. New openings in new markets, strategic

for Italian exports and investments, are in the process of being assessed.

The analysis of the customer portfolio, the remodeling of the commercial offering and the synergies activated through the SACE BT and SACE Fct product companies have led to the adoption of service models differentiated by target customers and to the development of new products which will be introduced in the coming months.

The forecasts for the Italian economy for the next two-year period paint a picture of a weak and slow recovery, driven by exports; internationalisation will, once again, be the main growth strategy for businesses. For this reason, new services will be launched during the course of 2014 supporting the activities of international development, such as the advisory service, through which SACE makes available to companies the expertise it has gained in risk assessment and risk taking and its familiarity with foreign markets. Also, the Frontier Markets programme, whose objective is to identify new emerging markets with high potential and to open up new reference destinations for Italian exports and investments.

In 2013, SACE BT, a product company active in credit insurance, surety bonds and protection against construction risks, consolidated the revision of the risk portfolio and customer portfolio started in



Enrico Sinno, Planning and Monitoring Director SACE BT - Ludovica Giglio, Strategy and Corporate Development Manager SACE
Benedetto Buono, Senior Analyst Strategie e Corporate Development SACE



A growing commitment

Since its transformation into a joint stock company (in 2004), SACE has progressively expanded its activities. Its business model has been completely re-designed, integrating its traditional export credit offer, with a wider range of products and services (including financial guarantees, credit insurance, bond and factoring) to support the competitiveness of Italian companies.

2012, recording a progressive improvement in results and exceeding the targets set in the Business Plan. Forecasts for the year in progress include a further improvement of technical results.

SACE SRV, a company active in the management of commercial information for the assessment of counterparty risk and credit recovery, has continued the process of optimising group information flows, centralising the management of proprietary information. After having achieved results in line with expectations in 2013, the Company will pursue the efficiency objectives of activities supporting the

Group's core business and diversifying the customer base.

SACE Fct, the Group factoring company, closed 2013 with results in line with the Business Plan objectives, despite the impacts of various legislative provisions on the subject of Public Administration payments introduced during the year. In view of the fact that growth forecasts are still weak and of the continuing liquidity crisis, the Company will continue its growth, intensifying its offering of discounting receivables for Public Administration and large corporate suppliers and exporters.

RESULTS FOR THE YEAR

SACE recorded a consolidated net profit of 345.3 million euros, an increase compared with the 167.9 million euros recorded for 2012.

The parent company registered a net profit of 277.7 million euros, an increase of 8.9%.

SACE BT recorded a loss of 3.9 million euros. However this showed an improvement on 2012 figures due to the prudential policies adopted to combat the significant increase in insolvencies. The result reinforces the positive contribution of SACE SRV, which recorded a net profit of 0.7 million euros.

SACE Fct closed its fourth year of operation with a profit of 15.1 million euros, an increase of 82% compared with 2012.

TURNOVER

The insurance business generated 91.8% of the Group's revenues, with the remaining 8.2% produced by factoring activities.

Consolidated gross premiums amounted to 398.7 million euros, an increase of 4.9% compared with the previous year. Of this sum, 385.8 million euros were

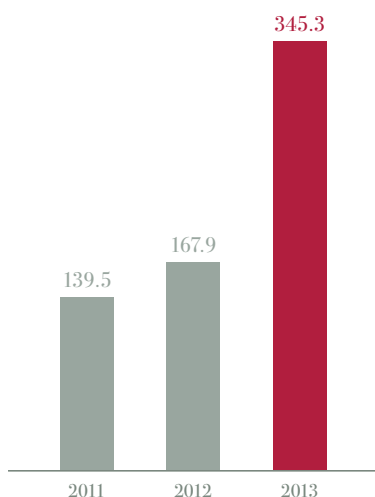
derived from direct operations and 12.8 million euros from indirect operations (active reinsurance).

The parent company SACE generated 316.4 million euros in gross premiums, a 5.7% increase compared with 2012. The products which made the greatest contribution to the generation of premiums were the Buyer Credit policy (51.6%), followed by Financial Guarantees (23.4%) and the Supplier Credit policy (6.4%).

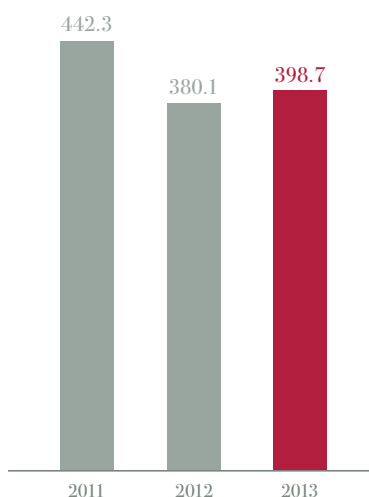
SACE BT recorded 83.9 million euros in gross premiums, an essentially similar result to that of 2012, in line with the adoption of prudential risk taking and management policies. The Credit insurance business made a greater contribution to premiums, with 40.3 million euros from direct operations (+2.4%), added to which were premiums from the Securities sector, totalling 31.2 million euros (+5.9%), and the Other Damage to Property sector, equal to 9.9 million euros (-10.5%).

The factoring business handled by SACE Fct recorded an operating income of 35.6 million euros, a decrease compared with the 46.4 million euros recorded for the previous year. Of this sum, 71% represented net interest income and the remaining 29% represented net fees and commissions.

Net profit (million euros)



Gross premiums (million euros)

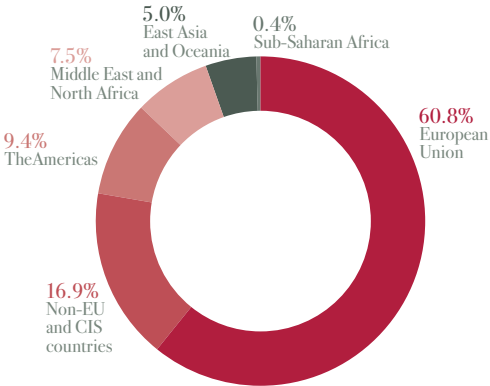


VOLUMES

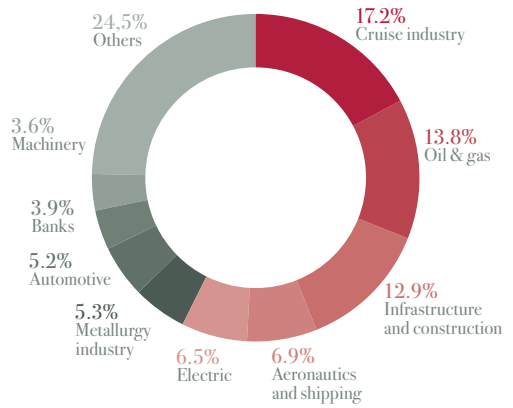
SACE provided new guarantees amounting to 8.7 billion euros, a result essentially in line with the figures recorded in 2012 (+2.3%). New commitments

pertained mainly to the European Union (60.8%), non-EU and CIS countries (16.9%) and the American continent (9.4%). The cruising sector generated the largest share, accounting for 17.2% of new guarantees, followed by oil & gas (13.8%), infrastructure

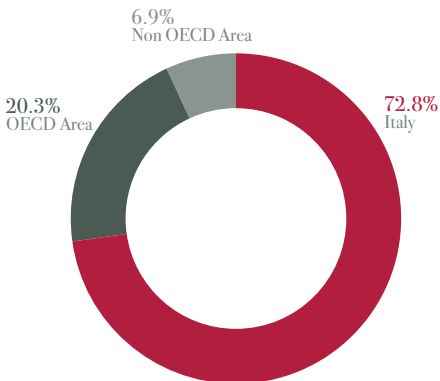
New guarantees granted by SACE by geo-economic area (2013)



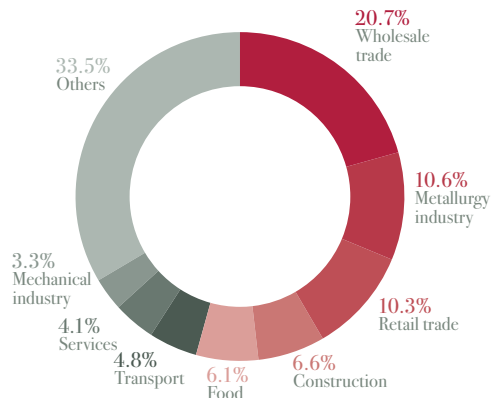
New guarantees granted by SACE by sector (2013)



SACE BT insured volumes in the credit business line by geo-economic area (2013)



SACE BT insured volumes in the credit business line by sector (2013)





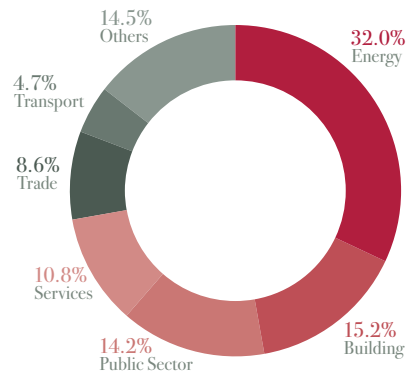
Valerio Coari, Administration Director SACE BT - Daniele Schroder, Budget Accounting and Treasury Manager SACE Fct

and construction (12.9%) and aeronautics and shipping (6.9%).

In the Credit line managed by SACE BT, insured credits totalled 18.2 billion euros, a fall of 19.1% compared with the previous year. Of these, 72.8% involved Italy, while the remaining 27.2% involved foreign markets. The foreign share increased compared with 2012, in line with the targets of the Business Plan. The largest sectors for this line of business were wholesale trade, which generated 20.7% of volumes, the metallurgy industry (10.6%), retail trade (10.3%) and the construction sector (6.6%). The transactions covered by SACE BT in the Surety Bonds line of business amounted to 2.2 billion euros, a downturn of 9.4%. SACE Fct generated turnover of 2.6 billion euros, a 46.1% increase. Non-recourse factoring operations accounted for 80.6% of the total, with the share of with recourse operations on the increase. The sectors featuring most prominently in

factoring activities were energy (32%), construction (15.2%) and public (14.2%). Taking into consideration the sector to which the debtor belongs, the

SACE Fct turnover by industrial sector of the seller (2013)

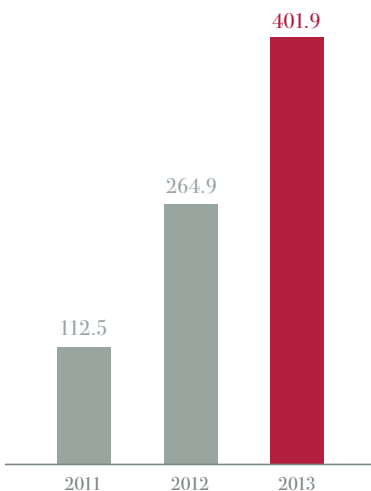


counterparties come mainly under the scope of public sector companies (66% of the total).

CLAIMS

Consolidated claims settled during 2013 amounted to 401.9 million euros, a 51.7% increase compared with the previous year (264.9 million euros). The parent company settled claims for 312.1 million euros, a significant increase compared with the 197.4 million euros settled in 2012. The amount mainly refers to claims on Iran policies caused by the difficulties of local counterparties to honour payments as a result of the sanctions imposed by the UN and EU. As far as claims of a commercial nature are concerned, the most affected sectors have been the steel and mechanical industries. SACE BT settled claims of 83.3 million euros, up 23%. The Credit line recorded a 23% decrease in non-collection reports mainly as a result of the reduction of exposures in the portfolio. The Surety bonds line revealed a 31% increase in the number of reports compared with 2012, with a slight reduction in expenses for claims of 2%. The Other Damage to Property line recorded a 13% increase of reports to 2012 against a reduction in the cost of claims.

Claims settled (million euros)



RECOVERY

For SACE, receipts recorded for policy recovery amounted to 156.1 million euros, higher than the 2012 figure of 125 million euros, and were mainly due to certain isolated recoveries in Iran; commercial recovery totalled 7.8 million euros. In 2013, SACE BT recovery, net of legal expenses, totalled 6.6 million euros, an increase of 47%. Specifically, this was helped by a substantial increase in recovery activities in all lines.

REINSURANCE

The reinsurance policy adopted by SACE aimed at maintaining and improving technical equilibrium, involves market counterparties with high ratings and international scope. SACE signed 24 reinsurance agreements with other export credit companies. In 2013, specifically, SACE concluded a reinsurance agreement with Exiar, the Russian agency for export credit insurance and investments controlled by the Russian development bank Vnesheconombank. The renewals of SACE BT reinsurance agreements for 2013 were affected by the negative economic situation which impacted the domestic reinsurance market, especially the Credit line. The Other Damage to Property line recorded a more than adequate level by reinsurers, in light of a positive technical account and of an extensive market capacity. The Surety bonds line remains unchanged compared with 2012.

SHAREHOLDERS' EQUITY AND TECHNICAL PROVISIONS

The shareholders' equity of the Group at 31 December 2013 amounted to 5.3 billion euros, a decrease compared with the figure for the previous year of 6.2 billion euros, on account of the distribution of an extraordinary dividend to shareholders of

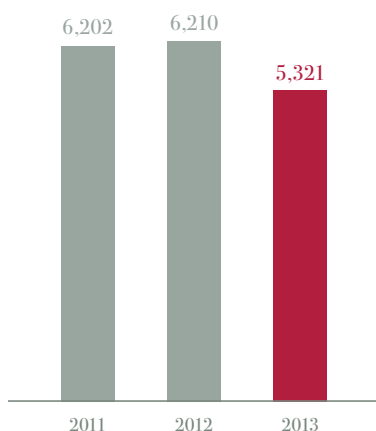
approximately 1 billion euros. The fully paid-up share capital amounted to 4.3 billion euros. The technical provisions, consisting of premium and claims provisions, amounted to 2.5 billion euros (-2.7%).

FINANCIAL INVESTMENTS

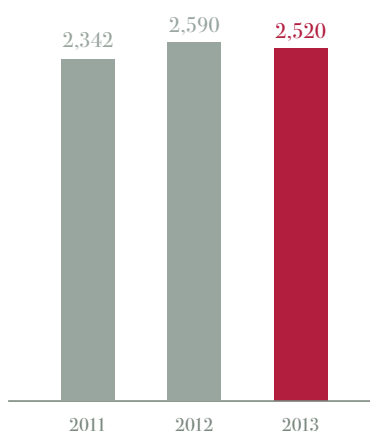
Consolidated financial investments amounted to 6.6 billion euros at the end of 2013, a decrease of

15.7% compared with the previous year. The portfolio consisted of 57.7% bonds, 10.9% bond and UCITS equity and 1.1% equities, with the remaining 30.3% in monetary instruments. Financial management had the aim of optimising the capital structure, improving capital adequacy and balancing the risks assumed through insurance activities.

Shareholders' equity (million euros)



Technical provisions (million euros)



FINANCIAL INVESTMENTS (million euros)

Type of investment	2013	2012	Var.
Bonds	3,783.6	4,973.6	-23.9%
Monetary investments	1,986.5	2,147.0	-7.5%
UCITS investments	717.9	621.9	15.4%
Equities	69.3	40.5	71.1%
Total	6,557.3	7,783.0	-15.7%

CONSOLIDATED BALANCE SHEET

ASSETS - thousand euros	2013	2012	2011
Intangible assets	14,585	14,600	15,776
Tangible assets	76,165	77,481	70,656
Reinsurer share of technical provisions	82,185	106,305	104,042
Investments	6,812,228	7,458,433	7,667,327
Receivables	1,098,645	972,121	992,550
Other assets	461,822	265,474	250,006
Cash and cash equivalents	155,612	502,871	78,299
Total assets	8,701,242	9,397,285	9,178,656
LIABILITIES - thousand euros	2013	2012	2011
Shareholders' equity	5,320,744	6,210,100	6,202,168
Provisions	35,178	43,757	46,525
Technical provisions	2,519,477	2,589,707	2,342,117
Financial liabilities	294,146	133,228	170,639
Payables	130,698	110,267	182,775
Other liabilities	400,999	310,226	234,432
Total shareholders' equity and liabilities	8,701,242	9,397,285	9,178,656

CONSOLIDATED INCOME STATEMENT

Thousand euros	2013	2012	2011
Gross premiums	398,671	380,124	442,292
Change in premium reserve	102,839	91,338	-99,467
Outward reinsurance premiums earned	-31,730	-34,738	-42,293
Net premiums	469,780	436,724	300,533
Income and charges on fair-value financial instruments	-84,071	12,956	-572,503
Income from other financial instruments and investment property	276,949	139,466	209,792
Other income	542,439	463,580	509,596
Total income and charges	1,205,097	1,052,726	447,418
Claims paid and change in technical provisions	264,829	485,615	-23,748
Reinsurer share	-19,855	-27,045	-22,271
Net charges on claims	244,974	458,570	-46,019
Charges on equity interests in subsidiaries, affiliates and joint ventures	-	-	-
Charges on other financial instruments and investment property	7,786	23,382	5,810
Administrative expenses	102,484	100,718	97,186
Other costs	271,715	199,518	179,194
Total costs and charges	626,959	782,188	236,171
Profit before taxes	578,138	270,538	211,247
Income taxes	232,886	102,605	71,727
Net profit for the year	345,252	167,933	139,520

RISK MANAGEMENT

RISK MANAGEMENT POLICIES

The identification, measurement, control and management of risks are the key stages of risk management activities, essential for a joint evaluation of corporate assets and liabilities carried out in accordance with the best asset liability management practices.

The integration of risk management in decision-making processes is aimed at improving risk adjusted performance. Risk management processes are defined according to the specific nature of the group's several lines of business and in compliance with the reference standards. The latter are based on three pillars:

- Pillar I introduces a capital requirement for addressing the typical risks of insurance/financing activities (technical, counterparty, market and operational risks)
- Pillar II requires Group companies to have a strategy and control process for capital adequacy
- Pillar III introduces reporting requirements regarding capital adequacy, exposure to risks and the general features of related management and control systems.

The most significant risks managed by SACE involve the following types:

- Technical risk, understood as underwriting risk and credit risk. The former refers to the risk of loss or write-down in the value of liabilities due to inadequate assumptions on the subject of pricing and establishing reserves. The latter refers to the risk of

default and migration of a counterparty's credit-worthiness. Both risks are managed by adopting prudent pricing and reserve policies, underwriting policies and monitoring techniques and active portfolio management

- Market risk, created by market transactions relating to financial instruments, currencies and goods, controlled through asset liability management and kept within pre-set limits by adopting asset allocation guidelines and quantitative risk measurement models (Market VaR)
- Operational risk, namely the risk of suffering losses from inadequacy or failure in procedures, human resources and internal systems, or from exogenous events. SACE and SACE BT regularly carry out qualitative evaluations of potential risk factors (risk self-assessment), tracking and logging effective operating losses through the loss data collection process. This data represents the input process for measuring and managing operating risks in line with the principles drawn from the reference standards. For the purpose of more accurate risk management, SACE Fct is also implementing the first loss data collection and risk self-assessment system
- Liquidity risk, or the risk that the company will not be able to liquidate investments and other assets to manage its own financial commitments at maturity. There are no significant liquidity risks for SACE and SACE BT because all the instruments held in the trading portfolio hedging technical



Chiara Maruccio, Senior Analyst Risk Management SACE - Tiziana Abbruzzese, Group's Risks Monitoring Manager SACE

reserves derive from securities traded on regulated markets. In addition, the lower average life of the investments ensures a rapid turnover. Liquidity risk is, however, important for SACE Fct, and essentially takes the form of funding liquidity risk. Specifically, this type of risk includes the difficulty in dealing efficiently with current and future cash flows, fulfilling business operating undertakings for the possible completion of existing financing and obtaining funds on the market without incurring capital account losses or costs which are too high

- Concentration risk, resulting from exposure to counterparties, groups of connected counterparties in the same economic sector or which carry out the same activities, or are located in the same geographical area
- Interest rate risk, specific to the operations of SACE Fct and which relate to activities other than

in the trading portfolio. This represents the exposure of the company's financial situation with regard to unfavourable variations in interest rates. The following risks are also identified and, where necessary, measured and mitigated through suitable management processes:

- Reputational risk, understood as the risk of deterioration of the company's image and an increase in conflict with the customer, also due to the poor quality of services offered, placement of inadequate products or the behaviour of the sales network. This risk is greatly mitigated by existing safeguards with regard to internal control, compliance and risk management, as well as specific internal procedures designed to regulate the Group's operations
- Risk associated with belonging to the group (contagion risk), following relations between SACE and its product companies. This consists of the risk that difficult situations encountered by one entity of

the same group could spread with negative effects on the solvency of the business itself and the risk of a conflict of interest

- Risk of non-compliance with standards, namely the risk of incurring legal or administrative sanctions, suffering losses or reputational damage as a result of failure to comply with laws, regulations or measures provided by supervisory authorities or self-regulation standards (by-laws, codes of conduct, corporate governance codes). Also risk arising from unfavourable changes in the regulatory framework or from legal interpretations.

THE ROLE OF RISK MANAGEMENT

Activities of risk management and monitoring are carried out by a single organisational structure which, through an integrated process, contributes to strategic choices and the Group's managerial and financial stability. This structure also defines the methodologies and instruments for identifying, measuring and controlling risks, ensuring that procedures are suitable for the individual group companies' risk profile.

Specifically:

- it proposes the methodologies, develops the models and systems for the integrated measurement and control of risks, monitoring the correct allocation of economic capital, in compliance with corporate guidelines and consistent with reference standards
- it defines, develops and regularly reviews the risk/performance ratio measurement and control systems and the creation of value relating to the individual risk taking units
- it contributes towards defining the operating limits assigned to corporate functions
- it determines the current and prospective internal capital to meet significant risks, ensuring the measurement and control of overall exposure to risk by preparing procedures for the detection, assessment, monitoring and reporting of risks,

including scenario analyses and stress tests

- it supports corporate functions involved in defining reserve levels
- it prepares regular reports on the development of risks taken and on the presence of possible irregularities and overdrafts, sending them to the Board of Directors, top management and operations managers
- it monitors operations aimed at improving capital structure, management of reserves and liquidity (asset liability management)
- it collaborates with other functions and controlling bodies, both internal and external, sending regular flows of information
- it takes part in defining guidelines for risk taking and management for joint counterparties, in collaboration with the competent group company functions, supporting them in the preparation of operational and technical documentation
- It defines a joint approach towards sensitive counterparties.

LOANS AND GUARANTEES PORTFOLIO

The SACE private portfolio includes over 2,800 risk counterparties, of which 1,015 are shared with SACE BT, whose portfolio – credit line and surety bonds sector – is represented by a list of more than 137,000 names. The shared counterparties (in terms of numbers) include 93% Italian companies, mainly occupied in the mechanical industry, metallurgy, chemical/petrochemical, food industry and infrastructures and construction sectors. The analysis in terms of exposure indicates that the main sectors at risk include infrastructure and construction, the cruise industry, aeronautics and shipping, the food industry, mechanical industry and metallurgy industry. SACE Fct is exposed to more than 3,200 counterparties, of which 200 are shared with SACE BT and 4 are shared with SACE. The list of names for SACE Fct is almost exclusively Italian: 73% is represented by private businesses

(40% in wholesale and retail trade), while the remaining 27% comprises local public sector bodies (of which 72% are municipalities). There are 12 counterparties shared by all three SACE Group companies, mainly operating in telecommunications, infrastructure and construction, and electricity.

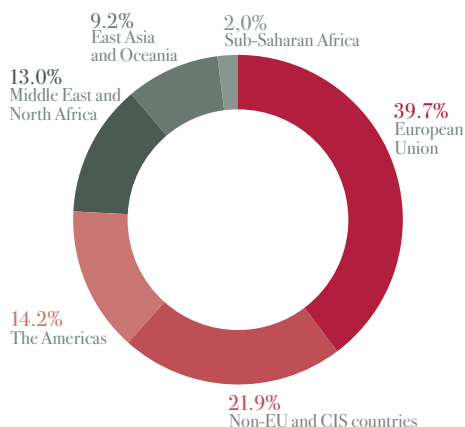
SACE'S RISK PORTFOLIO

SACE's total exposure, calculated as the total loans and executed guarantees, principal and interest, stands at 35.3 billion euros, an increase of 7.1% compared with the end of 2012. The growth trend, which slowed down last year, has therefore picked up, mainly through the guarantees portfolio which represents 97.7% of total exposure.

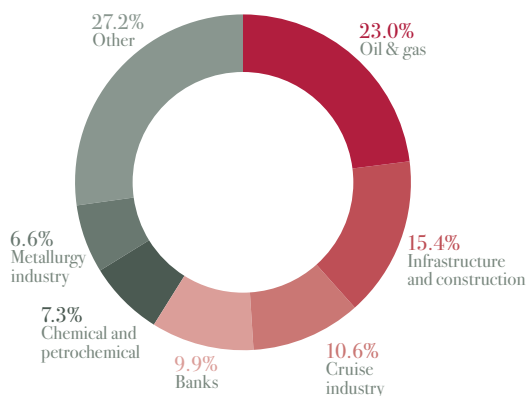
The analysis by geo-economic area shows greater exposure in countries of the European Union (39.7%, compared with 37.2% in 2012), specifically Italy, which remains in first place in terms of concentration, with a weighting of 30%. Exposure in Non-EU countries and the Commonwealth of Independent States has decreased (from 25.2% to 21.9%), likewise in East Asia and Oceania (from 10.3% to 9.2%) and in the Middle East and North Africa (from 14.1% to 13%). On the other hand, exposure has increased in Sub-Saharan Africa (from 1.3% to 2%) and in the Americas (from 11.9% to 14.2%).

In relation to the composition of the guarantee portfolio by risk type, there has been a 3.2% fall in

Total exposure of SACE
by geo-economic area as at 31.12.2013



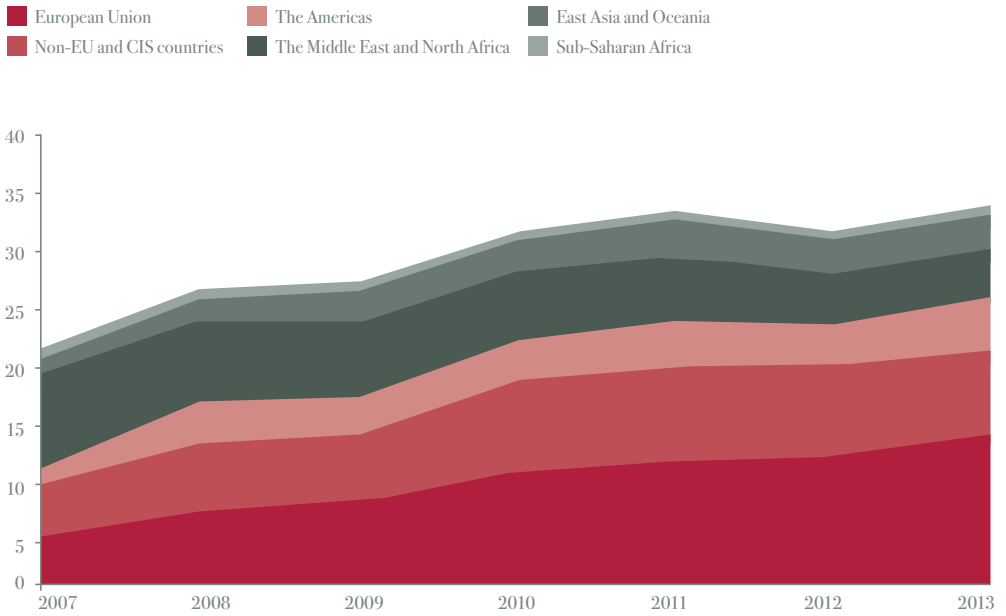
SACE guarantee portfolio
by industrial sector as at 31.12.2013



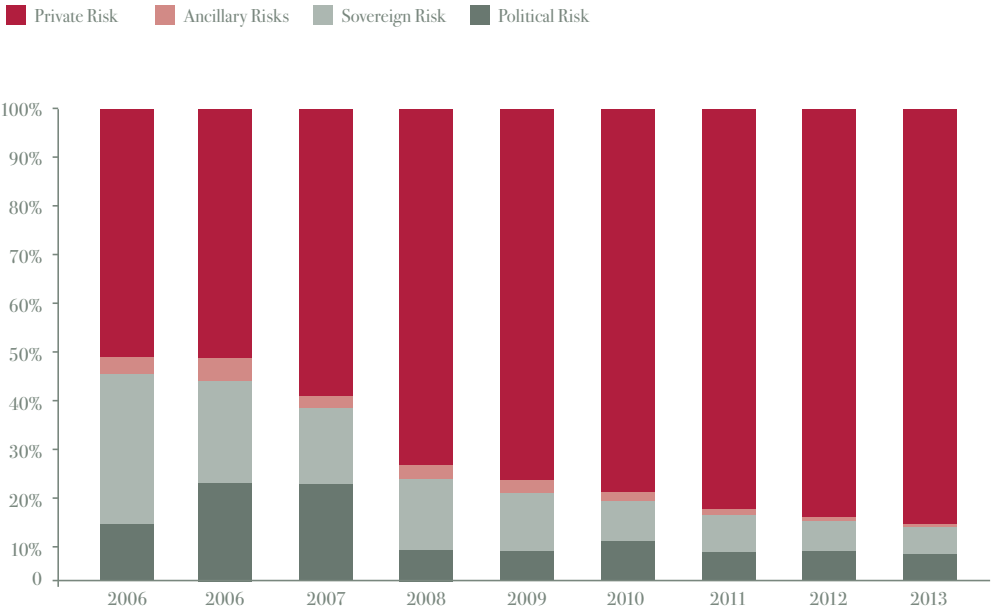
TOTAL EXPOSURE OF SACE (million euros)

Portfolio	2013	2012	Var.
Outstanding guarantees	34,475.8	32,193.2	7.1%
<i>share capital</i>	29,336.4	27,531.7	6.6%
<i>share interest</i>	5,139.4	4,661.4	10.3%
Loans	816.1	744.1	9.7%
Total exposure	35,291.9	32,937.3	7.1%

Performance of total exposure of SACE by geographic area (billion euros)



SACE guarantee portfolio performance by type of risk (2005-2013)



political risk and a decrease in sovereign risk (-1.9%) and a slight increase in ancillary risks (1.1%). Risks of a private nature represent 87.6% of the portfolio: a growing figure compared to the 86.5% of last year which confirms the trend of a gradual increase in the incidence of private risk recorded in recent years in the light of a significant fall in the weighting of political risks and sovereign risks, which fell from 43.9% in 2005 to 11.6% in 2013.

The analysis by sector continues to record a strong concentration, with the top five sectors representing 66.2% of the portfolio. The main sector remains oil & gas, with a figure of 23% (a fall compared with 26% in 2012). Exposure in the cruising and banking sectors increased, from 8.4% to 10.6% and 8.3% to 9.9%, respectively.

SACE BT'S RISK PORTFOLIO

The total exposure of SACE BT at 31 December 2013 amounted to 36.2 billion euros, a fall (-5.9%) compared with the end of 2012.

Exposure in the Credit line of business, defined in consideration of the net of policy excess, is equal to 10 billion euros (down 24% compared with 2012). The portfolio is mainly concentrated in countries of the European Union (86.7%), with Italy alone re-

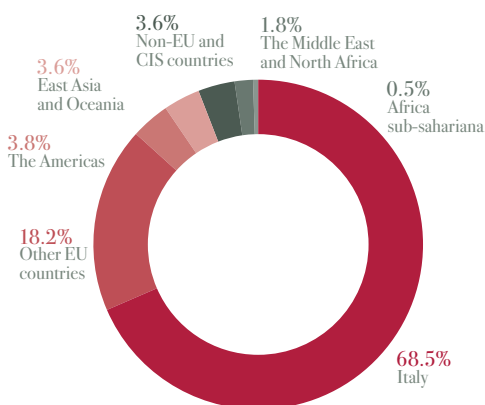
presenting 68.5%. Wholesale trade, metallurgy and agroindustry are the three main industrial sectors, with an exposure of 22.8%, 11.6% and 10.6%, respectively.

Exposure in the Surety bonds sector, in other words, the amount of insured capital, stands at 7 billion euros, a slight fall (-3.7%) compared with 2012.

Guarantees related to contracts account for 64.9% of existing risks, followed by guarantees related to tax payments and refunds (31.4%).

The portfolio, which comprises almost 33,000 contracts, is concentrated in Northern Italy (67%) and the central regions (23.9%).

Exposure of SACE BT in the Credit line by geo-economic area as at 31.12.2013



EXPOSURE OF SACE BT BY LINE OF BUSINESS (million euros)

Portfolio	2013	2012	Var.
Credit Line	10,039.0	13,207.8	-24.0%
Surety Bonds line of business	6,990.1	7,255.6	-3.7%
Other Damage to Property Sector	19,141.0	17,991.1	6.4%
Total	36,170.1	38,454.5	-5.9%

Exposure of the Construction industry totals 19 billion euros, up 6.4% compared with the previous year. Actual exposure, defined net of deductibles, excesses and indemnity limits, stands at 14.5 billion euros, a slight increase (+5.7% compared with 2012). The number of existing policies is 5,892: Decennial liability policies represent 53.6% of the portfolio, contracts relating to Construction All Risk and Erection All Risk policies account for the remaining 46.4%.

SACE FCT'S RISK PORTFOLIO

SACE FCT's total amount of credits, in other words, the total amount of receivables purchased, net of receivables collected and credit notes, amounted to

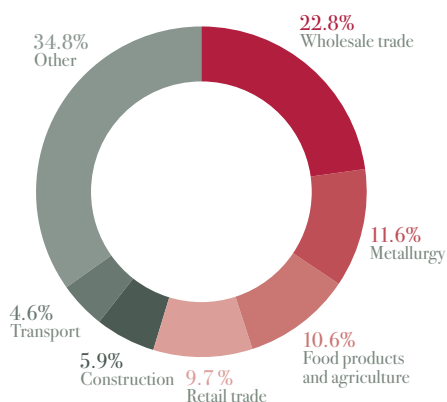
1.5 billion euros at the end of 2013, an increase of 21.8%.

In line with the observations of previous years, the total amount of credits refers mainly to non-recourse transactions, which represent 84.9% of the total portfolio. Credit transactions with recourse make up the remaining 15.1%, an increase compared with 10.3% in the previous year.

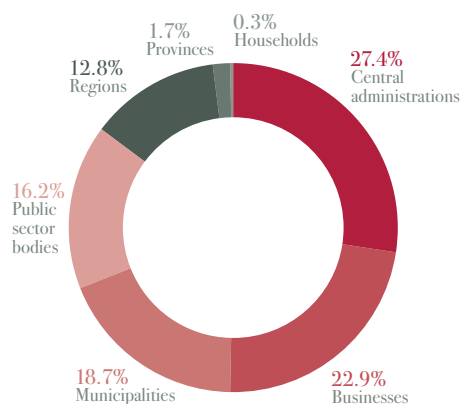
The distribution of the total amount of credits by industrial sector of the seller shows a concentration in the energy sector amounting to 35.7%, followed by the construction industry (14.1%) and public sector companies (13.4%).

The analysis by geographical area of the seller shows a strong concentration in Central Italy (57.9%), although this figure is lower than in 2012 (61.9%). At

Exposure of SACE BT in the Credit line by industrial sector as at 31.12.2013

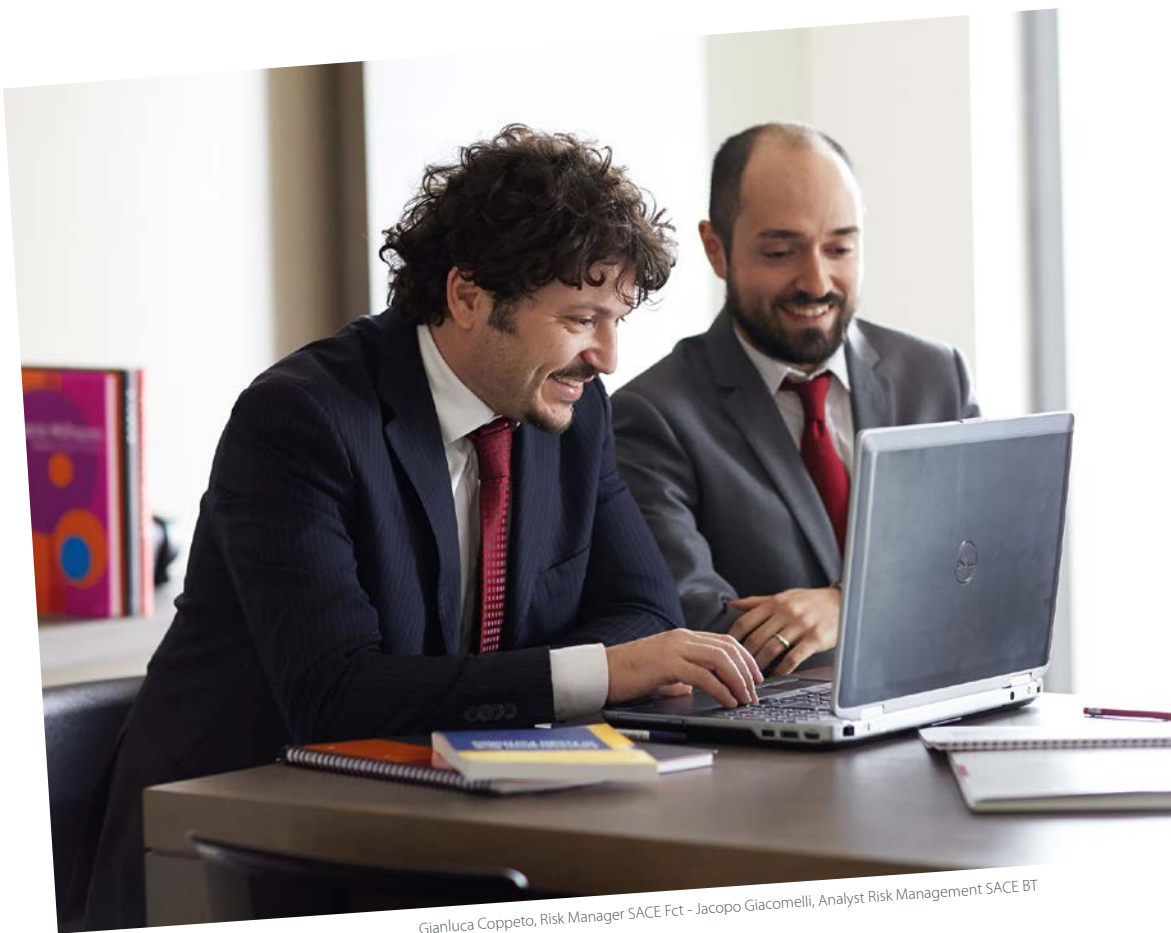


SACE Fct total amount of Credits by debtor industrial sector (2013)



SACE FCT TOTAL AMOUNT OF CREDITS BY PRODUCT TYPE (million euros)

Product	2013	2012	Var.
Without recourse	1,277.8	1,107.4	15.4%
With recourse	226.5	127.2	78.1%
Total	1,504.3	1,234.6	21.8%



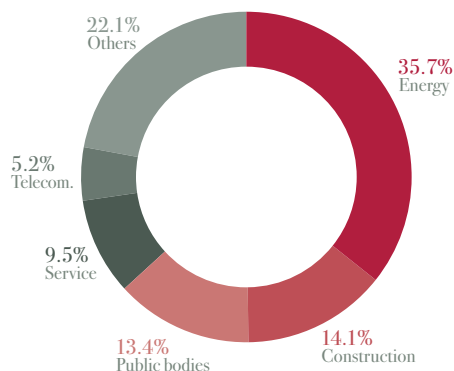
Gianluca Coppeto, Risk Manager SACE Fct - Jacopo Giacomelli, Analyst Risk Management SACE BT

the same time, there has been an increase in sellers in the North West (with the weighting increasing from 15.8% to the current 23.1%) with a slight fall in the South (from 13.5% to 9%).

Taking into consideration the sector that the debtor belongs to, the total amount of credits shows a strong concentration of counterparties in the public sector (76.8%). Compared with the previous year, increase is noted in the weighting of Municipalities (from 14.7% to 18.7%).

The distribution of the total amount of credits by geographical area of the debtor shows a concentration in Central Italy, mainly due to the specific location of the central government.

SACE Fct total amount of Credits by seller industrial sector at 31.12.2013





SYNCHRONOUS MOVEMENT

SACE: WHO WE ARE



SACE: WHO WE ARE

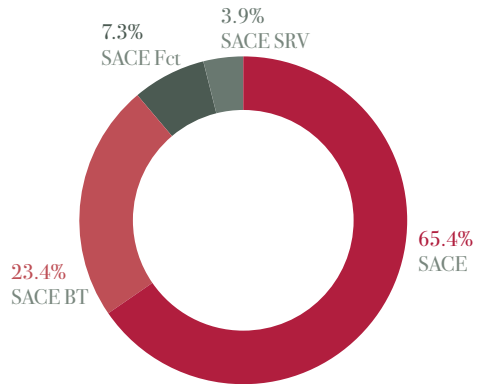
Global competition is fierce with constant leaps in technological progress. In this environment the quality and skills of a company's employees are its most important assets.

SACE recognises that its people are the key to excellence for the business and so, it bases its strategy on making the most of its employees.

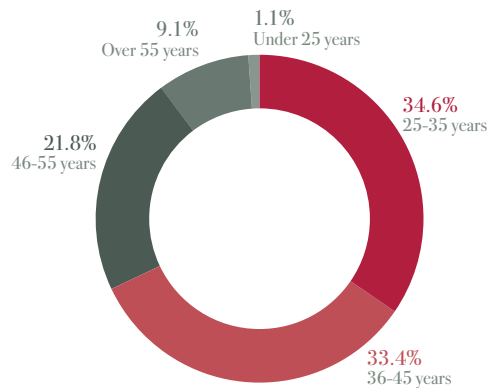
The centrality of people is the cornerstone of our staff management policies, not only as far as professional development is concerned, but also for the special attention that we devote to creating a fair work-life balance.

Our goal is to make SACE an efficient and responsible company, that respects the environment and society and attracts motivated and influential people for the benefit of Italian and international economic stakeholders.

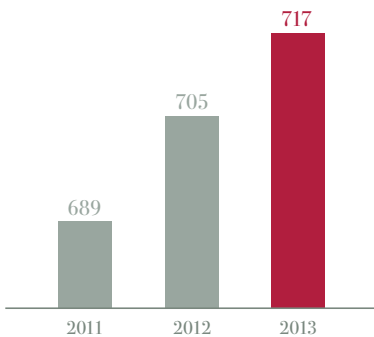
Employees by company as at 31 December 2013



Employees by age brackets as at 31 December 2013



Number of employees





Cristina Dottori, Senior Underwriter, Restructuring and Portfolio Management SACE
 Elisabetta Di Dionisio, Analyst, General Services SACE - Pietro Giuliani, Analyst, General, Services SACE

53%

FEMALE EMPLOYEES

At 31 December 2013, the Group had 717 employees, an increase of 2% compared with the previous year. Of these, 65% work for SACE and the remaining 35% work for its subsidiaries: 168 employees at SACE BT, 52 at SACE Fct and 28 at SACE SRV. 74% of the employees work at the head office in Rome, 24% are based in regional offices in Italy and 2% in other countries. 4% of employees are foreign nationals. 65.5% of our employees are graduates and 69% are under the age

65.5%

GRADUATES

of 45. There are 337 men, whilst women (380) make up 53% of the workforce and 33% of senior management. In 2013, 39 new employees were recruited, whilst 27 people left the group. Of the new employees, 31 are under the age of 36 and 21 are women. During the course of the year, 32 internship positions were offered and, of the 43 people whose internship periods expired in 2013, 28% had their posts confirmed under various types of contracts.

THE MOST IMPORTANT INVESTMENT: OUR PEOPLE

Motivated and skilled people are able to meet the challenges of the market and to make a successful contribution towards improving the performance of SACE and the Italian businesses that we support. With this in mind, we dedicate special attention to recruitment, because we know just how much the quality of people counts and makes a difference in responding effectively to the constantly changing needs of the market.

We search for gifted professionals, but also for enthusiastic, resourceful young people who demonstrate curiosity, who are educated to a high standard and have an excellent knowledge of foreign languages.

We take part in the major national job fairs and, for many years, we have collaborated with the main Italian universities, specialist schools and postgraduate Masters courses with the aim of exchanging expertise and facilitating the selection of new resources.

Since 2012, we have taken part in the "Bocconi Merit Awards" programme, sponsoring one of the seventy scholarships awarded to the most deserving students in the first year of specialist degree courses.

CONTINUOUS TRAINING

One thing that is certain in the current international economic scenario is constant change. In order to keep pace with this permanent dynamism, continuous learning and improvement in skills is of major importance. SACE offers its people a path for growth, aimed at developing and making the most of their potential through significant investments in training and education.

We have established an induction plan to facilitate the entry of new recruits into the company. It involves dedicated training developed with the aim

of promoting greater technical and operational knowledge of SACE.

In 2013, SACE delivered a total of 17,689 hours of training to staff, through all the various channels available, both in the classroom and online, with an average of 25 hours of training per person. Added to this are the internal workshops organised by SACE Training, our unit dedicated to training services and specialist consultancy services, which in 2013 delivered 2,373 hours of training, for over two thousand participants both in the classroom and online. We support the professional development of our staff through individual career planning, the possibility of international positions and job rotation. All employees are offered the same opportunities to draw upon their unique skills and aptitudes in an open and dynamic environment, promoting initiatives aimed at overcoming any possible discrimination based on sexual orientation, ethnicity, nationality, culture, religion, political beliefs, age or disability. Drawing inspiration from its Code of Ethics, SACE in fact promotes a corporate culture based on the principle of "equality in diversity" and is committed to guaranteeing a work environment which is characterised by the principles of equal opportunities, where diversity is recognised and valued as a source of wealth.

ATTENTION TO THE WORK-LIFE BALANCE

In order to organise a company welfare scheme that is truly effective, the vision needs to be expanded to also take the family life of employees into account, especially with regard to the balance between the energy and resources required for both their working and personal life. This vision is translated into our work-life balance programme and the many initiatives promoting the role of women, supporting parenting, fostering an international outlook, dialogue between the different generations and the



Marco Pollera, Assistant to Chairman SACE - Eugenia Cutini, Analyst, CSR and Internal Communications SACE
Luca Gullotta, Analyst, Human Resources SACE

full integration of people of different abilities. To this end, we set up the “Teleworking from home” project several years ago in order to support colleagues who need to spend more time at home. Employees have the option, for certain periods of time depending on their circumstances, to work from home for a few days each week, keeping in touch with the office by telephone and email. We also have a mobility manager to examine employees’ needs and issues in relation to daily commuting and to develop initiatives that allow savings to be made on time and money spent on travelling, whilst also mitigating the impact of the business on the region in terms of local traffic. As part of this programme, SACE contributes towards the purchase of annual season tickets for local public transport

in Rome and Milan and has set up the “Bike point” service, which makes company bicycles available to employees so that they can slip effortlessly in and out of traffic whilst protecting the environment. We also offer traffic information services in Rome, including a terminal, updated in real time, for bus waiting times.

Even simple daily errands and tasks, such as paying bills, renewing driving licences or going to the post office can take up a considerable amount of employees’ free time. For this reason, we created the “Happy manager: help is just two steps away from you” scheme in 2010. Through this, we offer our employees useful everyday services to help them manage daily chores as quickly and efficiently as possible, which has a practical impact upon

the satisfaction, efficiency and profitability of our people.

We know how difficult it is to look after a family when you work and we understand the importance of having our children close to our working environment. This is why we opened the company doors to our employees' youngest children through the "Kids in the office" days: an opportunity for them to get to know their parents' working environment through games and several playful activities. For dependants of university age, however, our "Young people in the office" initiative involves three days for them to immerse themselves in the work environment at SACE and to pick up concrete tips and suggestions on how to take the first steps into the world of work.

SACE is also a partner of "Valore D", the first association for large businesses created in Italy with the mission of increasing the representation of women among the senior management of Italian companies and supporting their involvement in business dynamics through concrete actions.

The health of our people is very important to us. We offer health insurance and the option of cancer screening for those aged over 45 and seasonal flu vaccinations. We organise courses for employees, in conjunction with the Red Cross, on first aid and how to dislodge obstructions from babies' airways. The entire system for the protection of employee health and safety also provides for staff to be given specific training on the relevant legislation, the organisation of first aid and fire-fighting teams and the stationing of appropriate medical staff at the various sites.

The health of our employees also depends on a healthy and active lifestyle. With this in mind, we have made a fitness area available to our staff at the Rome offices and, during the year, we continued to promote the "SACE in shape" initiative, supporting anti-smoking campaigns, organising meetings with nutritionists, distributing organic fruit with zero food miles in public areas and the "Oranges for health" of

the AIRC, the Italian association for cancer research.

VALUE CREATION FOR THE ENVIRONMENT AND SOCIETY

We promote a culture of sustainability within the company, not only paying particular attention to the quality of life of our employees, but also to supporting the community and safeguarding future generations. Respecting the environment and caring for society are the fundamental basis of the numerous awareness-raising initiatives that our employees have been involved in for many years. It is vital for SACE to promote an environmentally-friendly culture and to adopt responsible behaviour in everyday life through awareness and information campaigns.

We actively protect the environment through actions aimed at achieving greater energy efficiency, reducing consumption and strengthening the waste recycling system on company premises. We support the WWF, we have become a Corporate Golden Donor of the "Fondo Ambiente Italiano" (FAI), an association whose mission is to safeguard Italian art and nature heritage – and, for the "European Mobility Week", as well as taking part in the initiative, SACE announced the "Bike to work day", a day when we encouraged our employees to travel to work by bicycle. We also set up collection points in our offices for unused mobile phones to send to people in developing countries.

We also support numerous initiatives to benefit the community and we get our people involved in proactive participation in important social and voluntary projects. Since 2008, we have supported the activities of the non-profit association Dynamo Camp, a recreational therapy camp for children with serious or chronic illnesses. Each year, several of our employees take part as volunteers, giving up their free time and offering their enthusiasm and commitment for the sole purpose of putting a smile on



Beatrice Cappuccio, Assistant to Domestic Network Department SACE - Cristina De Martin Topranin, Senior Underwriter, Milan Branch SACE
Marco Sandrone, Account Manager, Turin Representative Office SACE - Giorgio Traietti, Account Manager, Modena Branch SACE

the faces of the young people staying at the camp. Also in 2013, we have continued our shared journey with the Meyer Children's Hospital in Florence to support important projects for the benefit of young patients and their families. As a "Friend of Meyer", SACE has contributed over the years to the purchase of new equipment to improve the hospital's technological resources. Thanks to this partnership, reception projects for the children and their families have been implemented, in addition to scientific research projects, to allow young researchers to enter into collaborative partnerships with the top international paediatric treatment centres. We organised, as we do every year, blood donation days at the company which allowed us to collect

105 bags of blood to donate to the Bambino Gesù Children's Hospital in Rome and to AVIS in Milan. We actively support UNICEF. This year, our employees created 64 "Pigottes", the UNICEF handmade rag dolls which help to save the lives of millions of children throughout the world. We have actively participated for many years in the "Race for the Cure" supporting cancer research. This year, 243 of our employees and their families took part in the event, sharing sporting events and values. These are just some of the actions, both big and small, that help to maintain awareness among those working in the business of an ethical culture of responsibility and participation.

THANKS TO

GIOVANNI ABBADIA - VINCENZO ABBATE - CLELIA ABBONIZIO - CRISTINA ABBRUZZESE - TIZIANA ABBRUZZESE
ANDREA ABRATE - CLAUDIA ROBERTA ACCARDI - SIMONETTA ACRI - LORENZO ADINOLFI - STEFANO ALA
MARINELLA ALBERICHI - MARCO ALDEGHERI - VALERIO ALESSANDRINI - PAOLO ALFIERI - ROBERTO ALLARA
ALESSANDRO ALTAMURA - SAVERIO AMOROSO - CLAUDIO ANDREANI - FRANCESCA ANDREANI

VALENTINA ANDREANI - ROSINA ANDREOLI - ANNALISA ANGELETTI - SONIA ANGELINI - DANIELA ANNIBALLE - NAZARIO ANTELMO - GIUSEPPE ARCARO
MARCELLA ARDUINI - GABRIELE ARGENE - FRANCESCA ARGENTI - CRISTIANO ARLECHINO - SABRINA ARNONE - LAURA ARPINI - FULVIA MARIA ARRIGONI
RAOUL ASCARI - GIUSEPPE ASCIERTO - ANNAMARIA ASTA - PROSPERO ASTARITA - AMBRA AURIEMMA - GIANFRANCO AVELLINI - RUGGERO BAFFARI
CINZIA BAGAGLI - MASSIMO BALDINI - CRISTINA BALESTRA - FABIO BALLERINI - EMANUELA BALLINI - ENRICO BARBERI - PAOLA BARCHIETTO
DARIO BARIGELLI - MARIA BARILARO - ALESSANDRO BARILE - MARIA DEL CARMEN BARRAL DIZ - LORENZO BARTOLI - NAZZARO BARTOLINI
ANTONIO BARTOLO - LIDIA BARTOLUCCI - ORLANDO BASILE - ROBERTO BASILICATA - NICOLA BASSI - DAISY BASTONI - MARCO BATTAGLIA
ROBERTO BATTISTI - GIANLUCA BELISARI - FRANCO BELLAMENTE - ROBERTA BELLAVIA - NICOLA BELLINI - PASQUALE BELMONTE
GIOVANNA CHIARA BERETTA - MARIA BERNABEI - ROSSELLA BERNARDO - MICHELA BERTINI - BARBARA BERTOLDI - FLAVIO BERTOLOSSI
ANNA BERTOLOTI - FRANCESCO BEVILACQUA - ALBERTO BIAGIOTTI - LUCA BIANCHI - FABIO BIANCHINI - MONICA BIFFI - RAFFAELLA BIGOTTI
LUCIANO BISCEGLIA - STEFANO BISOGNI - GIAMMARCO BOCCIA - FRANCESCA BONTEMPI - ALESSANDRO BORNETO - ALESSANDRA BRACAGLIA
LORENZO BRACCINI - STEFANO BRAGA - BARBARA BRANCIAMORE - GIANLUCA BRAVIN - MARINA BRECCIA - LUCA BRECCIAROLI - FEDERICO BRESSAN
LAURA BRICHETTO - ETELDREDA BRUGNATELLI - MARIO ALEJANDRO BRUNI - ALESSIA BRUNO - MASSIMILIANO BRUNO - DANILLO BRUSCHI
IGNAZIO BUCALO - SARA BUCIUNÌ - SUSANNA BULGARELLI - GIUSEPPE BUONGIORNO - BENEDETTO BUONO - MARIO BURATTI - PATRIZIA BUSTI
MAURO BUTTARELLI - GIANLUCA CABULA - ALESSANDRO CALAMEA - DALMA CALANDRA - SONIA CALCAGNI - NICOLA CALVANO - MIRCO CALZOLARI
PATRIZIA CAMPITELLI - DANIELA CANNAVÒ - ANDREA CANTONI - LUCA CAPPELLETTI - CLAUDIA CAPPONI - BEATRICE CAPPUCCIO - IRENE CAPRICCIOLI
ROBERTA CAPURSO - VINCENZO CAPUTI - ALESSANDRA CAPUTO - ANNALISA CAPUZZI - FABIO CARAMELLINO - DANIELA MARIA CARBONATI
GIUSEPPE CARBONE - FRANCESCA MARIA CARDARELLI - DARIO CARDILLO - VALENTINA CARIANI - VERONICA CARLOCCHIA - MILOS CARLONI
ROCCO CARLUCCI - SABRINA CARRETTA - DANIELA CARTERI - CATALDO CARUCCI - FRANCESCA CARUSO - PATRIZIA CASADEI
VALENTINA CASALGRANDI - STEFANIA CASALVIERI - STEFANO CASANDRI - FRANCESCO CASANOVA - MASSIMILIANO CASCIANELLI
NICOLETTA CASSANO - ROSANNA CASSESE - CLAUDIO CASSIANI - GIOVANNI CASTELLANETA - ALESSANDRO CASTELLANO - ROSSELLA CASU
DANIELA CATAUDELLA - PATRIZIA CATTANEO - MADDALENA CAVADINI - FABIANA CAVALLIN - ALBERTO CECCHINI - ALESSANDRO CECI
BARBARA CELARI - GIUSEPPINA CERASO - PAOLO CERINO - ANDREA CERVINI - ALICE CETRONI - LAWRENCE CHAPMAN - CLAUDIA CHERUBINI
LORENZA CHIAMPO - FLAVIA CHIAPPINI - TERESA CHIARELLO - VALENTINA CHIAVARINI - FRANCESCA ANNA CIBATI - MATTEO CICCARELLI
EMANUELA CICCOLINI - PATRIZIA CIFANI - TIZIANA CIFERRI - ALESSANDRA CIMINI - ELENA CIMMINO - ROSARIA MARIA CINQUEGRANI
CAMILLA CIONINI VISANI - PAOLA CIPRIANI - MARCO CIPRIANO - DOMENICO CIRANNI - PATRIZIA CLINCO - VALERIO COARI - DAVIDE COCCO
COSTANTINO COCO - ROBERTA COEN - ANNA MARIA COFINI - ANTONIO COLANTUONI - DOMENICO COLETTA - ROBERTA COLLACCIANI
BENEDETTO ANTONIO COLOMBO - FABIO COLOMBO - VITTORIA COLONNA - CLEMENTINA COLUCCI - ROSSELLA CONCIO - ELIANA CONTI
GIANLUCA COPPETO - ANTONELLA COPPOLA - IRMA COPPOLA - RAFFAELE CORDINER - GIOVANNA CORPORANDI - CLAUDIO GIOVANNI CORRADINI
EMANUELE CORRADINO - CLAUDIA EMILIA CORRAO - MANOLO CORRETTO - MIRKO CORSETTI - FLAVIA COSTABILE - FRANCESCO PAOLO COTUGNO
MICHAEL CREIGHTON - EMANUELA CRETONI - ALESSANDRA CROCI - FABRIZIO CRUCIANI - VALERIO CURSI - PASQUALE CURTO - EUGENIA CUTINI
MAURIZIO D' ANDRIA - BARBARA D' ELPIDIO - ALBERTO D'ACCARDO - DILETTA D'ADDARIO - GIULIO DAL MAGRO - PAOLO DALMAGIONI
FABIO D'AMELIA - IDA D'AMORA - MICHELA D'ANGELO - GABRIELLA DARESTA - ANDREA D'ARMINI - ROCCO DARTIZIO - MONIQUE DASEMAN
LORENZO D'AVETA - FRANCESCA MARIA DE CARO - FRANCESCO DE CILLIS - PAULINE DE FARIA SEBOK - VINCENZO DE GIOIA - MARIA TERESA DE LIO
MAURO DE LORENZO - CRISTINA DE MARTIN TOPRANIN - GIANCARLO DE MATTIA - MANUELA DE PACE - PATRIZIA DE PAOLIS - FABIANA DE ROMANIS
MARIA DE ROSSI - BARBARA DEL MARRO - PAOLA DEL SOLE - ENRICA DELGROSSO - PAOLO DELLA TORRE - ROSSELLA DERME - ALESSIA DI AGOSTINO
ANDREA DI BENEDETTO - MARIANO DI BIAGIO - PATRIZIA DI DEODATO - ELISABETTA DI DIONISIO - CAROLA DI FRANCESCO - FEDERICA DI GIROLAMO
MORENA DI LORENZO - ANNARITA DI MANNO - GIOVANNI DI NICOLA - ANDREA DI NICOLANTONIO - FRANCESCA DI OTTAVIO - ANDREA DI SALVO
MARIANNA DI SAVERIO - ANTONELLA DI TULLIO - LETIZIA DIANA - DALILA DIANA - PIERGIORGIO D'IGNAZIO - FAUSTA DILENA - LAURA DIPRIMA
STEFANO DONGHIA - PATRIZIA DONNA - LAURA D'ORAZIO - DJENEBOU DOSSO - CRISTINA DOTTORI - COSTANTINO DUCA - DEA DURANTI
SALVATORE PIO D'URSO - SARA ERCOLANO - DOMENICO ESPOSITO - FIAMMA FABIANI - ANTONIO FABOZZI - FRANCESCA FABRIZIO - ELISA FACCHIN
MARIA GLORIA FAGIOLO - PINA FAIELLA - CLAUDIA FALAVOLTI - CLAUDIO FALCIANO - RICCARDO FANELLI - MICHELA FANT - MARCO FARANO
VITO FAVATA - ELENA FECCI - ORIANA FEOLA - HANIEH FERDOWSI - MARCO FERIOLI - ROBERTA FERRANTE - EMILIANO FERRARI - FABRIZIO FERRARI
PAOLO FERRITO - MARCO FIGLIUZZI - CLAUDIO FILIPPELLI - ALESSANDRO FILIPPI - PAOLA FILIPPONE - LUISA FINESI - FRANCESCA FIOCCO
FIORELLA FIORELLI - ALESSANDRO FIORE - GIOVANNI FIORILLO - POMPEA FIORINI - ANNA FLAMINI - ANDREA FORESI - STEFANIA FORTI
FRANCESCA FORTUNATO - ILARIA FRANCESCHELLI - ROBERTA FRANCI - DAVID FRAZZETTO - GIOVANNA ANTONIA FRONTEDDU - PATRIZIO GABRIELE
LEONARDO LUCA ALESSA GADALETA - ANDREA GALANO - GABRIELE GALBANI - MARIA ASSUNTA GALBANI - ROBERTO GALIANI - CECILIA GALLI
PASQUALINA GALLO - IRENE GAMBELLI - CATIA GAMBINI - SERAFINA GAROFALO - LUCA GATTO - ANTONIO GENNA - ROSSELLA GENTILE
ANTONELLA GENTILI - LORENZO GERINI - EMANUELA GEZZI - STEFANO GHERARDI - ROXANA MARIA GHERMAN - ANDREA GHISELLINI
JACOPO GIACOMELLI - FRANCESCO GIAMPAOLI - MARIANNA GIANFRANCESCO - VINCENZA GIANNINI - PAOLA EVA GIANOGGIO - LUDOVICA GIGLIO
ROBERTA GIODA - IVANO GIOIA - ELENA GIONI - ALESSANDRA GIORDANO - ROSELLA GIORGI - ROBERTA GIORGIO - ILARIA GIOVANNINI
DANIELA GIROLAMI - GAETANINA GISINI - PIETRO GIULIANI - TIZIANA GIUSTINIANI - EVGENIYA GORBACHEVA - STEFANO GORISSEN
MANUELA GRASSINI - ELEONORA MARIA GRAVINA - GIANPIERO GRECO - ROBERTA GRECO - FRANCESCA GRILLO - GIUSY GRILLO - IDA GRIMALDI
ERNESTA GUALDARONI - SILVANA GUALTEROTTI - SIMONETTA GUARDAVACCARO - CARLO GUARINONI - SIMONETTA GUERRA - ANNALISA GUERRISI
FABIO GUGLIERI - ALESSANDRO GUIDA - LUCA GULLOTTA - YUE HON JONATHAN HO - DAPHNE HONCOOP - ALESSIA IANNONI SEBASTIANINI

FRANCESCO IOIME - ANN ULRIKA KARLSSON - INSAIDA KROSI - ANNA LA LICATA - SHARON LABI - LUCIA MARIANNA LABRIOLA - GIAN MARCO LAI
LUIGI LAMMOGLIA - FRANCESCO LANZO - GIUSEPPA LANZOTTI - GIACOMO LAROCCA - LAVINIA LENTI - ANGELA LEO - DANIELE LEONE
LEONARDO LESO - MEI-ZANG LI - EDOARDO LI CASTRI - PATRIZIA LIBERATI - GIOVANNI LICATA - MARCO LICCIARDELLO - LINDA MARIA LIPPI
GIOVANNI LO FASO - SIMONE LO PAPA - LEANDRO LO PRESTI - LUIGI LOICO - MARCO LOMBARDO - CAROLINA LONETTI - ALESSIA LORDI
ENRICO LUCCIOLA - EMANUELE LUCIANI - THOMAS LUCIOW FROSSARD - MARTA LUPI - ALBERTO MACALUSO - GIUSEPPA MACCA
FRANCESCA MACCARRONE - ROBERTO MACCHIONI - LUCIA MACELLARI - FULVIA MAFFI - PATRIZIA MAGARINI - ALESSIA MAGGIO TUMMIOLO
CARLO MAGISTRELLI - GIANLUCA MAGISTRI - MARINA MAGNI - SALVATORE MAIMONE - MATTIA MAIONE - FEDERICO MAITINO
ANGELO MALANDRINI - ROSANNA MALFAGIA - MATTEO MANCINI - RODOLFO MANCINI - ELSA MANIGRASSO - SERENA MANNU - CLAUDIA MANNUCCI
LUCA MANTEGAZZA - LUCA MANZI - EVA MARANZANO - WALTER MARAZZINI - ALDO MARI - VALERIO MARINARO - MARIA CRISTINA MARINI
MAURO MAROLLA - ANNA MARIA MARRONI - EVA MARTIN - NADIA MARTINELLI - CHIARA MARUCCIO - CONCETTA FRANCA MARUOTTI
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MARIAPIA MASTRODDI - PAOLO MASTROGIACOMO - CLAUDIA ELISA MASTROSIMONE - COSIMO MATARAZZO - ANDREA MATTIOLI
ALESSIO MAURICI - MARIA GRAZIA MAZZARANO - MARIO MAZZELLA - RENATO MAZZONESCHI - ANDREA MAZZOTTI - FRANCESCA MELONI
ANDREA MENABENE - MARIA RAFFAELLA MENABENE - ANTONIO MENCHELLA - STEFANO MENEGHEL - PIERGIORGIO MENGARELLI
EMILIANO MENICHETTI - SERGIO MENSITIERI - STEFANIA MERCANTI - CINZIA MERCONE - LAURA MARIA MICCICHÈ - MARIA LUISA MICCOLIS
MARIANGELA MICHELETTI - AUGUSTO MICHETTI - FRANCESCO MIGLIORINO - LIVIO MIGNANO - MARIA LAURA MINGARELLI - MARCO MINORETTI
STEFANIA MITTEMPERGHER - LUCA MONETA - ENZO MONTANARI - SILVIA MONTANARI - MASSIMO MONTELEONE - MASSIMILIANO MONTI
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ELISA MORICI - MARINA MOSCATIELLO - MARCO MOSSINO - FRANCESCA MUREDDU - ALESSANDRO MUSTO - CHIARA NALLI - ALESSANDRO NAPOLITANO
LUISA NAPOLITANO - LORENZO NAPPO - PAOLO JOHAN NATALI - PAOLO NATALINI - SIMONA FORTUNATA NAVA - ANDREA NEBBIA - CARLO NERI
SERENA NICOLETTI - GIORGIA NIGRI - CHIARA MARIA STEFANI NOÈ - ALESSIA NOTARGIACOMO - ROBERTA NUCCETELLI - CARLO NUCCITELLI
DONATELLA OCCHIONERO - ANTONIO OLIVA - MARIO ORABONA - PIERPAOLO ORLANDO - SILVIA ORTENZI - STEFANIA PACIOTTI - ELEONORA PADOAN
ROSA PAGANO - STEFANIA PAGLIA - LUCA PAGLIARA - FRANCO PAGLIARDI - MARA PAGNOTTA - CRISTINA PAIELLA - PAOLO PALMIERI
GIACINTO PALMISANO - LUCA PANCUCCI - ELIA SABATINO PANICO - ANTONIA PAOLILLO - ANGELA FABIENNE PARISI - MARCO PARISI
MARIANNA PARLAPIANO - MARIAROSARIA PASCA - LARA PASQUALI - MAURO PASQUALUCCI - LUCA PASSARIELLO - ANNA MARIA PASSARINI
FRANCESCA PASTORE - SERENA PATERNESI - MARINA PATURI - ANNALISA PECORARO - EMANUELE PEDE - VINCENZO PEDICINI - FLAVIO PELLASSA
ALESSANDRA PELLEGRINI - LUCIA PELOSIO - STEFANIA PENSABENE - DARIA PERRELLA - STEFANIA PERRONE - DONATELLA PERUZZI - SILVIA PERUZZI
ALESSIO PETACCIA - SIMONA PETITTA - PIETRO PETRUCCI - STEFANIA PETTINARO - ANNA MARIA PIAZZA - SARA MARILU' PIAZZA - ANDREA PIERRI
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ITALIAN BUSINESSES NEVER STOP



SHARP LINES

CORPORATE GOVERNANCE



CORPORATE GOVERNANCE

CORPORATE STRUCTURE

SACE, a joint stock company controlled entirely by Cassa depositi e prestiti, holds all equity investments in:

- SACE BT, a joint stock company operating in the Credit line, Surety Bonds line of business and Other Property Damage sectors
- SACE Fct, a joint stock company operating in the factoring sector.

SACE BT holds the entire share capital of SACE SRV, a company specialising in credit recovery and asset information management for the group.

Relations between SACE and direct or indirect subsidiaries are defined by a body of principles and rules which ensure unity of business vision, coherence and consistency of behaviour. With the aim of ensuring sound and prudent management, SACE focuses on the management and coordination of direct subsidiaries, leaving the subsidiaries to conduct their economic and managerial operations.

REGULATORY FRAMEWORK

SACE issues guarantees and policies related to political, catastrophic, economical, commercial and exchange risks, to which Italian operators are

exposed in their international activities, pursuant to Legislative Decree 143/1998 and CIPE resolution 62/2007.

Furthermore, SACE is allowed to issue guarantees and policies to support operations that are strategically important to the Italian economy in terms of internationalisation, economic security and the activation of production and employment processes (Law 296/2006). It is also allowed to intervene in the market to facilitate the collection of receivables due from businesses with regard to the Public Administration (Legislative Decree 185/2008).

SACE's commitments benefit from the guarantee of the Italian State (Decree Law 269/2003).

Credit export activities are also regulated by in the European Union, including the Directive 29/1998 and the Officially Supported Export Credit Agreement ("Consensus"), signed by the OECD.

SACE also complies with the principles established by the Berne Union, an international body that unites export credit companies and agencies in supporting investments.

SACE BT, established in 2004, is authorised to carry out insurance activities and is subject to the control of the "Istituto per la Vigilanza sulle Assicurazioni" (IVASS) [the Italian Insurance Supervisory Authority]. SACE Fct, founded in 2009, is registered on the general list and the special list of Financial Intermediaries



Massimo Schirò, Deputy Head of Legal Affairs SACE - Cristina Paiella, Senior Analyst, Compliance SACE

pursuant to Articles 106 and 107 of the Consolidated Banking Act and is subject to the control of Banca d'Italia (the Bank of Italy).

CODE OF ETHICS AND MODEL OF ORGANISATION, MANAGEMENT AND CONTROL

The corporate governance system defines the methods and rules for the management and control of the company.

SACE seeks to define its governance model through the principles of legality and transparency by adopting a prevention and control system, comprising, in particular, of the Code of Ethics and the Model of Organisation, Management and Control for the

prevention of offences pursuant to Legislative Decree 231/01 ("Model").

The Code of Ethics sets out the values and principles that must be adhered to by directors, auditors, accountants, executives, employees, associates and third parties with whom SACE and its subsidiaries conduct business. The Code of Ethics is a separate document from the Model, even though it is related to it, as it is an integral part of the prevention system adopted.

The Model is approved by the SACE Board of Directors and is the result of thorough analysis of activities conducted within the corporate structure of SACE, and comprises:

- a general part which governs the principle of the Decree, the Governance Model, the principles of the Internal Control System, the Supervisory Body,

the regulatory system, training of staff and the dissemination of the Model in a corporate and non-corporate setting

- a special part in which the areas, specific to the SACE corporate setting, for which it is possible to assume a potential risk of offences being committed, are identified and for which the instruments designed to prevent offences being committing are indicated.

The Model has the following aims:

- to allow the exemption of administrative responsibility for SACE if offences are committed
- to improve the system of corporate governance
- to organise a structured and composite prevention and control system aimed at reducing the risk of offences related to corporate activity from being committed
- to promote awareness, among everyone working for and on behalf of SACE, of the risk of incurring sanctions, not only against themselves, but also against the company
- to inform all those who work for, on behalf of or in the interests of SACE in any manner that any breach of the provisions contained in the Model will result in the imposition of sanctions, including termination of employment.
- to confirm that the company does not tolerate unlawful behaviour contrary to the ethical principles that the company aspires towards
- to actively censure behaviour that violates the Model by implementing disciplinary or contractual sanctions.

The Model is designed for Directors and everyone with a representative, administrative and management role in the company, to individuals in salaried employment and to individuals who, although outside the company, are connected to it through “subordinate” or “quasi-subordinate” relations. The task of overseeing the adequacy, application and updating of the Model is entrusted to the Supervisory Body, which is also responsible, subject to the limits of its authority, for investigating

any reported breaches of the Code of Ethics.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control system comprises a collection of rules, procedures and organisational structures aimed at ensuring the correct and smooth operation of the business. The risk management system allows for the identification, assessment and monitoring of the most serious risks to which the company is exposed.

The Board of Directors has ultimate responsibility for defining the strategies and guidelines of the internal control and risk management system, ensuring its integrity, functionality and effectiveness. Senior Management is responsible for implementing the aforementioned systems in line with the directives issued.

The internal control and risk management system includes various levels of control. The operative functions, level I control functions, ensure that the operations are conducted correctly. Risk Management and Compliance, level II control functions, respectively guarantee the management of risks and conformity of internal regulations with laws and regulations of interest to the company. Lastly, Internal Auditing is a level III control function.

INTERNAL AUDITING

Internal Auditing carries out an independent and objective monitoring activity for SACE and its subsidiaries, evaluating the adequacy, effectiveness and efficiency of the risk management, control and governance systems aimed at ensuring that the strategic targets of the organisation are met, ensuring the reliability and integrity of the accounting, financial and operational information, the effectiveness and efficiency of operations and



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programmes, safeguarding capital and compliance with laws, regulations, directives, procedures and contracts.

The mandate of Internal Auditing, approved by the Board of Directors, formalises the aims, powers and responsibilities of the function and the methods of communicating to the Board of Directors both the results of the activities carried out and the annual plan. The latter formalises the priority checks identified on the basis of a structured analysis and prioritisation process of the main risks.

Internal Auditing works to circulate the culture of control, promoted by the Board of Directors, at all levels of the company organisation and collaborates with the other functions and bodies also involved in control.

These activities are conducted in compliance with external reference standards, the international standards defined by the Institute of Internal Auditors (IIA) and market best practices.

COMPLIANCE

Compliance systematically and continuously monitors regulatory developments, evaluating their impact on processes and internal regulations, and indicates suitable actions to be undertaken for correct application. It determines the risk of non-conformity, understood as the risk of incurring judicial or administrative sanctions, capital losses or reputational damage as a result of the violation of laws, regulations or self-regulation standards. It also assesses reputational risk, understood as the risk of suffering losses resulting from a perceived negative image of the company by stakeholders or increased dissatisfaction among customers.

CORPORATE BODIES AND COMMITTEES

SACE operates on the basis of a traditional model of administration and control. The Board of Directors

("Board") comprises five members and has the widest ranging powers as far as the administration of the Company is concerned, in conformity with the provisions of the law and the Articles of Association. The Board is charged with the management of the enterprise and performance of all necessary operations to carry out corporate purpose. The Board assesses the adequacy of the organisational administrative and accounting structure of SACE, whose actual performance it monitors constantly, and examines the strategic, industrial and financial plans. It plays a fundamental role in the internal control system, for which it has ultimate responsibility, by identifying, evaluating and controlling the most significant business risks.

The Board of Statutory Auditors supervises compliance with the law and the Articles of Association, observance of correct administrative principles, the adequacy of the organisational, administrative and accounting structure and its correct operation. The Chairman of the Board of Directors is the legal representative of SACE. The Chief Executive Officer (CEO) is responsible for managing the Company, performs any act in accordance with the general policies established by the Board of Directors, is a legal representative of the Company and has the authority to

sign on behalf of the Company with regard to third parties within the limits of the powers delegated to him/her. The Remuneration Committee carries out analyses and in-depth investigations into remuneration criteria and assesses on the adequacy of remuneration policies and plans, as well as their implications on the undertaking and management of risks. The Management Committee examines and reports on strategies and objectives at group level, validates and monitors business operating plans and examines themes and problems regarding management and operational aspects. The Operations Committee examines significant transactions and evaluates acceptability, in compliance with the guidelines for the management of the overall risk position. The Investment Committee defines financial management strategies. The Large Risk Committee examines transactions featuring serious exposures, also seeking to improve the overall quality of the portfolio, to prevent the deterioration of exposures and to make the recovery processes more effective. The Commercial Synergies and Products Committee oversee the development of new products and commercial synergies between SACE and its subsidiaries, establishing the opportunity to develop new business initiatives.

Corporate offices and control authorities

BOARD OF DIRECTORS¹

Giovanni Castellaneta	<i>Chairman</i>
Alessandro Castellano ²	<i>CEO</i>
Maria Elena Cappello	
Carlo Monticelli	
Leone Pattofatto	

BOARD OF STATUTORY AUDITORS¹

Marcello Cosconati	<i>Chairman</i>
Alessandra Rosa	
Giuliano Segre	
Edoardo Rosati ³	
Maria Enrica Spinardi ³	

DEPUTY AUDITOR OF THE AUDIT COMMITTEE⁴

Antonio Frittella⁴

INDEPENDENT AUDITORS⁵

PricewaterhouseCoopers S.p.A.

¹ - Appointed by the Shareholders' Meeting held on 2 July 2013 and in office for three financial years

² - Appointed by resolution of the Board of Directors dated 17 July 2013

³ - Substitute members

⁴ - In office since 1 January 2010

⁵ - Mandate given for the three-year period 2013-2015 by the Shareholders' Meeting held on 15 April 2013

GLOSSARY

Active reinsurance: operation whereby one insurance company (the reinsurer) assumes part of the insured risk of another operator (the reinsured).

Ancillary risks: risks ancillary to credit risk, such as production risk, undue calling of guarantees and destruction risk.

Approved guarantee: in referring to SACE, an insurance policy decided by the competent bodies.

Banking risk: risk relating to transactions supported by bank guarantees.

Claims reserve: technical reserve constituted by the total sums necessary, according to a prudent evaluation made on the basis of objective elements, to meet the payment of claims made during the financial year concerned or in previous years and not yet paid, as well as the related settlement expenses.

Country ceiling: amount (cumulative and/or for individual products/risks) of commitments that the insurer is prepared to assume in relation to a country.

Credit insurance: operations relating to credits with a term of less than 24 months and subject to regulation by IVASS.

ECA: Export credit agency.

Export credit: operations guaranteed by the Italian government, in compliance with OECD rules, relating to credits with a term of more than 24 months.

Factoring: agreement whereby a company (the seller) sells its trade receivables to a financial company (the factor), which becomes the owner of the accounts and may provide the seller with services of credit management, financing and default guarantee (without recourse).

Gross premium: total payment due to the insurer, generated by the executed guarantee and relating to the entire period of cover.

Guarantor: third party who, in the insurance agreement, has assumed, in favour of the insured party, the obligation to pay the debt in the event of a default by the debtor.

Indemnity: amount due from the insurer as compensation for damage suffered by an insured party as a result of a claim.

Insured volumes (of SACE): guarantees decided during the period in question.

Insured volumes (of SACE BT): insured volumes in the Credit and Surety Bonds business lines during the period in question.

Loss ratio: ratio between the cost of claims and the gross premiums received.

Marketable risks: according to OECD rules, political and commercial risks relating to credits with a term of less than 24 months and to debtors based in Member States of the European Union and other first-category countries of the OECD area.

Non-marketable risks: according to OECD rules, political and commercial risks relating to credits with a term of more than 24 months, or to debtors not based in Member States of the European Union or other first-category countries of the OECD area.

Outstanding commitment (of SACE): total capital amount of the outstanding guarantees in existence on the date concerned.

Outstanding commitment (of SACE BT): for the Credit business line, the total amount of credit granted, net of any policy excess; for the Surety Bonds business line, the amount of insured capital; for the Construction business line, the aggregated total of the insured capital and the insured limits.

Outstanding commitment (of SACE Fct): total amount of credits in existence on the date concerned.

Outstanding guarantee: in referring to SACE, an insurance policy decided by the competent bodies, for which the first instalment of the premium has been collected.

Passive reinsurance: operation whereby one insurance company (the reinsured) assigns to another insurance company (the reinsurer) part of the risk assumed in the insurance policy.

Performing loan: covered amount for which the debtor is punctual in making repayments.

Premium reserve: technical reserve constituted by the share of gross premiums issued that does not pertain to the financial year in question (unearned premium

reserve), since it relates to risks extending into the following year and by the additional provision intended to cover any higher expenses for current risks (provision for unexpired risks).

Private (or corporate) risk: risk relating to transactions with banking/corporate counterparties.

Recovery: sum of money previously paid out as indemnity and subsequently recovered, in whole or in part, as a result of actions taken against the debtor/guarantor.

Sovereign risk: risk relating to transactions supported by sovereign guarantees (i.e. issued by the Ministry of Economy and Finance or by other entities capable of engaging the liability of the State).

Technical reserves: sums which insurance companies must set aside and record on their balance sheets to meet potential claims from insured parties.

Total exposure (of SACE): sum of the outstanding liabilities in share capital and interest (net reinsurance and coverage) and of performing loans.

Turnover (of SACE Fct): amount of receivables assigned to the factoring company during the period in question.

Value at Risk: maximum potential loss that might be suffered by the value of a portfolio over a given time period and for a given confidence level (typically 95-99%).

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