

DRIVING
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STATEMENTS
AMBITIONS
2014

financial

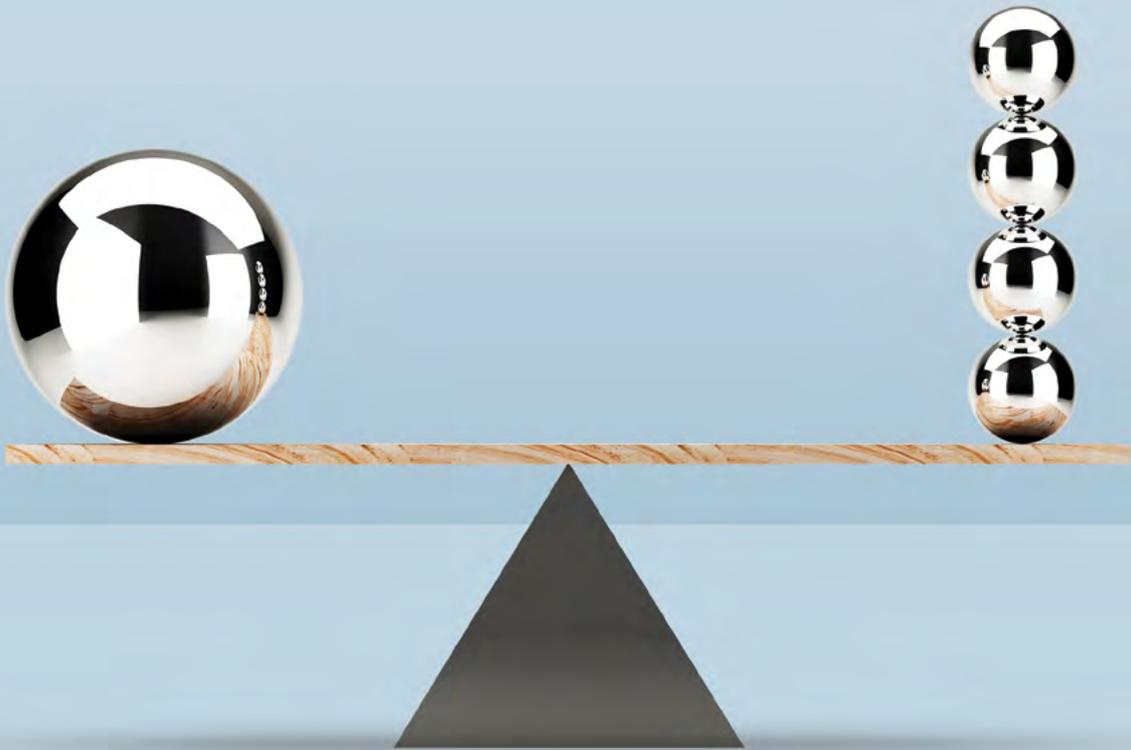
AND CONSOLIDATED STATEMENTS 2014

FINANCIAL STATEMENTS

3

CONSOLIDATED FINANCIAL STATEMENTS

125



FINANCIAL STATEMENTS AT 31 DECEMBER 2014

Meeting of the Board of Directors of 19 March 2015

SACE S.p.A.

Registered Office and Head Office in Rome

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

Tax No. and Rome Companies Register

No. 05804521002 – R.E.A. 923591

Sole Shareholder CASSA DEPOSITI e PRESTITI S.p.A.

company officers

AND BOARDS

BOARD OF DIRECTORS

Chairman

Giovanni CASTELLANETA

CEO (*)

Alessandro CASTELLANO

Directors

Maria Elena CAPPELLO (**)
Carlo MONTICELLI
Leone PATTOFATTO

BOARD OF STATUTORY AUDITORS

Chairman

Marcello COSCONATI

Standing Auditors

Alessandra ROSA
Giuliano SEGRE

Alternate Auditors

Edoardo ROSATI
Maria Enrica SPINARDI

STANDING DELEGATE OF THE COURT OF AUDITORS

Antonio FRITTELLA

EXTERNAL AUDITORS (*)**

PRICEWATERHOUSECOOPERS S.p.A.

Company Boards appointed by the Shareholders' Meeting on 2 July 2013 and in office for three years.

(*) Appointed CEO by resolution of the Board of Directors on 17 July 2013.

(**) Term of office expiring on April 30, 2015.

(***) Appointed for the three-year period 2013 - 2015 by the Shareholder's Meeting of 15 April 2013.

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DIRECTORS' *report*

1. THE ECONOMIC SCENARIO

The world economy

In 2014 growth in the world economy continued to be weaker than expected, with GDP increasing by slightly more than 3%. The positive effects of lower oil prices were counterbalanced by weak investments and growth below potential in a number of emerging and advanced economies. Although the reduction in oil prices started to have a positive impact on importing countries (particularly India), there is a risk of this trend undermining the financial stability of certain exporting countries (especially Venezuela, Russia, Nigeria and Angola).

In advanced markets there was a substantial divergence between the euro area, where growth remained slow and differed from country to country, and certain developed economies, which continued to report growth rates of more than 2% (particularly the United States and United Kingdom). After contracting in the first quarter, the US economy performed better than expected as employment figures improved and consumer spending increased; the FED continued its accommodating monetary policy. The euro area continued to face some of the economic headwinds that had already characterised the scene in 2013, such as constraints on access to credit by businesses and subdued investments, which remained well below their pre-crisis peak. The European Central Bank launched further measures to counter deflationary pressures and economic depression. Growth in emerging markets continued to slow, though to varying degrees in different regions. Asia's emerging markets reported growth of more than 6%, despite a slowdown in the second half of the year. In Sub-Saharan Africa growth remained constant, widespread and fairly evenly distributed across countries, whereas performance in the MENA region was affected by instability due to the risk of political violence and the drop in oil prices. Growth in some commodity exporting countries of Latin America also slowed as a result of falling prices and a reduction in demand by China.

The decline in performance was especially evident among the BRIC countries. Brazil continued to suffer from stagnant economic growth and in Chile the economic slowdown persisted; in Russia the economic and financial situation deteriorated rapidly and the economy was severely impacted by sanctions, falling oil prices and the currency crisis, which undermined the confidence of consumers and businesses. India continued to enjoy robust growth, buoyed by favourable exchange rates and an increase in production.

CHANGE IN GDP BY EMERGING GEOGRAPHICAL REGION (% CHANGE)



Source: IMF

There was renewed volatility in international financial markets, also in light of the impact on emerging countries of shocks to the energy market and growing uncertainty about the outlook for certain euro area countries (especially Greece). This made investors turn to safer assets. As economic conditions worsened in some emerging markets, capital inflows to those countries started to fall in September, especially those directed towards Russia and Latin America. The latter also experienced an increase in yield spreads between long-term government bonds denominated in dollars and US bond issues.

The Italian economy and industrial sectors

Italian GDP contracted by 0.4%, less than in 2013. Economic activity was held back by declining investments in the construction industry and a further reduction in private domestic demand owing to the drop in available household income, rising unemployment levels and difficulties in accessing credit. A positive contribution towards growth came from net exports.

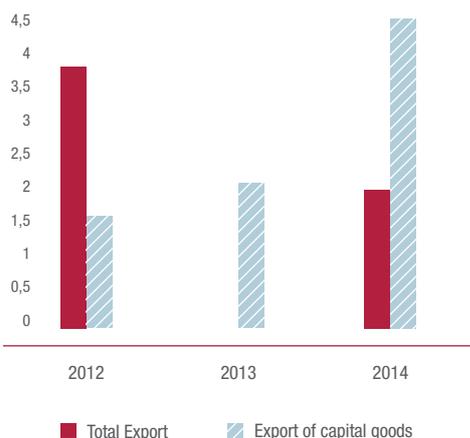
Industrial output fell again (-0.8%), albeit less than in 2013. Of the main industrial sectors only capital goods recorded positive growth. At sector level, performance was particularly slack in the oil products, extraction and electrical appliance industries – the latter affected by the drop in demand for products in the housing sector. The contraction in industrial production was less marked in the sectors of instrumental engineering (-0.8%), pharmaceuticals (-1.2%) and wood, paper and printing (-1.1%). These categories were able to benefit more from exports. Production of vehicles, electronics and rubber and plastic products increased, while that of textiles and clothing remained unchanged.

There was an increase in the number of bankruptcies, which exceeded 15 thousand (+9% compared to 2013). This was an important factor in the performance of financial guarantees to support the international growth of SMEs.

Italian exports

There was a gradual rise in the volume of international trade in goods, which showed a positive trend in the first eleven months of the year (+3.1%). Italy's trade balance showed a surplus of € 42.9 billion, an improvement on that of the previous year (+€ 29.2 billion). This reflects the increase in exports (+2%) and decline in imports (-1.6%). Exports were sustained by demand from EU countries (+3.7%), while demand from non-EU countries decreased (-0.1%). The most dynamic countries were Belgium, the US, Poland, China and the ASEAN member states; on the other hand, sales to Russia, countries in North Africa and the Mercosur countries decreased. In terms of sectors, the increase in exports was mainly due to the expansion of sales of consumer and capital goods, areas where exports drive growth for SACE's more traditional insurance business.

ITALY'S TOTAL EXPORTS AND EXPORTS OF CAPITAL GOODS (% CHANGE)



Source: Istat

Outlook for 2015

The forecast for 2015 indicates that world GDP will accelerate (+3.5%), buoyed by continuing growth of the US economy and the strengthening of economic recovery in the euro area sustained by the ECB's expansionary measures and the depreciation of the euro. There are still some risks of a downturn linked, in the short term, to changes taking place in a number of emerging countries, persistent geopolitical tensions between Russia and Ukraine and problems in Syria, Iraq and Libya.

Italy's GDP will start to grow again, albeit at a rate of less than 1%, and recovery is expected to be slow and relatively weak. The new monetary policy measures and programmes aimed at fostering growth should help to boost employment and investments. Access to credit should improve, but not enough to help launch economic recovery.

2. STRATEGY

In 2014 the world economy continued to be held back by weak investments and many emerging and advanced countries recorded GDP growth rates under potential. Some of the economic headwinds that had plagued the previous two years, such as constraints on access to credit by businesses, especially SMEs, continued to be felt and the first signs of improvement only emerged in the last quarter. For Italy 2014 was another year of recession. Economic activity was held back by the reduction in investments which regarded both the construction industry and the capital goods sector. Export volumes were directly and indirectly affected by geopolitical tensions and the sanctions imposed on Russia. Within this macroeconomic context, SACE promoted exports and the internationalisation of Italian business enterprises, while adopting a strict policy of risk assumption and management.

A more customer-focused approach and the reinsurance treaty arrangement with the Italian Ministry of Economy and Finance have enabled SACE to increase its business with counterparties, sectors and countries for which it had reached high concentrations of risk.

The product offering has been further enhanced with the addition of the “Sviluppo Export” Fund, an alternative channel for funding internationalization projects of SMEs. Trade Finance activities became fully operational and the company launched its Advisory functions and programmes. In working to adopt a more customer-focussed business model and meet customers’ needs throughout the value chain, SACE has further strengthened the synergies with its product companies: SACE BT, SACE Fct and SACE SRV.

For 2015 Italy is expected to see positive growth in GDP and employment as recovery of the global economy gradually strengthens, driven by the economies that stood up best to the crisis, such as the US, UK and Germany. SACE plans to further expand its customer base by opening new offices in Italy and abroad, strengthening its capacities to understand and measure country risk, implementing targeted marketing strategies and acting as Official Partner for Italy’s International Growth at Expo Milano 2015.

3. REPORT ON OPERATIONS

Share structure and share capital

The shares in SACE S.p.A. are fully held by Cassa Depositi e Prestiti S.p.A. At year-end the share capital amounted to € 4,340,053,892 and consisted of 1,000,000 shares with a par value of € 4,340.05.

SACE S.p.A. has no treasury shares or shares in the parent company, Cassa Depositi e Prestiti S.p.A.

Net profit for the year

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

| HIGHLIGHTS (IN € MILLION) | 2014 | 2013 | Change |
|--------------------------------------|----------|---------|--------|
| Gross premiums | 312.6 | 316.4 | -1% |
| Claims | 339.1 | 312.1 | 9% |
| Technical provisions | 2,731.4 | 2,658.6 | 3% |
| Investments (including other assets) | 6,414.0 | 6,607.8 | -3% |
| Shareholders' equity | 4,982.0 | 4,850.8 | 3% |
| Gross profit | 526.1 | 491.3 | 7% |
| Net profit | 383.1 | 277.7 | 38% |
| Commitments underwritten | 10,937.1 | 8,703.5 | 26% |

| PROFIT AND LOSS ACCOUNT (IN € MILLION) | 2014 | 2013 |
|--|--------------|--------------|
| Gross premiums | 312.6 | 316.4 |
| Outward reinsurance premiums | -8.9 | -0.6 |
| Change in the provision for premiums | -157.6 | 106.2 |
| Net premium income | 146.1 | 422 |
| Claims incurred | -339.1 | -312.1 |
| Change in recoveries | 419.3 | 217.1 |
| Change in the provision for claims outstanding | 130.3 | -55.7 |
| Claims incurred, net of recoveries | 210.4 | -150.7 |
| Change in the equalisation reserve | -36.4 | -37.9 |
| Investment return transferred from the non-technical account | 24.6 | 126.3 |
| Premium refunds and profit sharing | -3.5 | -17.3 |
| Operating expenses | -77.4 | -63.8 |
| Other technical income and charges | 11.8 | -1.7 |
| Balance on the technical account | 275.7 | 276.9 |
| Financial and other income | 930.2 | 970.7 |
| Investment management and financial charges | -650.7 | -648.4 |
| Investment return transferred to the technical account | -24.6 | -126.3 |
| Balance on the non-technical account | 254.9 | 196 |
| Income from ordinary operations | 530.6 | 473 |
| Extraordinary income | 1.6 | 20.2 |
| Extraordinary charges | -6.1 | -1.9 |
| Profit before taxes | 526.1 | 491.3 |
| Tax | -142.9 | -213.6 |
| Net profit | 383.1 | 277.7 |

In 2014, SACE posted a net profit of € 383.1 million, an increase on the € 277.7 million reported in 2013.

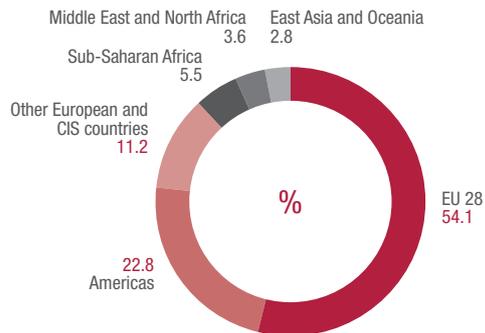
The main components of the result are discussed below:

- gross premiums, for a total of € 312.6 million, were slightly down on the previous year (-1%)
- the change in the provision for unearned premiums was negative and amounted to € 157.6 million
- the change in the provision for claims outstanding was positive and amounted to € 130.3 million
- the cost of claims incurred increased compared to the same period in 2013 and amounted to € 339.1 million
- the change in recoveries related to the value of the subrogation credits amounting to € 419.3 million, increased from € 217.1 million of the previous year, reflects the alignment to the estimated realisable value of the performing political risk loans
- the change in operating expenses is due to the reclassification of certain administrative expenses under Other administrative expenses; the comparison with the adjusted amount for 2013 determines an increase of € 5.5 million (referring for € 1.4 million to costs of personnel, € 1.5 million to reinsurance commissions and € 1.6 million to goods and services)
- the balance on the non-technical account was positive and amounted to € 254.9 million.

Volumes

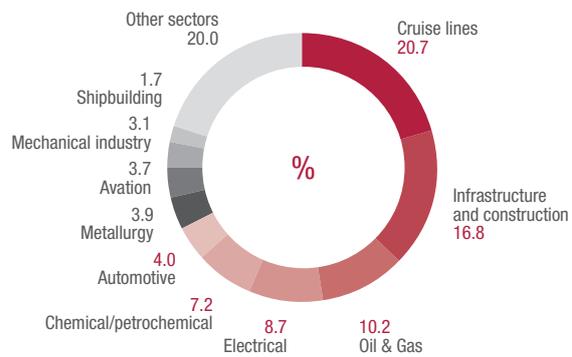
The value of commitments underwritten in 2014 (in terms of principal and interest), amounted to € 10,937.1 million, were mainly directed towards the EU (54.1%), the Americas (22.8%) and other European and CIS countries (11.2%).

COMMITMENTS APPROVED IN 2014 BY GEOGRAPHICAL AREA



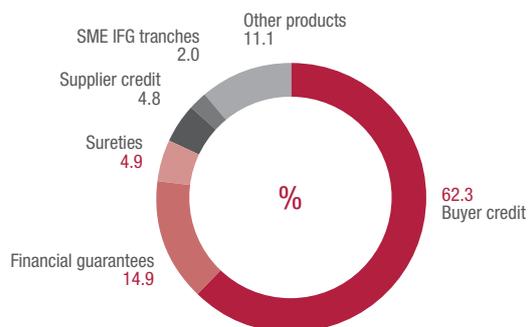
The main industrial sectors involved were cruise liners (20.7%), infrastructure and construction (16.8%) and oil and gas (10.2%).

COMMITMENTS APPROVED IN 2014 BY INDUSTRIAL SECTOR



The commitments approved were generated mainly by buyer credit policies (62.3%), financial guarantees (14.9%) and sureties (4.9%).

COMMITMENTS APPROVED IN 2014 BY PRODUCT



Changes in the insurance portfolio: Internationalization Financial Guarantees

In 2014 SACE issued 433 new guarantees (-17% in comparison to the previous year), for a total lending volume of € 360 million (-30% compared to 2013) and an exposure of € 210 million (-30% compared to 2013). In detail, around 75% of the guarantees were issued to SMEs and the remainder to corporations with a turnover of between € 50 and € 250 million. In 2014 SACE also redefined the pricing policies for its SME financial guarantee product and implemented a more stringent risk management procedure.

| INTERNATIONALISATION FINANCIAL GUARANTEES FOR SMES: FY 2014 | Total portfolio | of which SME |
|---|-----------------|---------------|
| Number of guarantees issued | 433 | 323 |
| Average % of export turnover | 53% | 52% |
| Loans guaranteed | € 360 million | € 270 million |
| Exposure approved (K + I) | € 210 million | € 158 million |

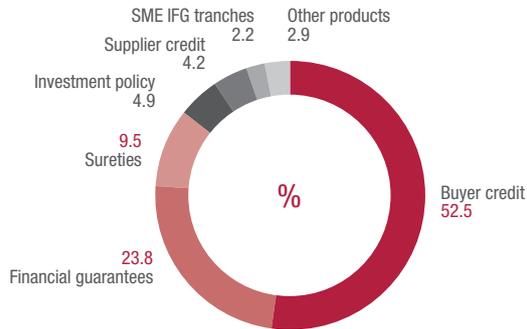
The overall portfolio was concentrated in the regions of central and northern Italy, with 29% of guarantees issued to companies based in Emilia Romagna, 19% to companies based in Lombardy and 16% to those based in Veneto.

The product continued to be a successful instrument for financing investment projects of SMEs looking to expand internationally. This despite the decline in requests by banks which, on the one hand, benefitted from an increase in liquidity to raise their commitments and, on the other, made greater use of other forms of guarantee.

Premiums

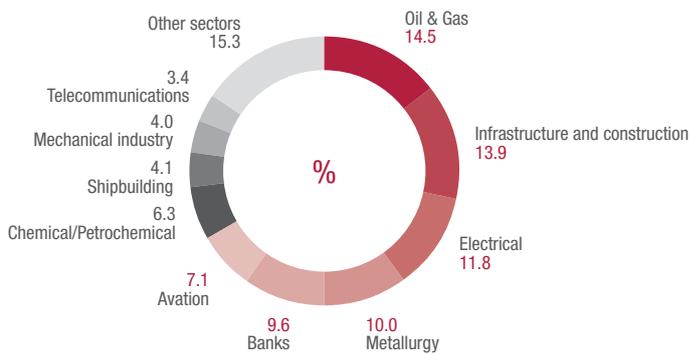
In 2014, gross premiums amounted to € 312.6 million and were generated for € 273.7 million by direct business and for € 38.9 million by indirect business (reinsurance provided). The products that contributed most to premiums were the buyer credit policy (52.5%), financial guarantees (23.8%) and sureties (9.5%).

GROSS PREMIUMS BY PRODUCT



The industrial sectors that accounted for most of the new business premiums were oil and gas (14.5%), infrastructure and construction (13.9%) and electricity (11.8%).

GROSS PREMIUMS BY INDUSTRIAL SECTOR



Claims

Claims paid during 2014 amounted to a total of € 339.1 million, compared to € 312.1 million in 2013. The amount mainly refers to claims on Iranian policies caused by the difficulties of Iranian counterparties in honouring payments, mainly as a consequence of the sanctions imposed on the country by the UN and the EU, and claims on commercial risk policies directed towards Ukrainian, Polish and Iranian debtors. The sectors most affected by the latter were the steel industry and mechanics.

Recoveries

In 2014 SACE collected € 152.4 million in political recoveries, in line with previous years. These reflected repayments of receivables from Iraq (€ 38.8 million), Egypt (€ 36.3 million), Cuba (€ 15.3 million) and Argentina (€ 11.2 million).

As regards commercial recoveries, the total amount collected due to SACE amounted to around € 21.6 million.

The change in recoveries related to the value of the subrogation credits amounting to € 419.3 million, increased from € 217.1 million of the previous year, reflects the alignment to the unrealized value of the performing political risk loans, mainly referred to Argentina (positive for € 66.4 million), Egypt (positive for € 56.1 million), Cuba (positive for € 48.1 million) Bosnia (positive for € 19.8 million) and Iraq (negative for € 55.2 million).

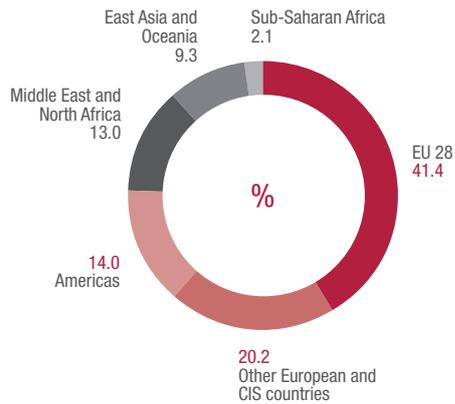
Risk portfolio

Total exposure, calculated as the sum of receivables and outstanding guarantees (principal and interest) equalled € 37.6 billion, a 6.6% increase in comparison to year-end 2013. The return to positive growth was driven mainly by the guarantee portfolio, which represents 97.0% of total exposure and which saw the conclusion of large-value operations during the year. The credit portfolio increased by 38.8% compared to the figure for the end of 2013. The increase was largely due to the sovereign component, which accounts for 94.9% of all credits and increased by 33.8% compared to the end of 2013; although the commercial component only accounts for 5.1% of the portfolio, this increased from € 12.6 million to € 57.8 million.

| PORTFOLIO | 2014 | 2013 | Change |
|------------------------|-----------------|-----------------|-------------|
| Outstanding guarantees | 36,494.3 | 34,475.8 | 5.9% |
| <i>principal</i> | 31,439.8 | 29,336.4 | 7.2% |
| <i>interest</i> | 5,054.5 | 5,139.4 | -1.7% |
| Receivables | 1,132.8 | 816.1 | 38.8% |
| Total exposure | 37,627.0 | 35,291.8 | 6.6% |

The analysis by geo-economic area shows that the highest exposure was towards EU countries (41.4% in relation to 40.5% in 2013). In particular, exposure increased towards Italy, which remained in top place in terms of concentration, with a relative impact of 27.8%. This was followed by other European and CIS countries, with a 20.2% share of the portfolio (lower than in 2013 when it was 21.1%). There was only a slight increase of 2.0% in exposure to these countries. The other geo-economic regions together account for 38.4% of the portfolio. Exposure to these regions increased by an average of 7.6% compared to 2013: Americas +5.1% (the impact on the portfolio fell slightly from 14.2% in 2013 to 14.0% in 2014), Middle East and North Africa +7.1% (the impact on the portfolio remained unchanged between 2013 and 2014 and stood at 13.0%), East Asia and Oceania +7.4% (the impact on the portfolio increased slightly from 9.2% in 2013 to 9.3% in 2014) and lastly Sub-Saharan Africa which increased by +10.7% (the impact on the portfolio increased slightly, from 2.0% in 2013 to 2.1% in 2014).

TOTAL EXPOSURE BY GEO-ECONOMIC AREA (%)



The analysis of just the portfolio of outstanding guarantees in principal shows the amount concentrated in Italy to stand at 29.3%, unchanged with respect to 2013 when it was 30.0% (remaining in first place). The value recorded for the top ten countries, at 71.9%, remained unchanged with respect to 2013 (when it was 72%). The analysis by type of risk shows a slight increase in sovereign risk (+2.6%) against a small decrease in political risk (-1.8%). Exposure to private risk – considering both credit risk and surety bonds – continued to be the highest, with an incidence of 88.6% on the total portfolio (and increased by 8,3% with respect to 2013).

| TYPE OF RISK | 2014 | 2013 | Change |
|--------------|-----------------|-----------------|-------------|
| Sovereign | 1,775.4 | 1,729.7 | 2.6% |
| Political | 1,654.6 | 1,684.5 | -1.8% |
| Private risk | 27,855.8 | 25,711.4 | 8.3% |
| Ancillary | 154.0 | 210.8 | -26.9% |
| Total | 31,439.8 | 29,336.4 | 7.2% |

Within private risk, corporate risk – credit business – increased by 12.5% and there was a slight increase in bank risk, +4.2%. Exposure to corporate risk – surety business - remained substantially unchanged, increasing only slightly (+2.1%). The secured component of the portfolio decreased: structured finance contracted by 5.1% and asset backed by 6.3%. On the contrary, there was a notable increase in the aviation component (asset based) for ATR operations (+40.0%). There was also a significant increase in the project finance component (+11.6%).

| TYPE OF RISK | 2014 | 2013 | Change |
|-----------------------------|-----------------|-----------------|-------------|
| Corporate - credit business | 12,352.0 | 10,979.8 | 12.5% |
| Banking | 2,649.8 | 2,543.3 | 4.2% |
| Aviation (Asset Based) | 619.5 | 442.6 | 40.0% |
| Bancked corporate | 1,962.5 | 2,093.4 | -6.3% |
| Project Finance | 5,870.8 | 5,262.0 | 11.6% |
| Structured Finance | 1,070.3 | 1,128.2 | -5.1% |
| Corporate - surety business | 3,330.9 | 3,262.1 | 2.1% |
| Total | 27,855.8 | 25,711.4 | 8.3% |

Sector-by-sector analysis continues to show a high level of concentration, with the largest five sectors accounting for 69% of the total private portfolio. The main sector continues to be oil and gas, which accounted for 23.6% (23% in 2013), increasing by 11.1% compared to 2013.

Technical provisions

Technical provisions are calculated in order to cover the best estimate for the provision for unearned premiums using the CreditMetrics method (calculating the expected loss of the entire portfolio until its run off). The provision for claims outstanding is determined according to a prudent estimate on the basis of an objective analysis of each claim. The estimations were recalibrated in 2014, without altering the overall methodology used. A risk margin is also determined to cover non-market-consistent components in the calculation model.

The total value is calculated as the sum of:

- The provision for unearned premiums, amounting to € 1,401.3 million, calculated as the portion of outstanding risk on the basis of the gross premiums written. The provision is calculated on a *pro rata temporis* basis
- The provision for unexpired risks, equal to € 290 million
- The provision for claims outstanding, amounting to € 517.6 million
- The equalisation provision for credit insurance business, amounting to € 522.5 million.

Investments

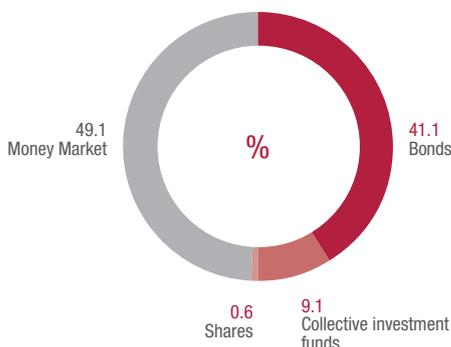
SACE's financial management activities are carried out according to guidelines provided by the Board of Directors and have two macro objectives:

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

This strategy, implemented through the use of highly liquid instruments with a limited risk profile, has resulted in values that are in line with the established limits for each type of investment. The capital absorption is measured on the basis of Value-at-Risk techniques.

Total assets at year-end amounted to € 6,124.8 million. The breakdown of these is as follows: 4.1% invested in bonds and other debt securities, 9.1% in collective investment funds, 0.6% in shares and 49.1% in money market instruments.

BREAKDOWN OF INVESTMENT PORTFOLIO BY ASSET CLASS



The non-current portfolio, equal to € 1,664.2 million, represents 27.2% of total assets and consists entirely of bonds, 89.8% of which are government bonds. They have a duration of 3.41 years. The average portfolio rating is BBB+, unchanged with respect to the end of last year. 19.2% of the investment portfolio of € 4,460.6 million consists of bonds and other debt securities, 12.5% of collective investment funds made up of bonds and shares, 0.9% of shares and 67.4% of money market instruments.

Reinsurance, relations with other Export Credit Agencies (ECAs) and international organisations

SACE's reinsurance policy, steered towards maintaining and improving technical balance, is based on relationships with international market operators with top ratings. To date SACE has signed 26 reinsurance agreements with other ECAs. In 2014 SACE concluded a reinsurance agreement and business consultancy contract with the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), a multilateral ECA. During the year SACE also reviewed its reinsurance agreement with the Korean ECA K-sure, broadening the range of insurance products covered, and provided training services to the following institutions: The Arab Investment & Export Credit Guarantee Corporation (DHAMAN), Aman Union, Eximbank Romania and Eximgarant of Belarus.

Risk management

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



The company implements its risk management in accordance with the fundamental principles of supervisory regulations¹.

There are two main types of risks:

- **technical risk:** meaning **underwriting risk**.

For the SACE guarantees portfolio, it is the risk of financial losses arising from unfavourable trends in actual compared to expected claims (premium risk) or differences between the cost of claims and reserved cost (reserve risk). Both risks are managed by adopting prudent pricing and provisioning strategies, which are defined according to market best practice, and through prudent underwriting policies, permanent monitoring and active portfolio management

- **market risk:** the risk of losses due to adverse changes in market prices of financial instruments, currencies and commodities. This type of risk is managed using asset-liability management techniques and kept within previously defined limits by adopting guidelines on asset allocation and market VaR techniques.

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

- **liquidity risk:** the risk of the company being unable to meet financial obligations without suffering losses due to the inability to liquidate investments and other assets. For insurance portfolios liquidity risk is not significant since, in addition to the technical forms of underwriting which enable the settlement of the claim to be spread out over time, the investment policy is based heavily on the specific liquidity needs of investments. All the securities in the portfolios used to cover technical reserves are traded in regulated markets and the short average life of the investments guarantees their rapid turnover

¹ IVASS regulation No. 20 of 26 March 2008.

- **operational risk:** the risk of losses resulting from inadequate or failed internal processes, personnel or systems, or from external events. SACE conducts periodical self-assessments of potential operational risk factors and uses a loss data collection process to measure and record its actual operating losses. These data represent the input of the process for measuring and controlling operational risks in accordance with market best practice
- **reputational risk:** the risk of damage to the company's image and conflict with policyholders, due to the provision of services that are not up to standard, inadequacy of policies or lack of customer satisfaction with the sales network. As far as SACE is concerned this risk is mainly associated with damage to the company's image as a result of non-alignment of procedures and contract forms with Italian and EU requirements, and any sanctions resulting from such non-compliance. This risk is notably mitigated by the existing internal control and risk management functions, for example the Compliance Service, and by adopting specific internal procedures directed towards regulating all operations performed by SACE
- **risk of belonging to a group: risk of "contamination"**, intended as the risk that, as a result of transactions between the company and other group entities, difficulties experienced by an entity in the same group may have negative effects on the company; risk of conflict of interest
- **risk of non-compliance with regulations:** the risk of facing legal or administrative fines, suffering losses or damage to reputation as a result of failure to comply with laws, regulations or measures of the Supervisory Authorities or rules of self-regulation, such as bylaws, codes of conduct or codes of ethics; risk from unfavourable changes in the regulatory framework or national case law.

The Risk Management function:

- proposes methods and develops models and procedures for the measurement and integrated control of the risks to which the company is exposed, monitors the correct allocation of economic capital, in line with the relevant company guidelines and applicable legislation
- defines, develops and periodically reviews procedures for measurement and control of the risk/return ratio and the creation of value by individual risk taking units
- assists with defining the operational autonomy of company functions, reporting any breaches of the established limits to the Board of Directors, senior management and to the functions concerned
- determines the current and future internal capital with regard to the relevant risks, ensuring the measurement and integrated control of overall risk exposure by defining the procedures for identifying, evaluating, monitoring and reporting risks, including scenario analysis and stress tests
- monitors the levels of the technical provisions together with the competent functions
- issues periodical reports on changes in the risks assumed and the presence of any anomalous situations and exceeding of limits, and submits these to the Board of Directors, senior management and heads of the operational functions
- monitors transactions with the aim of optimising capital structure and the management of reserves and liquidity (ALM)
- cooperates with other internal and external control functions and bodies, to which it sends periodical reports.

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

- Board of Directors: Approves strategies, procedures, management policies and organisational aspects
- Management Committee: Examines and shares the strategies and objectives of SACE and of other group companies; validates and monitors business plans, investigates key issues regarding management and operational guidance of SACE and of group companies

- Operations Committee: Examines assumption, indemnities, restructuring and other significant operations and assesses their permissibility compatibly with the risk management guidelines drawn up by Risk Management
- Investments Committee: Periodically defines company portfolio investment strategies to optimize the risk/return profile of financial activities and compliance with the guidelines established by the Board of Directors. Monitors the trends and outlook of investment performance, reporting any critical areas to the competent functions. Submits proposals for updating the guidelines on financial activities by the decision-making body
- Commercial Coordination Committee: Monitors and promotes the development of commercial synergies between SACE and its subsidiaries, ensuring that commercial measures are coordinated and monitoring the level of client coverage. Evaluates new commercial initiatives and opportunities for business development in accordance with the established strategic guidelines. Examines SACE's product portfolio and those of its subsidiaries and the product policy proposals, evaluating potential synergies and controlling possible risks of overlapping. Analyses proposals for the development/restyling of products.

Human Resources

At 31 December 2014, employees totalled 472, an increase of 1% compared to the previous year. During the year 37 people were hired and 32 left the company.

DISTRIBUTION OF STAFF BY GRADE

| GRADE | No. | Distribution |
|-----------------|------------|--------------|
| Senior managers | 33 | 7% |
| Managers | 211 | 45% |
| Clerical staff | 228 | 48% |
| Total | 472 | 100% |

DISTRIBUTION OF STAFF BY AGE GROUP

| AGE GROUP | Distribution | Change |
|-------------------------|--------------|--------|
| Under 25 | 1% | - |
| Between 26 and 35 | 35% | 14% |
| Between 36 and 55 years | 55% | -5% |
| Over 55 | 9% | -18% |

DISTRIBUTION OF STAFF BY QUALIFICATION

| QUALIFICATION | Distribution | Change |
|------------------------------------|--------------|--------|
| Degree | 70% | 13% |
| Secondary school certificate/other | 30% | -21% |

The figures show that the level of education of staff has improved following continuous growth over the last few years. Training schemes continued to be provided for all employees. These included languages and managerial courses, in addition to the courses required by law (Italian Legislative Decrees 231/2001, 196/2003 and 81/2008). The company's training programme aims to strengthen the specific technical skills required by the various business areas, developing the managerial abilities and leadership qualities needed to manage complexity and change and supporting knowledge creation and sharing.

High level training continued to be offered and amounted to a total of 11,523 hours in 2014.

Litigation

At 31 December 2014 the company was party to 38 lawsuits, most of which relating to insurance commitments assumed prior to 1998.

In particular, the company was defendant in 31 lawsuits, amounting to a reserved amount of some € 33.4 million, and plaintiff in 7 lawsuits, for around € 168.5 million. Note that, at 31 December 2014 SACE was plaintiff in a further 18 proceedings to obtain recognition of its privilege pursuant to Italian Legislative Decree 123/1998 to payment before other creditors in insolvency proceedings, for claims paid (or being paid) against guarantees to support the internationalisation of business enterprises.

Code of Conduct, and the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01

The Code of Conduct sets out the values and principles with which directors, auditors, reporting accountants, managers, staff, co-workers and third parties who have relations with SACE, also indirectly, are all expected to comply. The Code of Conduct and the Model are two separate documents, although they are both an integral part of the prevention system that has been adopted.

The organisation, management and control model ("Model") has been approved by SACE's Board of Directors pursuant to and for the effects specified by Italian Legislative Decree 231/01 ("Decree").

The document consists of:

- a general part that illustrates the principles of the Decree, the principles of the Internal Control System, the Supervisory Body, the disciplinary system, personnel training and the promotion of the Model both inside and outside of the company
- a special part that identifies the areas of specific interest in SACE's business activities, for which a potential risk of perpetrating offences is theoretically possible. This part includes references to the Internal Control System with regard to the prevention of offences.

The function of monitoring the suitability and application of the Model has been assigned to the Supervisory Body, appointed by the Board of Directors. It is a collective body and has the following members: a Chairman and an external member, the Manager of the Internal Auditing Division and the Manager of the Organisation Division. The members remain in office for three years and the appointments can be renewed.

The Body provides an annual report to the Board of Directors and the Board of Statutory Auditors.

Internal control and risk management system

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

Ultimate responsibility for the system lies with the Board of Directors, which must ensure its suitability and maintenance over time, in terms of completeness, functionality and efficacy. The Board also has responsibility for ensuring the adequacy of the risk management system to identify, evaluate and control risks, including future risks, when implementing the company's business strategies and policies and in view of the evolution of internal and external factors, in order to guarantee the safeguarding of the company's assets, including in the medium and long term. Lastly, it promotes a high level of business integrity, ethical conduct and a culture of internal control in order to raise awareness among everyone at the company about the importance and usefulness of such controls.

Senior management is responsible for the application, maintenance and monitoring of the internal control and risk management system and for defining its organisational structure, functions and responsibilities.

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

- 1) **first level checks**, the operational units and heads of each unit identify, evaluate, monitor, mitigate and report all material risks associated with the company's ordinary business activities, in accordance with the risk management process. They must see that operations are carried out properly and that established limits are respected in line with the risk objectives and the procedures of the risk management process

- 2) **second level checks**, the Risk Management and Compliance functions are responsible for ensuring: (i) correct implementation of the risk management process, (ii) that the various departments respect the established operating limits and (iii) compliance of business activities with the relevant rules and regulations
- 3) **third level checks**, the Internal Auditing function is responsible for monitoring and periodically evaluating the efficacy and efficiency of the risk management, control and governance system, in relation to the type and importance of the risk.

Internal auditing

Internal Auditing performs independent and impartial assurance and consultancy activities on behalf of SACE and its subsidiaries, aimed at improving the efficacy and efficiency of the organisation. It helps the organisation to pursue its objectives by adopting a systematic approach that generates added value by evaluating and improving the risk management, control and governance processes.

The mandate of the Internal Auditing function, approved by the Board of Directors, sets out its purposes, authority and responsibilities and defines the reporting lines to senior management for communicating the results of its activities and annual plan. The latter is approved by the Board of Directors and establishes the audit work priorities, identified on the basis of the company's strategic objectives and the assessment of current and future risks in view of trends in operating performance. It may also be reviewed and amended in response to significant changes that affect the company's business activities, plans, systems, activities, risks or controls.

Internal Auditing monitors the system at all levels, including the activities of the Risk Management and Compliance functions, and works to promote a culture of control endorsed by the Board of Directors.

The function carries out its activities in compliance with the regulatory framework, international standards for the professional practice of internal auditing and the Code of Ethics of the Institute of Internal Auditors.

Social and cultural commitments

Once again, in 2014 SACE confirmed its commitment to social and cultural concerns by supporting non-profit organisations with financial contributions and through the voluntary participation of a growing number of employees. It renewed its support for Dynamo Camp, a free recreational therapy summer camp specially developed to accommodate children and young people suffering from serious illness, and for the "Race for the Cure" event organised by Komen Italia, an association active in the fight against breast cancer.

In 2014 SACE continued to support the AIRC (Italian Association for Cancer Research) campaign "Oranges for Health". It also confirmed its support as a "Corporate Golden Donor" of the FAI (Italian Environment Fund), an association set up for the purpose of safeguarding Italy's natural and artistic heritage. Blood donation days were organised in collaboration with the Bambino Gesù children's hospital in Rome and AVIS (Italian Association of Voluntary Blood Donors) in Milan.

SACE also actively protects the environment by adopting energy-efficiency and energy-saving measures and by upgrading the waste recycling system within the company (collection of old cell phones to be sent to people in developing countries).

Subsidiaries and Parent Company

The SACE Fct and SACE BT subsidiaries both ended the year with a positive net result, the former for € 15,777 thousand and the latter for € 964 thousand. Sace Do Brasil reported a negative net result for € 357 thousand; SACE SRV, which is indirectly owned by SACE BT, achieved a positive result of € 393 thousand.

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

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

With reference to relations with the parent company Cassa Depositi e Prestiti S.p.A. it should be noted that in 2014 insurance guarantees were issued which generated income for approximately €11.7 million. SACE's financial investment portfolio contains 3 bonds with a total nominal value of € 104 million issued by the parent Cassa Depositi e Prestiti and acquired by SACE before the change of the controlling shareholder. Furthermore, on 31 December 2014 there were € 2,285 million as time deposits and € 11.8 million as demand deposits at the parent company Cassa Depositi e Prestiti S.p.A.

Other information

a) Domestic consolidated tax scheme

Due to the participation in the national consolidated tax scheme, in 2014 the company established a single taxable basis for IRES with its subsidiaries SACE BT S.p.A., SACE SRV S.r.l. and SACE Fct S.p.A.

Main events after the closure of the year and business outlook

The following events took place after the end of the year:

- capital reduction. On 19 December 2014 the Shareholders' Meeting approved a share capital reduction from € 4,340,053,892 to € 3,541,128,212 by reimbursing € 798,925,680 to the sole shareholder Cassa Depositi e Prestiti S.p.A. The reduction will take place in 2015 when the time limit laid down by law has expired
- subordinated bond issue. On 30 January 2015 SACE placed a perpetual subordinated bond issue for € 500 million with institutional investors. The bonds will pay an annual coupon of 3.875% for the first 10 years and are indexed to the 10-year swap rate increased by 318.6 base points for subsequent years. Bonds can be recalled by the issuer after 10 years and then following each coupon payment date.

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

4. PROPOSED ALLOCATION OF NET PROFIT

The shareholder is asked to approve the financial statements at 31 December 2014 and the allocation of the net profit of € 383,143,474 as follows:

| | |
|---------------|--|
| € 383,143,474 | net profit |
| € 19,157,174 | to the legal reserve as required by article 2430 of the Italian Civil Code |
| € 66,920,675 | to "Other Reserves", for € 50,938,034 to net exchange gains (pursuant to article 2426, No 8- <i>bis</i> of the Italian Civil Code) and for € 15,982,641 to the investment revaluation reserve for application of the equity method (pursuant to article 2426(1) point 4 of the Italian Civil Code) |
| € 297,065,625 | according to resolutions to be passed by the Shareholders' Meeting |

Rome, 19 March 2015

On behalf of the Board of Directors

CEO
Alessandro Castellano

BALANCE SHEET, PROFIT AND *loss account*

ANNEX I

| | | |
|--------------------|---|------------------------|
| Company | SACE S.p.A. | |
| Subscribed capital | EUR 4,340,053,892 | Paid EUR 4,340,053,892 |
| Registered offices | Rome - Piazza Poli, 37/42 | |
| FY | FINANCIAL STATEMENTS Balance Sheet 2014 (Value in thousands of euro) | |

BALANCE SHEET NON LIFE INSURANCE BUSINESS ASSETS

| | | Current year | |
|----|---|--------------|-----------------------|
| A. | SUBSCRIBED CAPITAL UNPAID | | 1 |
| | of which called-up capital | 2 | 0 |
| B. | INTANGIBLE ASSETS | | |
| | 1. Deferred acquisition commissions | | |
| | a) Life business | 3 | 0 |
| | b) Non-life business | 4 | 0 |
| | 2. Other acquisition costs | 6 | 0 |
| | 3. Start-up and expansion costs | 7 | 0 |
| | 4. Goodwill | 8 | 0 |
| | 5. Other multi-year costs | 9 | 280,984 |
| C. | INVESTMENTS | | |
| | I - Land and buildings | | |
| | 1. Property used in company operations | 11 | 64,091,269 |
| | 2. Property rented to third parties | 12 | 1,272,206 |
| | 3. Other properties | 13 | 0 |
| | 4. Other properties rights | 14 | 0 |
| | 5. Construction in progress and advance | 15 | 0 |
| | II - Investments in Group companies and other shareholdings | | |
| | 1. Shares and interests in: | | |
| | a) controlling companies | 17 | 0 |
| | b) subsidiary companies | 18 | 180,878,290 |
| | c) affiliated companies | 19 | 0 |
| | d) associated companies | 20 | 7,775,757 |
| | e) other companies | 21 | 0 |
| | 2. Bond issued by: | | |
| | a) controlling companies | 23 | 0 |
| | b) subsidiary companies | 24 | 0 |
| | c) affiliated companies | 25 | 0 |
| | d) associated companies | 26 | 0 |
| | e) other companies | 27 | 0 |
| | 3. Loans to: | | |
| | a)controlling companies | 29 | 0 |
| | b) subsidiary companies | 30 | 590,000,000 |
| | c) affiliated companies | 31 | 0 |
| | d) associated companies | 32 | 0 |
| | e) other companies | 33 | 0 |
| | | 34 | 590,000,000 |
| | | 35 | 778,654,047 |
| | | | 280,984 |
| | | | to be carried forward |

Previous year

| | | | | | |
|-----|-----------------------|------------|---------------|------------|---------------|
| | | | | 181 | 0 |
| | 182 | 0 | | | |
| 183 | 0 | | | | |
| 184 | 0 | 185 | 0 | | |
| | 186 | | 0 | | |
| | 187 | | 0 | | |
| | 188 | | 0 | | |
| | 189 | 311,674 | | 190 | 311,674 |
| | 191 | 64,415,953 | | | |
| | 192 | 1,642,966 | | | |
| | 193 | 0 | | | |
| | 194 | 0 | | | |
| | 195 | 0 | 196 | 66,058,919 | |
| 197 | 0 | | | | |
| 198 | 164,494,233 | | | | |
| 199 | 0 | | | | |
| 200 | 7,570,358 | | | | |
| 201 | 0 | 202 | 172,064,591 | | |
| 203 | 0 | | | | |
| 204 | 0 | | | | |
| 205 | 0 | | | | |
| 206 | 0 | | | | |
| 207 | 0 | 208 | 0 | | |
| 209 | 0 | | | | |
| 210 | 1,000,000,000 | | | | |
| 211 | 0 | | | | |
| 212 | 0 | | | | |
| 213 | 0 | 214 | 1,000,000,000 | 215 | 1,172,064,591 |
| | to be carried forward | | | | 311,674 |

BALANCE SHEET NON LIFE INSURANCE BUSINESS ASSETS

| | | Current year | | | |
|--------|--|-----------------|---------------|---------|-----------------------|
| | | carried forward | | 280,984 | |
| C. | INVESTMENTS (continued) | | | | |
| III | - Other financial investments | | | | |
| | 1. Shares and interests | | | | |
| | a) Listed shares | 36 | 37,593,314 | | |
| | b) Unlisted shares | 37 | 1,943,700 | | |
| | c) Interests | 38 | 0 | 39 | 39,537,014 |
| | 2. Shares in common investment funds | | 40 | | 558,572,856 |
| | 3. Bonds and other fixed-income securities | | | | |
| | a) listed | 41 | 1,698,128,699 | | |
| | b) unlisted | 42 | 0 | | |
| | c) convertible debentures | 43 | 0 | 44 | 1,698,128,699 |
| | 4. Loans | | | | |
| | a) loans secured by mortgage | 45 | 4,801,984 | | |
| | b) loans on policies | 46 | 0 | | |
| | c) other loans | 47 | 0 | 48 | 4,801,984 |
| | 5. Participation in investment pools | | 49 | | 0 |
| | 6. Deposits with credit institutions | | 50 | | 2,359,128,984 |
| | 7. Other financial investments | | 51 | | 820,626,287 |
| IV | - Deposits with ceding companies | | | 52 | 5,480,795,824 |
| | | | | 53 | 154,714 |
| | | | | 54 | 6,324,968,060 |
| D. | INVESTMENTS FOR THE BENEFIT OF LIFE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS | | | | |
| I | - Investments relating to contracts linked to investment funds and market indexes | | | 55 | 0 |
| II | - Investments relating to the administration of pension funds | | | 56 | 0 |
| | | | | | 57 |
| | | | | | 0 |
| D bis. | REINSURERS' SHARE OF TECHNICAL PROVISIONS | | | | |
| | I - NON-LIFE BUSINESS | | | | |
| | 1. Provisions for unearned premiums | 58 | 12,889,183 | | |
| | 2. Provisions for claims outstanding | 59 | 240,412 | | |
| | 3. Provisions for profit-sharing and premium refunds | 60 | 0 | | |
| | 4. Other technical provisions | 61 | 0 | 62 | 13,129,595 |
| | II - LIFE BUSINESS | | | | |
| | 1. Provisions for policy liabilities | 63 | 0 | | |
| | 2. Unearned premium provision for supplementary coverage | 64 | 0 | | |
| | 3. Provision for sums to be paid | 65 | 0 | | |
| | 4. Provisions for profit-sharing and premium refunds | 66 | 0 | | |
| | 5. Other technical provisions | 67 | 0 | | |
| | 6. Technical provisions where the investments risk is borne by the policyholders and relating to the administration of pension funds | 68 | 0 | 69 | 0 |
| | | | | 70 | 13,129,595 |
| | | | | | to be carried forward |
| | | | | | 6,338,378,639 |

Previous year

| | | | | |
|-----|-----------------------|-----|---------------|-------------------|
| | carried forward | | | 311,674 |
| 216 | 54,865,202 | | | |
| 217 | 1,149,600 | | | |
| 218 | 0 | 219 | 56,014,802 | |
| | | 220 | 717,886,670 | |
| 221 | 2,819,320,599 | | | |
| 222 | 0 | | | |
| 223 | 0 | 224 | 2,819,320,599 | |
| 225 | 5,487,493 | | | |
| 226 | 0 | | | |
| 227 | 0 | 228 | 5,487,493 | |
| | | 229 | 0 | |
| | | 230 | 851,277,645 | |
| | | 231 | 811,097,001 | 232 5,261,084,209 |
| | | | | 233 181,706 |
| | | | | 234 6,499,389,424 |
| | | 235 | 0 | |
| | | 236 | 0 | |
| | | | | 237 0 |
| | | 238 | 4,124,489 | |
| | | 239 | 0 | |
| | | 240 | 0 | |
| | | 241 | 0 | 242 4,124,489 |
| | | 243 | 0 | |
| | | 244 | 0 | |
| | | 245 | 0 | |
| | | 246 | 0 | |
| | | 247 | 0 | |
| | | 248 | 0 | 249 0 |
| | | | | 250 4,124,489 |
| | to be carried forward | | | 6,503,825,588 |

BALANCE SHEET NON LIFE INSURANCE BUSINESS ASSETS

| | | | | Current year | | |
|--------------|---|-----------------|------------|---------------|---------------|-------------|
| | | carried forward | | 6,338,378,639 | | |
| E. | RECEIVABLES | | | | | |
| I | - Receivables arising out of direct insurance business: | | | | | |
| | 1. Policyholders | | | | | |
| | a) for premiums current year | 71 | 75,358,345 | | | |
| | b) for premiums previous years | 72 | 11,630,373 | 73 | 86,988,718 | |
| | 2. Insurance intermediaries | | 74 | | 0 | |
| | 3. Current accounts with Insurance companies | | 75 | | 0 | |
| | 4. Policyholders and third parties for recoveries | | 76 | 897,376,466 | 77 | 984,365,184 |
| II | - Receivables arising out of reinsurance operations: | | | | | |
| | 1. Insurance and Reinsurance companies | | 78 | | 10,801 | |
| | 2. Reinsurance intermediaries | | 79 | | 0 | |
| | | | | 80 | 10,801 | |
| III | - Other debtors | | | 81 | 612,441,390 | |
| | | | | 82 | 1,596,817,374 | |
| F. | OTHER ASSETS | | | | | |
| I | - Tangible assets and stocks: | | | | | |
| | 1. Furniture, office machines and internal transport vehicles | | 83 | | 1,444,863 | |
| | 2. Vehicles listed in public registers | | 84 | | 0 | |
| | 3. Machinery and equipment | | 85 | | 10,209 | |
| | 4. Stocks and other goods | | 86 | 71,680 | 87 | 1,526,751 |
| II | - Cash at bank and in hand: | | | | | |
| | 1. Bank and Postal accounts | | 88 | 59,178,381 | | |
| | 2. Cheques and cash on hand | | 89 | 5,976 | 90 | 59,184,357 |
| III | - Own shares or equity interests | | | 91 | 0 | |
| IV | - Other | | | | | |
| | 1. Deferred reinsurance items | | 92 | 1,177,966 | | |
| | 2. Miscellaneous assets | | 93 | 27,177,631 | 94 | 28,355,597 |
| | | | | 95 | 89,066,705 | |
| G. | PREPAYMENTS AND ACCURRED INCOME | | | | | |
| | 1. Accrued interest | | | 96 | 26,515,931 | |
| | 2. Rents | | | 97 | 0 | |
| | 3. Other prepayments and accrued income | | | 98 | 483,333 | |
| | | | | 99 | 26,999,264 | |
| TOTAL ASSETS | | | | 100 | 8,051,261,982 | |

Previous year

| | | | | | |
|-----|-----------------|-------------|------------|---------------|---------------|
| | carried forward | | | 6,503,825,588 | |
| 251 | 72,616,979 | | | | |
| 252 | 12,865,468 | 253 | 85,482,446 | | |
| | 254 | | 0 | | |
| | 255 | | 0 | | |
| | 256 | 627,351,569 | 257 | 712,834,015 | |
| | 258 | 117,339 | | | |
| | 259 | 0 | 260 | 117,339 | |
| | | | 261 | 570,950,103 | |
| | | | | 262 | 1,283,901,457 |
| | 263 | 1,745,445 | | | |
| | 264 | 0 | | | |
| | 265 | 22,259 | | | |
| | 266 | 81,229 | 267 | 1,848,934 | |
| | 268 | 87,868,669 | | | |
| | 269 | 5,489 | 270 | 87,874,158 | |
| | | | 271 | 0 | |
| | 272 | 917,571 | | | |
| | 273 | 17,779,862 | 274 | 18,697,434 | |
| | | | | 275 | 108,420,525 |
| | | | 276 | 41,215,305 | |
| | | | 277 | 0 | |
| | | | 278 | 364,973 | |
| | | | 279 | 41,580,278 | |
| | | | 280 | 7,937,727,848 | |

BALANCE SHEET LIABILITIES AND SHAREHOLDERS' EQUITY

| | | Current year | |
|---|--|--------------|---------------|
| A. SHAREHOLDERS' EQUITY | | | |
| I | - Subscribed capital or equivalent fund | 101 | 4,340,053,892 |
| II | - Share premium reserve | 102 | 0 |
| III | - Revaluation reserve | 103 | 0 |
| IV | - Legal reserve | 104 | 196,309,233 |
| V | - Statutory reserves | 105 | 0 |
| VI | - Reserves for own shares and shares of the controlling company | 106 | 0 |
| VII | - Other reserves | 107 | 62,532,141 |
| VIII | - Net profit (loss) brought forward | 108 | 0 |
| IX | - Net profit (loss) for the year | 109 | 383,143,474 |
| | - Advances on dividends | | |
| | | 110 | 4,982,038,740 |
| B. LINKED LIABILITIES | | | |
| | | 111 | 0 |
| C. TECHNICAL PROVISIONS | | | |
| I - NON-LIFE BUSINESS | | | |
| | 1. Premium provisions | 112 | 1,691,288,628 |
| | 2. Provisions for claims outstanding | 113 | 517,631,396 |
| | 3. Provisions for profit-sharing and premium refunds | 114 | 0 |
| | 4. Other technical provisions | 115 | 0 |
| | 5. Equalisation provision | 116 | 522,466,548 |
| | | 117 | 2,731,386,572 |
| II - LIFE BUSINESS | | | |
| | 1. Provisions for policy liabilities | 118 | 0 |
| | 2. Unearned premium provision for supplementary coverage | 119 | 0 |
| | 3. Provision for sums to be paid | 120 | 0 |
| | 4. Provision for profit-sharing and premium refunds | 121 | 0 |
| | 5. Other technical provisions | 122 | 0 |
| | | 123 | 0 |
| | | 124 | 2,731,386,572 |
| D. PROVISIONS FOR POLICIES WHERE THE INVESTMENT RISK IS BORNE BY THE POLICYHOLDERS AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS | | | |
| I | - Provisions relating to contracts linked to investment funds and market indexes | 125 | 0 |
| II | - Provisions relating to the administration of pension funds | 126 | 0 |
| | to be carried forward | | 7,713,425,312 |

Previous year

| | | | | | |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| | 281 | 4,340,053,892 | | | |
| | 282 | 0 | | | |
| | 283 | 0 | | | |
| | 284 | 182,426,598 | | | |
| | 285 | 0 | | | |
| | 286 | 0 | | | |
| | 287 | 50,706,754 | | | |
| | 288 | 0 | | | |
| | 289 | 277,652,689 | | | |
| | | | 290 | 4,850,839,933 | |
| | | | 291 | 0 | |
| 292 | 1,524,925,020 | | | | |
| 293 | 647,684,841 | | | | |
| 294 | 0 | | | | |
| 295 | 0 | | | | |
| 296 | 486,018,551 | 297 | 2,658,628,412 | | |
| 298 | 0 | | | | |
| 299 | 0 | | | | |
| 300 | 0 | | | | |
| 301 | 0 | | | | |
| 302 | 0 | 303 | 0 | 304 | 2,658,628,412 |
| | | 305 | 0 | | |
| | | 306 | 0 | 307 | 0 |
| to be carried forward | | | | | 7,509,468,344 |

BALANCE SHEET LIABILITIES AND SHAREHOLDERS' EQUITY

| | | | | Current year | |
|---|-----------------------|------------|------------|--------------|---------------|
| | carried forward | | | | 7,713,425,312 |
| E. PROVISIONS FOR OTHER RISKS AND CHARGES | | | | | |
| 1. Provisions for pensions and similar obligations | | 128 | 1,844,554 | | |
| 2. Provisions for taxation | | 129 | 78,697,141 | | |
| 3. Other provisions | | 130 | 34,031,178 | 131 | 114,572,873 |
| F. DEPOSITS RECEIVED FROM REINSURERS | | | | 132 | 0 |
| G. CREDITORS AND OTHER LIABILITIES | | | | | |
| I - Creditors arising out of direct insurance operations: | | | | | |
| 1. Insurance intermediaries | 133 | 0 | | | |
| 2. Current accounts with Insurance companies | 134 | 0 | | | |
| 3. Premium deposits and premiums due to policyholders | 135 | 26,363,818 | | | |
| 4. Guarantee funds in favour of policyholders | 136 | 0 | 137 | 26,363,818 | |
| II - Creditors arising out of reinsurance operations: | | | | | |
| 1. Insurance and Reinsurance companies | 138 | 9,110,878 | | | |
| 2. Reinsurance intermediaries | 139 | 0 | 140 | 9,110,878 | |
| III - Debenture loans | | | 141 | 0 | |
| IV - Amounts owed to banks and credit institutions | | | 142 | 0 | |
| V - Loans guaranteed by mortgages | | | 143 | 0 | |
| VI - Miscellaneous loans and other financial liabilities | | | 144 | 0 | |
| VII - Provisions for employee termination indemnities | | | 145 | 6,167,021 | |
| VIII - Other creditors | | | | | |
| 1. Premium taxes | 146 | 0 | | | |
| 2. Other tax liabilities | 147 | 88,695,382 | | | |
| 3. Social security | 148 | 1,378,904 | | | |
| 4. Miscellaneous creditors | 149 | 42,172,872 | 150 | 132,247,158 | |
| IX - Other liabilities | | | | | |
| 1. Deferred reinsurance items | 151 | 718,576 | | | |
| 2. Commissions for premiums in course of collection | 152 | 1 | | | |
| 3. Miscellaneous liabilities | 153 | 48,656,346 | 154 | 49,374,923 | 155 |
| | to be carried forward | | | | 8,051,261,983 |

Previous year

| | | | |
|-----------------------|-------------|-----------------|-----------------|
| carried forward | | | 7,509,468,344 |
| | 308 | 1,918,619 | |
| | 309 | 22,430,500 | |
| | 310 | 31,294,468 | 311 55,643,586 |
| | | | 312 0 |
| 313 | 0 | | |
| 314 | 0 | | |
| 315 | 21,578,680 | | |
| 316 | 0 | 317 21,578,680 | |
| 318 | 414,708 | | |
| 319 | 0 | 320 414,708 | |
| | | 321 0 | |
| | | 322 0 | |
| | | 323 0 | |
| | | 324 0 | |
| | | 325 6,302,082 | |
| 326 | 0 | | |
| 327 | 278,341,492 | | |
| 328 | 1,841,398 | | |
| 329 | 33,037,665 | 330 313,220,555 | |
| 331 | -118,622 | | |
| 332 | 11,735 | | |
| 333 | 31,016,539 | 334 30,909,652 | 335 372,425,678 |
| to be carried forward | | | 7,937,537,609 |

BALANCE SHEET LIABILITIES AND SHAREHOLDERS' EQUITY

| | | Current year | |
|----|--|--------------|---------------|
| | carried forward | | 8,051,261,983 |
| H. | ACCRUALS AND DEFERRED INCOME | | |
| | 1. Accrued interest | 156 | 0 |
| | 2. Rents | 157 | 0 |
| | 3. Other prepayments and accrued income | 158 | 0 |
| | TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 160 | 8,051,261,983 |

BALANCE SHEET GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

| | | Current year | |
|---|---|--------------|---------------|
| GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS | | | |
| I | - Guarantees given | | |
| | 1. Sureties | 161 | 0 |
| | 2. Endorsements | 162 | 0 |
| | 3. Other personal guarantees | 163 | 0 |
| | 4. Guarantees secured by mortgages | 164 | 0 |
| II | - Guarantees received | | |
| | 1. Sureties | 165 | 4,494,864 |
| | 2. Endorsements | 166 | 0 |
| | 3. Other personal guarantees | 167 | 0 |
| | 4. Guarantees secured by mortgages | 168 | 0 |
| III | - Guarantees issued by third parties in the interest of the Company | 169 | 0 |
| IV | - Commitments | 170 | 6,036,703,250 |
| V | - Third party assets | 171 | 0 |
| VI | - Assets relating to pension funds managed in the name and on behalf of third parties | 172 | 0 |
| VII | - Securities deposited with third parties | 173 | 2,525,562,559 |
| VIII | - Other memorandum accounts | 174 | 0 |

Previous year

| | | | |
|-----------------|-----|---------|-------------------|
| carried forward | | | 7,937,537,609 |
| | 336 | 0 | |
| | 337 | 158,920 | |
| | 338 | 31,319 | 339 190,239 |
| | | | 340 7,937,727,848 |

Previous year

| | | | |
|--|--|--|-------------------|
| | | | 341 0 |
| | | | 342 0 |
| | | | 343 0 |
| | | | 344 0 |
| | | | 345 4,094,280 |
| | | | 346 0 |
| | | | 347 0 |
| | | | 348 0 |
| | | | 349 0 |
| | | | 350 3,985,993,130 |
| | | | 351 0 |
| | | | 352 0 |
| | | | 353 3,684,182,520 |
| | | | 354 0 |

ANNEX II

| | | |
|--------------------|---|------------------------|
| Company | SACE S.p.A. | |
| Subscribed capital | EUR 4,340,053,892 | Paid EUR 4,340,053,892 |
| Registered offices | Rome - Piazza Poli, 37/42 | |
| FY | FINANCIAL STATEMENTS Profit and loss account 2014 (Value in thousands of euro) | |

PROFIT & LOSS ACCOUNT

Current year

| I. TECHNICAL ACCOUNT – NON-LIFE INSURANCE BUSINESS | | | | | | | | | | | |
|---|----|--------------|-------------|--------------|-------------|--------------|--|--|--|----|-------------|
| 1. PREMIUMS EARNED, NET OF REINSURANCE | | | | | | | | | | | |
| a) Gross premiums written | | 1 | 312,607,513 | | | | | | | | |
| b) (-) Outward reinsurance premiums | | 2 | 8,874,203 | | | | | | | | |
| c) Change in the gross provision for unearned premiums | | 3 | 166,363,608 | | | | | | | | |
| d) Change in the provision for unearned premiums, reinsurers' share | | 4 | -8,764,694 | 5 | 146,134,397 | | | | | | |
| 2. (+) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-TECHNICAL ACCOUNT (Item III. 6) | | | | | | | | | | 6 | 24,597,859 |
| 3. OTHER TECHNICAL INCOME, NET OF REINSURANCE | | | | | | | | | | 7 | 16,306,824 |
| 4. CLAIMS INCURRED, NET OF RECOVERY AND REINSURANCE | | | | | | | | | | | |
| a) Claims paid | | | | | | | | | | | |
| aa) Gross amount | 8 | 352,844,396 | | | | | | | | | |
| bb) (-) reinsurers' share | 9 | 13,740,619 | 10 | 339,103,777 | | | | | | | |
| b) Change in recoveries, net of reinsurance | | | | | | | | | | | |
| aa) Gross amount | 11 | -419,251,055 | | | | | | | | | |
| bb) (-) reinsurers' share | 12 | 0 | 13 | -419,251,055 | | | | | | | |
| c) Change in the provisions for outstanding claims | | | | | | | | | | | |
| aa) Gross amount | 14 | -130,053,445 | | | | | | | | | |
| bb) (-) reinsurers' share | 15 | 240,412 | 16 | -130,293,857 | 17 | -210,441,135 | | | | | |
| 5. CHANGE IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE | | | | | | | | | | 18 | 0 |
| 6. PREMIUMS REFUNDS AND PROFIT-SHARING, NET OF REINSURANCE | | | | | | | | | | 19 | 3,517,482 |
| 7. OPERATING EXPENSES: | | | | | | | | | | | |
| a) Acquisition commissions | | 20 | 30,186 | | | | | | | | |
| b) Other acquisition costs | | 21 | 21,637,832 | | | | | | | | |
| c) Change in commissions and other acquisition costs to be amortised | | 22 | 0 | | | | | | | | |
| d) Collecting commissions | | 23 | 2,863,031 | | | | | | | | |
| e) Other administrative expenses | | 24 | 52,871,163 | | | | | | | | |
| f) (-) Reinsurance commissions and profit-sharing | | 25 | 38,046 | 26 | 77,364,166 | | | | | | |
| 8. OTHER TECHNICAL CHARGES, NET OF REINSURANCE | | | | | | | | | | 27 | 4,480,902 |
| 9. CHANGE IN THE EQUALISATION PROVISION | | | | | | | | | | 28 | 36,447,997 |
| 10. BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS (Item III. 1) | | | | | | | | | | 29 | 275,669,668 |

PROFIT & LOSS ACCOUNT

Current year

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

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

PROFIT & LOSS ACCOUNT

| | | Current year | | |
|-----|--|--------------|-------------|-------------|
| 7, | PREMIUMS REFUNDS AND PROFIT-SHARING, NET OF REINSURANCE | | 65 | 0 |
| 8, | OPERATING EXPENSES: | | | |
| | a) Acquisition commissions | 66 | 0 | |
| | b) Other acquisition costs | 67 | 0 | |
| | c) Change in commissions and other acquisition costs to be amortised | 68 | 0 | |
| | d) Collecting commissions | 69 | 0 | |
| | e) Other administrative expenses | 70 | 0 | |
| | f) (-) Reinsurance commissions and profit-sharing | 71 | 0 | 72 |
| 9, | INVESTMENT MANAGEMENT AND FINANCIAL CHARGES: | | | |
| | a) Investment management charges, including interest | 73 | 0 | |
| | b) Value adjustments on investments | 74 | 0 | |
| | c) Losses on the disposal of investments | 75 | 0 | 76 |
| 10, | EXPENSES AND UNREALISED LOSSES ON INVESTMENTS TO THE BENEFIT OF POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS | | | 77 |
| 11, | OTHER TECHNICAL CHARGES, NET OF REINSURANCE | | | 78 |
| 12, | (-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-TECHNICAL ACCOUNT (Item III, 4) | | | 79 |
| 13, | BALANCE ON THE TECHNICAL ACCOUNT FOR LIFE BUSINESS (Item III, 2) | | | 80 |
| | III, NON TECHNICAL ACCOUNT | | | |
| 1, | BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS (ITEM I,10) | | | 81 |
| | | | | 275,669,668 |
| 2, | BALANCE ON THE TECHNICAL ACCOUNT FOR LIFE BUSINESS (ITEM II, 13) | | | 82 |
| | | | | 0 |
| 3, | NON-LIFE INVESTMENT INCOME: | | | |
| | a) From shares and interests | 83 | 1,242,705 | |
| | (of which: from Group companies) | 84 | 0 | |
| | b) From other investments: | | | |
| | aa) income from land and buildings | 85 | 717,210 | |
| | bb) income from other investments | 86 | 119,460,783 | 87 |
| | (of which: from Group companies) | 88 | 13,809,404 | |
| | c) Value re-adjustments on investments | 89 | 48,133,092 | |
| | d) Gains on the disposal of investments | 90 | 539,418,665 | |
| | (of which: from Group companies) | 91 | 0 | 92 |
| | | | | 708,972,455 |

Previous year

| | | | | | | |
|----------------------------------|--|-----|-------------|-----|-------------|-------------|
| | | | | | 175 | 0 |
| | | | | | | |
| | | 176 | 0 | | | |
| | | 177 | 0 | | | |
| | | 178 | 0 | | | |
| | | 179 | 0 | | | |
| | | 180 | 0 | | | |
| | | 181 | 0 | | 182 | 0 |
| | | | | | | |
| | | 183 | 0 | | | |
| | | 184 | 0 | | | |
| | | 185 | 0 | | 186 | 0 |
| | | | | | | |
| | | | | | 187 | 0 |
| | | | | | | |
| | | | | | 188 | 0 |
| | | | | | | |
| | | | | | 189 | 0 |
| | | | | | | |
| | | | | | 190 | 0 |
| | | | | | | |
| | | | | | 191 | 276,915,517 |
| | | | | | | |
| | | | | | 192 | 0 |
| | | | | | | |
| | | 193 | 1,857,016 | | | |
| (of which: from Group companies) | | 194 | 0 | | | |
| | | | | | | |
| | | 195 | 774,536 | | | |
| | | 196 | 154,459,071 | 197 | 155,233,607 | |
| (of which: from Group companies) | | | | 198 | 16,418,088 | |
| | | | | | | |
| | | | | 199 | 110,845,033 | |
| | | | | 200 | 668,480,846 | |
| (of which: from Group companies) | | | | 201 | 0 | |
| | | | | | 202 | 936,416,502 |

PROFIT & LOSS ACCOUNT

Current year

| | | | | |
|--|----|-------------|-----|-------------|
| 4. (+) ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE LIFE TECHNICAL ACCOUNT (VOCE II. 12) | | | 93 | 0 |
| 5. INVESTMENT MANAGEMENT AND FINANCIAL CHARGES NON-LIFE BUSINESS: | | | | |
| a) Investment management charges, including interest | 94 | 3,760,042 | | |
| b) Value adjustments on investments | 95 | 228,203,635 | | |
| c) Losses on the disposal of investments | 96 | 407,393,513 | 97 | 639,357,190 |
| 6. (-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-LIFE INSURANCE BUSINESS TECHNICAL ACCOUNT (ITEM I.2) | | | 98 | 24,597,859 |
| 7. OTHER INCOME | | | 99 | 221,243,277 |
| 8. OTHER CHARGES | | | 100 | 11,336,048 |
| 9. INCOME FROM ORDINARY OPERATIONS | | | 101 | 530,594,302 |
| 10. EXTRAORDINARY INCOME | | | 102 | 1,606,637 |
| 11. EXTRAORDINARY CHARGES | | | 103 | 6,130,761 |
| 12. EXTRAORDINARY PROFIT OR LOSS | | | 104 | -4,524,125 |
| 13. PROFIT BEFORE TAXES | | | 105 | 526,070,178 |
| 14. INCOME TAXES | | | 106 | 142,926,703 |
| 15. NET PROFIT (LOSS) FOR THE YEAR | | | 107 | 383,143,474 |

Previous year

| | | | |
|--|-----|-------------|-------------|
| | | 203 | 0 |
| | | | |
| | 204 | 4,149,737 | |
| | 205 | 76,144,288 | |
| | 206 | 476,944,394 | 207 |
| | | | 557,238,418 |
| | | | 208 |
| | | | 126,266,623 |
| | | | 209 |
| | | | 34,246,740 |
| | | | 210 |
| | | | 91,116,706 |
| | | | 211 |
| | | | 472,957,011 |
| | | | 212 |
| | | | 20,214,844 |
| | | | 213 |
| | | | 1,896,905 |
| | | | 214 |
| | | | 18,317,939 |
| | | | 215 |
| | | | 491,274,950 |
| | | | 216 |
| | | | 213,622,261 |
| | | | 217 |
| | | | 277,652,689 |

NOTES TO THE *financial statements*

FOREWORD

The financial statements herewith presented, comprising the schedules of the balance sheet, profit and loss account, explanatory notes and related annexes accompanied by the directors' report, have been prepared in accordance with article 6(22) of Italian Legislative Decree No. 269/2003, the pertinent provisions of Legislative Decree No. 209 of 7 September 2005, Legislative Decree No. 173 of 26 May 1997, with regard to the provisions governing the annual and consolidated accounts of insurance companies, and ISVAP Regulation No. 22 of 4 April 2008, where applicable to SACE. These financial statements have been audited by PricewaterhouseCoopers S.p.A. as prescribed under article 14 of Legislative Decree No. 39 of 27 January 2010, pursuant to the resolution of the shareholders' meeting of 15 April 2013 whereby this firm was appointed for the period 2013-2015.

The notes to the financial statements include:

Part A - Valuation criteria

Part B - Information on the balance sheet and profit and loss account

Part C - Other information

All amounts in these notes are indicated in thousands of euro.

Pursuant to Legislative Decree No. 38 of 28/02/2005, the consolidated financial statements have been prepared in accordance with international accounting standards (IAS/IFRS) and ISVAP Regulation No. 7/2007 insofar as applicable to SACE.

PART A - VALUATION CRITERIA AND BASIS OF PRESENTATION

The financial statements have been prepared in accordance with statutory requirements and specific criteria applicable to the insurance sector, interpreted on the basis of Italian accounting standards. These accounting standards and valuation criteria are also based on the general princi-

ples of prudence, on the accruals principle and the principle of going concern in order to provide a clear and accurate view of the financial position and operating result of SACE S.p.A.

The introduction of new accounting standards issued by the Italian Accounting Authority (OIC) in 2014 did not affect the financial statements of SACE S.p.A.

Section 1 – Valuation criteria

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

Intangible assets

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

Land and buildings

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

Equities

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

Investments

Pursuant to Ministerial Decree 116895 of 10 November 2004, with a view to promoting efficient management of business, and in accordance with the related resolutions of the Board of Directors, SACE's investments are divided into two categories: those held to maturity and those held for trading purposes. Securities held to maturity are recognized at purchase cost, adjusted by the year's portion of the positive or negative trading differences and, where applicable, written down in the case of permanent impairment. Interest and coupons matured on securities in the portfolio are recognized on an accruals basis and posted to accrued income. Trading securities are recognised at the lower of weighted average cost and realisable value at market prices. The original carrying value is restored, entirely or in part, when the reasons for the write-downs no longer apply. Any transfers of securities from one category to the other are effected on the basis of the value of the security on that date, defined according to the criteria for the category of origin. Following transfer, the securities are recognised according to the criteria of the new category.

Receivables

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

Receivables for premiums for the year

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

Tangible fixed assets and stocks

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

Technical provisions

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

a) Premium provisions

The provision for unearned premium is determined according to the *pro-rata temporis* method, applied analytically to each policy on the basis of gross premiums minus direct acquisition costs. The provision for unexpired risks is set aside in addition to unearned premiums in respect of the outstanding risks relating to the whole performing guarantees portfolio. Overall premium provisions are deemed adequate to cover risks that may arise after the end of the year.

b) Provision for outstanding claims

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

c) Equalisation provision

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

Provision for pension funds and similar liabilities

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

Provisions for risks and charges

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

Provision for taxes

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

Provision for severance indemnities

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

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

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

Accounts payable

These items are recognised at face value.

Accruals and deferrals

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

Off-balance-sheet transactions and derivatives

These items are recognized and evaluated according to the provisions of Law No. 342/2000. In particular, transactions on derivatives, pursuant to Ministerial Decree No. 116895 of 10 November 2004 and resolutions voted by the Board of Directors regarding the protection of the portfolio, are entered into for hedging and efficient management purposes and are recognised by posting valuation gains and losses to profit and loss. The contract value is determined by referring to the respective market data and to the values and commitments connected to them, information about which is provided in the memorandum accounts.

Gross premiums written

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

Costs of personnel and general administrative expenses

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

- 1) personnel costs are allocated according to an analytical calculation based on the percentage weight of the costs for each resource within the specific structure
- 2) general administrative expenses incurred for a specific reason are attributed directly
- 3) other general expenses that are not specifically attributable are allocated on the basis of the percentages calculated using the method used to distribute personnel costs.

Items in foreign currency

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

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

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

Extraordinary income and charges

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

Income tax

The liability for income taxes is determined as the best estimate of the taxable income, calculated in accordance with the requirements of current legislation. Reference accounting principles on deferred and prepaid taxes have also been taken into account. Therefore, prepaid taxes and tax relief on losses carried forward are recognised when there is reasonable certainty of future recovery, and deferred tax liabilities are not recorded if there is little likelihood of the related charge occurring.

Exchange rates

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

| | 31-12-14 | 31-12-13 | 31-12-12 |
|-------------|----------|----------|----------|
| US dollar | 1.2141 | 1.3791 | 1.3194 |
| GB pound | 0.7789 | 0.8337 | 0.8161 |
| Swiss franc | 1.2024 | 1.2276 | 1.2072 |

Functional currency

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

Section 2 – Adjustments and provisions for taxes

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

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

| BALANCE SHEET (IN € THOUSAND) | 31-12-14 | 31-12-13 |
|---|------------------|------------------|
| Intangible assets | 281 | 312 |
| Investments | 6,324,968 | 6,499,389 |
| Reinsurers' share of technical provisions | 13,130 | 4,125 |
| Receivables | 1,596,817 | 1,283,901 |
| Other assets | 89,067 | 108,421 |
| Accruals and deferrals | 26,999 | 41,580 |
| Balance Sheet - Assets | 8,051,262 | 7,937,728 |
| Shareholders' equity: | | |
| - Share capital | 4,340,054 | 4,340,054 |
| - Revaluation reserves | | |
| - Legal reserve | 196,309 | 182,427 |
| - Other reserves | 62,532 | 50,707 |
| - Profit (loss) brought forward | | |
| - Profit for the year | 383,143 | 277,653 |
| Technical provisions | 2,731,387 | 2,658,628 |
| Provisions for risks and charges | 114,573 | 55,644 |
| Creditors and other liabilities | 223,264 | 372,426 |
| Accruals and deferrals | | 190 |
| Balance sheet - Liabilities | 8,051,262 | 7,937,728 |

| PROFIT AND LOSS ACCOUNT (IN € THOUSAND) | 31-12-14 | 31-12-13 |
|--|----------------|----------------|
| Non-life business technical account | | |
| Gross premiums | 312,608 | 316,410 |
| Change in the provision for unearned premiums and outward reinsurance premiums | (166,473) | 105,635 |
| Net premium income | 146,134 | 422,045 |
| Allocated investment return transferred from the non-technical account | 24,598 | 126,267 |
| Change in the equalisation provision | (36,448) | (37,898) |
| Other technical income and charges | 11,826 | (1,733) |
| Claims incurred, net of recoveries | 210,441 | (150,714) |
| Premium refunds and profit sharing | (3,517) | (17,259) |
| Operating expenses | (77,364) | (63,792) |
| Balance on the non-life business technical account | 275,670 | 276,916 |
| Non-technical account | | |
| Non-life investment income | 708,972 | 936,417 |
| Investment management and financial charges for non-life business | (639,357) | (557,238) |
| Allocated investment return transferred to the non-life technical account | (24,598) | (126,267) |
| Other income | 221,243 | 34,247 |
| Other expense | (11,336) | (91,117) |
| Balance on the non-technical account | 254,925 | 196,041 |
| Income from extraordinary operations | (4,524) | 18,318 |
| Income tax | (142,927) | (213,622) |
| Profit for the year | 383,143 | 277,653 |

BALANCE SHEET - ASSETS

Section 1 - Item B - Intangible assets (annex 4)

Details of changes in intangible assets are shown in annex 4. The breakdown is as follows:

TABLE 1 (IN € THOUSAND)

| DESCRIPTION | 31-12-14 | 31-12-13 |
|---|------------|------------|
| Property rights | 174 | 254 |
| Brands and licences | 31 | 35 |
| Software | 76 | 23 |
| Total intangible assets (Item B) | 281 | 312 |

Software costs (€ 76 thousand) mainly refer to costs for implementing and developing IT systems in connection with the ESACE project. During the year costs relating to intellectual property rights were capitalised for € 65 thousand.

Section 2 - Item C - Investments (annexes 5, 6, 7, 8, 9, 10)

2.1 - Land and buildings - Item C.I

This item (€ 65,363 thousand) represents:

- the value of the building owned by the company (€ 15,463 thousand), located in Piazza Poli 37/42, Rome, used in part for business purposes and in part leased to the subsidiaries
- the value of the land on which the building stands (€ 49,900 thousand).

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

Total investments recorded under this item amounted to € 778,654 thousand at 31 December 2014 (the entire amount refers to financial fixed assets). The item includes:

- the investment in the SACE BT S.p.A. subsidiary, set up on 27 May 2004, the share capital of which, amounting to € 100 million, is fully subscribed by SACE
- the investment in SACE Fct S.p.A., set up on 24 March 2009, the share capital of which, amounting to € 50 million, is fully subscribed by SACE S.p.A.
- the investment in SACE Do Brasil, set up on 14 May 2012 with a 99.91% stake, valued at € 0.3 million
- the interest in ATI (African Trade Insurance Agency) in the form of 100 shares for an equivalent value of USD 10.1 million
- the loans granted to the SACE Fct S.p.A. subsidiary amounting to € 590 million.

With regard to the investment in SACE BT, on 13 June 2014, pending the conclusion of the appeal in question, the President of the European Court of Justice issued an order suspending the Decision of the European Commission regarding the presumed “state aid” provided in favour of SACE BT by the shareholder SACE S.p.A. On 24 June 2014 the Commission invited the Italian authorities to proceed with the recovery of € 13 million and, on its own initiative, granted the company the option of paying the amount into a deposit account blocked “pending the ruling to annul the decision” as provided for under point 70 of the Recovery Notice (O.J. C272, 15.11.2007, p.4-17).

On 21 July 2014 the company paid € 13 million into a blocked deposit account. On 9 December 2014 the final preliminary hearing was held before the EU Court of Justice and the Judge is now expected to render a decision in the case (which is expected within the first half of 2015). As to the outcome of the main appeal, the likelihood of success, as already confirmed in the opinion of the law firm representing the company in the proceedings, has been further strengthened by the Order of the President of the European Court of Justice, which refers to “a well-founded probability of the appeal being accepted”.

The investments are evaluated using the equity method. The application of this criterion resulted in a write-up of € 16,947 thousand, recorded under income from investments, relating to the company SACE Fct for € 15,777 thousand, to the company ATI for € 205 thousand and to SACE BT for € 964 thousand, and a write-down of € 357 thousand under investment management and financial charges, relating to the company SACE do Brasil.

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

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

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

2.3 - Other financial investments - Item C.III

2.3.1 - Breakdown of Financial Investments according to use

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

TABLE 2 (IN € THOUSAND)

| LIST OF GOVERNMENT BONDS AND OTHER LISTED SECURITIES | 31-12-14 | 31-12-13 |
|---|------------------|------------------|
| Government securities issued by Austria | 36,349 | 35,719 |
| Government securities issued by Belgium | - | 6,475 |
| Government securities issued by Greece | 8,831 | 13,533 |
| Government securities issued by Ireland | 99,796 | 99,742 |
| Government securities issued by Italy | 1,349,997 | 2,164,035 |
| Government securities issued by Lithuania | - | 3,146 |
| Government securities issued by Mexico | - | 2,169 |
| Government securities issued by Poland | - | 2,007 |
| Government securities issued by Slovakia | - | 1,519 |
| Government securities issued by Spain | - | 28,539 |
| Other listed securities | 203,156 | 462,437 |
| Total | 1,698,129 | 2,819,321 |

Other listed securities mainly refer to bonds issued by the parent company Cassa Depositi e Prestiti and other bank and supranational issuers. Securities are deposited with banks. Details on the securities fair value securities are given in annex 9.

With reference to the debt securities and other fixed-income securities under Item C.III, issue and trading differences posted to profit and loss for the year amounted to:

TABLE 3 (IN € THOUSAND)

| DESCRIPTION | Positive | Negative |
|---------------------|----------|----------|
| Issue differences | - | - |
| Trading differences | 7,820 | - |

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

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

2.3.4 - Breakdown of significant loans secured by mortgages - Item C.III.4.a.

Loans include mortgages granted to employees, which amounted to € 5,487 thousand at the beginning of the year. Instalments for € 685 thousand were collected during the year. The balance for € 4,802 thousand refers to the outstanding capital in relation to the loans granted.

2.3.5 - Breakdown of shares in common investment funds - Item C.III.2

TABLE 4 (IN € THOUSAND)

| SHARES IN COMMON INVESTMENT FUNDS | 31-12-14 | 31-12-13 |
|-----------------------------------|----------------|----------------|
| France | 201,065 | 280,442 |
| Italy | 2,534 | 3,256 |
| Luxembourg | 95,722 | 108,740 |
| Sweden | 15,079 | 19,861 |
| USA | 244,173 | 305,587 |
| Total | 558,573 | 717,887 |

2.3.6 - Breakdown of deposits with credit institutions by duration - Item C.III.6

TABLE 5 (IN € THOUSAND)

| DURATION | 31-12-14 | 31-12-13 |
|-----------------|------------------|----------------|
| Within 3 months | 2,359,129 | 851,278 |
| TOTAL | 2,359,129 | 851,278 |

Time deposits are held with leading financial institutions.

The amount includes € 2,285,000 thousand deposited with Cassa Depositi e Prestiti.

2.3.7 - Breakdown of other financial investments according to type - Item C.III.7

TABLE 6 (IN € THOUSAND)

| DESCRIPTION | 31-12-14 | 31-12-13 |
|------------------------------------|----------------|----------------|
| Other receivables | 0 | 4,032 |
| Other investments | 820,626 | 807,065 |
| Other financial investments | 820,626 | 811,097 |

2.4 - Deposits with ceding companies – Item C.IV

This item reflects the amount of guarantee deposits with ceding companies regulated by current treaties. The same treaties also govern the conditions and procedures for changes in such accounts. These deposits amount to a total of € 155 thousand. No write-downs were made on such deposits during the year.

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

This item consists mainly of the provision for unearned premiums.

TABLE 7 (IN € THOUSAND)

| DESCRIPTION | 31-12-14 | 31-12-13 |
|----------------------------------|---------------|--------------|
| Provision for unearned premiums | 12,889 | 4,125 |
| Provision for outstanding claims | 240 | 0 |
| Total | 13,129 | 4,125 |

Sezione 5 - Item E - Receivables

TABLE 8 (IN € THOUSAND)

| DESCRIPTION | 31-12-14 | 31-12-13 |
|--|------------------|------------------|
| Receivables arising out of direct insurance business from policyholders (Item E.1) | 86,988 | 85,482 |
| Policyholders and third parties for recoveries | 897,376 | 627,352 |
| Insurance and reinsurance companies (Item E.II) | 11 | 117 |
| Other debtors (Item E.III) | 612,442 | 570,950 |
| Total | 1,596,817 | 1,283,901 |

The breakdown of this item is as follows:

5.1 - Receivables arising out of direct insurance operations - policyholders (Item E.I.)

This item comprises premiums to be collected on policies issued at the reporting date (€ 86,988 thousand). Losses for € 377 thousand were recognised in the year on amounts receivable in connection with insurance operations for premiums. The item (€ 897,376 thousand), shown below, mainly consists of subrogation credits granted by the Ministry of Economy and Finance pursuant to Legislative Decree No. 269/2003, measured at probable realisation value and determined separately for each type of credit and counterparty.

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

TABLE 9 (IN € THOUSAND)

| DESCRIPTION | |
|---|----------------|
| Values at 1 January 2014 | 627,352 |
| + Receivables matured in the year | 345,883 |
| - receivables collected in the year | 77,994 |
| - losses on receivables/write-downs | 239,184 |
| + revaluations | 204,070 |
| - adjustments from Item E.III and other adjustments (+/-) | -12,738 |
| + exchange rate alignment (+/-) | 49,988 |
| Values at 31 December 2014 | 897,376 |

The change in the value of receivables as of 31 December 2014 compared with the value of the previous year is primarily due to claims paid for € 341,557 thousand, € 150,791 thousand of which relating to the Iran political risk owing to the difficulties of local counterparties to honour payments as a result of the sanctions imposed by the UN and EU which have blocked payment channels, and € 190,765 thousand relating to commercial risk for insolvency of Ukrainian (€ 56,697 thousand), Polish (€ 23,326 thousand) and Iranian (€ 27,422 thousand) debtors. Performing political risk loans were revalued to reflect their estimated realisable value for a total of € 203,715 thousand, mainly referred to Argentina (€ 66,365 thousand), Egypt (€ 56,085 thousand), Cuba (€ 48,059 thousand) and Bosnia (€ 19,808 thousand). Year-end exchange rate adjustments for receivables denominated in currencies other than the euro were positive and amounted to € 49,988 thousand.

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

- in 2005, securitisation of the OPTIMUM debt was terminated in advance by means of a receivables retransfer agreement under which SACE re-acquired from OPTIMUM, against payment, the outstanding receivables, i.e. amounts originally granted to the SPV in excess of the latter's financial requirements
- given the homogenous nature of such receivables compared with other non-securitised receivables stated in the accounts, in 2005, in order to provide a clear and true view of the company's financial position and in accordance with article 2423(4) of the Italian Civil Code, the company decided to make an exception to the valuation criteria envisaged under article 2426(1) point 9) of the Italian Civil Code. This resulted in the revaluation of the book value of the specific receivables for € 104,235 thousand. Said revaluation was offset by a specific equity reserve the distribution of which is subject to effective recovery of the receivables
- in 2014, such receivables were recovered for € 2,098 thousand, generating gains of € 762 thousand. The effects on the provision pursuant to article 2423(4) of the Italian Civil Code are shown in the shareholders' equity table to which reference should be made.

5.2 - Breakdown of other debtors (Item E.III)

TABLE 10 (IN € THOUSAND)

| DESCRIPTION | 31-12-14 | 31-12-13 |
|---|----------------|----------------|
| Other receivables | 38,005 | 41,631 |
| Compensatory interest on claims to be recovered | 207,252 | 147,118 |
| Receivables from tax authorities | 223,916 | 237,610 |
| Advance tax assets | 135,645 | 140,309 |
| Sundry receivables | 7,623 | 4,282 |
| Other debtors (Item E.III) | 612,441 | 570,950 |

Other Receivables (€ 38,005 thousand) comprises receivables from policyholders in relation to their exposure. The aforesaid receivables are similar, as far as their related terms and conditions of repayment are concerned, to the receivables payable by foreign countries due directly to SACE. Compensatory interest on claims to be recovered (€ 207,252 thousand) represents the total amount payable as at the reporting date by foreign countries by way of interest under existing restructuring agreements. Receivables from the tax authorities (€ 223,916 thousand) mainly include: tax credits for requested reimbursement, increased by the interest due as at 31 December 2014, amounted to € 990 thousand (net of amounts paid in the year); IRES (Corporate Income Tax) and IRAP (Regional Tax on Production Activities) credit resulting from the presented tax returns and for the advance payments made during the year (€ 221,833 thousand), tax withholdings on own current accounts and on trading of securities under management for € 751 thousand and tax withholdings transferred by subsidiaries under the consolidated tax scheme for € 329 thousand. Prepaid tax assets (€ 135,645 thousand), details of which can be found in table 31, refer to items in the profit and loss account that contribute to the taxable income of years other than that in which they are recognised. This item is stated net of the transfer in 2014 to profit and loss of prepaid taxes appropriated in previous tax periods due to achievement of a taxable income for IRES and IRAP. The breakdown is shown in section 21.7 of these notes.

Receivables - breakdown by foreign currency

TABLE 11 (IN € THOUSAND)

| CURRENCY | 31-12-14 | 31-12-13 |
|------------------|----------|----------|
| USD | 723,849 | 537,677 |
| EUR | 531,316 | 419,434 |
| CHF | 6,322 | 8,271 |
| Other currencies | 8 | 8 |

Section 6 - Item F - Other assets

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

TABLE 12 (IN € THOUSAND)

| DESCRIPTION | 2013 | Increase | Decrease | 2014 |
|-------------------------------------|--------------|------------|------------|--------------|
| Furniture and machinery | 1,746 | 317 | 617 | 1,446 |
| Works of art | 48 | | | 48 |
| Plant | 22 | 1 | 14 | 9 |
| Stocks | 33 | | 9 | 24 |
| Construction in course and advances | | | | |
| Total | 1,849 | 318 | 640 | 1,527 |

Cash and cash equivalents

Deposits with credit institutions amounted to € 59,178 thousand, of which € 4,191 thousand denominated in foreign currency. At 31 December 2014 cash on hand amounted to € 5 thousand.

6.4 - Sundry assets

TABLE 13 (IN € THOUSAND)

| DESCRIPTION | 31-12-14 | 31-12-13 |
|--|---------------|---------------|
| Capital gains on foreign exchange forward transactions | 19,213 | 9,074 |
| Gains on derivatives | | 330 |
| Receivables from SACE Servizi | | 358 |
| Receivables from SACE Fct | 7,964 | 7,966 |
| Receivables from SACE BT | | 52 |
| Total | 27,178 | 17,780 |

Receivables from subsidiaries relate to the consolidated tax regime.

Section 7 - Accruals and deferrals - Item G

TABLE 14 (IN € THOUSAND)

| DESCRIPTION | 31-12-14 | 31-12-13 |
|---|---------------|---------------|
| for interest on government securities and bonds | 24,006 | 36,722 |
| for interest on other financial investments | 2,510 | 4,493 |
| Accrued income | 26,516 | 41,215 |
| Other accruals | 483 | 365 |
| Prepaid expenses | 483 | 365 |

The interest on other financial investments item (€ 2,510 thousand) relates to interest on time deposits, interest on notes and interest on the loan to Sace Fct. Other accruals amounted to € 483 thousand and refer to portions of general expenses to be attributed to subsequent years.

BALANCE SHEET LIABILITIES AND SHAREHOLDERS' EQUITY

Section 8 - Shareholders' equity - Item A

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

TABLE 15 (IN € THOUSAND)

| DESCRIPTION | Share capital | Revaluation reserves | Legal reserve | Other reserves | Profit carried forward | Net profit for the year | Total |
|---------------------------------------|------------------|----------------------|----------------|----------------|------------------------|-------------------------|------------------|
| Balances at 1 January 2013 | 4,340,054 | 9,616 | 169,671 | 995,295 | 38,570 | 255,106 | 5,808,312 |
| Reduction in share capital | | | | | | | |
| Allocation of 2012 net profit: | | | | | | | |
| - Distribution of dividends | | | | | | (234,050) | (234,050) |
| - Other allocations | | | 12,756 | 8,300 | | (21,056) | |
| Distribution of available reserves | | (9,616) | | (952,888) | (38,570) | | (1,001,074) |
| Result for 2013 | | | | | | 277,653 | 277,653 |
| Balances at 31.12.2013 | 4,340,054 | | 182,427 | 50,707 | | 277,653 | 4,850,840 |
| Allocation of 2013 net profit: | | | | | | | |
| - Distribution of dividends | | | | | | (248,661) | (248,661) |
| - Other allocations | | | 13,883 | 15,109 | | (28,992) | |
| Other changes | | | | (3,283) | | | (3,283) |
| Distribution of available reserves | | | | | | | |
| Result for 2014 | | | | | | 383,143 | 383,143 |
| Balances at 31.12.2014 | 4,340,054 | | 196,310 | 62,532 | | 383,143 | 4,982,039 |

The following table shows the individual items on the basis of their availability and possibility of distribution, in accordance with article 2427, point 7-bis of the Italian Civil Code.

TABLE 16 (AMOUNTS IN €)

| | Amount | Possibility of utilisation | Available portion | Summary of utilisation in the previous 3 years |
|----------------------------------|----------------------|----------------------------|-------------------|--|
| Capital at 31.12.2014 | 4,340,053,892 | | | |
| Capital reserves: | | | | |
| Revaluation reserves | - | A, B,C | - | |
| Retained earnings | | | | |
| Legal reserve | 196,309,233 | B | - | |
| Other reserves | 51,908,605 | A, B | 51,908,605 | |
| Other reserves | 10,623,536 | A, B,C | 10,623,536 | |
| Total | | | 62,532,141 | |
| not distributable ⁽¹⁾ | | | 51,908,605 | |
| distributable | | | 10,623,536 | |

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

(1) the non-distributable portion includes € 16,770 thousand for the provision pursuant to article 2423(4) set aside as at 31.12.2005 (€ 104,235 thousand) net of amounts collected during the year (€ 2,098 thousand in 2014, € 1,791 thousand in 2013, € 2,316 thousand in 2012, € 2,618 thousand in 2011, € 2,204 thousand in 2010, € 2,306 thousand in 2009, € 21,232 thousand in 2008, € 17,290 thousand in 2007 and € 35,608 thousand in 2006), € 1,883 thousand for the remaining portion of the reserve for exchange gains, € 3,237 thousand for the portion of the reserve for the revaluation of receivables and € 30,019 for the revaluation of investments resulting from the application of the equity method.

The share capital consists of 1 million shares for a total face value of € 4,340,054 thousand, held by Cassa Depositi e Prestiti S.p.A.

Section 9 - Subordinated liabilities

The company had no subordinated liabilities.

Section 10 - Technical provisions - Item C.I. (annex 13)

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

TABLE 17 (IN € THOUSAND)

| DESCRIPTION | 31-12-14 | 31-12-13 |
|---|------------------|------------------|
| Premium provisions | | |
| - Provision for unearned premium | 1,401,289 | 1,274,925 |
| - Provision for unexpired risks | 290,000 | 250,000 |
| Total | 1,691,289 | 1,524,925 |
| Provision for claims outstanding | | |
| - Provision for claims paid and direct expenses | 492,236 | 634,164 |
| - Provision for settlement costs | 9,161 | 2,911 |
| - Provision for late claims | 16,234 | 10,610 |
| Total | 517,631 | 647,685 |

The provision for unearned premiums refers for € 613,141 thousand to exposure in foreign currency. The provision for claims outstanding refers for € 151,329 thousand to exposure in foreign currencies. The provision for claims outstanding is deemed sufficient to cover the potential cost of unpaid claims, fully or in part, at the end of the year.

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

TABLE 18 (IN € THOUSAND)

| DESCRIPTION | DB 31-12-14 | IB 31-12-14 | DB 31-12-13 | IB 31-12-13 |
|---|------------------|----------------|------------------|----------------|
| Premium provision | | | | |
| - Provision for unearned premium | 1,337,975 | 63,313 | 1,244,650 | 30,275 |
| - Provision for unexpired risks | 290,000 | | 250,000 | |
| Carrying value | 1,627,975 | 63,313 | 1,494,650 | 30,275 |
| Provision for claims outstanding | | | | |
| - Provision for claims paid and direct expenses | 485,402 | 6,834 | 622,946 | 11,218 |
| - Provision for settlement costs | 9,161 | | 2,911 | |
| - Provision for late claims | 16,234 | | 10,610 | |
| Carrying value | 510,797 | 6,834 | 636,467 | 11,218 |

The provision for unexpired risks, calculated according to the CreditMetrics method, takes into account the global scenario. The assets guarantee coverage of the technical provisions at the end of the year.

10.2 - Equalisation provision

The equalisation provision, of € 522,467 thousand, increased with respect to the previous year (€ 36,448 thousand).

Section 12 - Provisions for risks and charges - Item E

Changes in this item are reported in annex 15.

Provisions for risks and charges amounted to € 114,573 thousand. These comprise € 1,845 thousand for severance pay, € 78,697 thousand for deferred tax liabilities and € 34,031 thousand for other provisions, the main components of which are listed below:

- € 2,420 thousand which refer to ongoing disputes at the end of the year;
- € 21,292 thousand for agreements currently being defined with policyholders;
- € 97 thousand allocated for amounts to be assigned to policyholders by way of shares due;
- € 8,181 thousand for potential estimated liabilities with policyholders, due to the non-maturity of said amounts.

Section 13 - Creditors and other liabilities - Item G

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

TABLE 19 (IN € THOUSAND)

| DESCRIPTION | 31-12-14 | 31-12-13 |
|---|----------|----------|
| Advances for premiums | 1,078 | 855 |
| Front-end expenses | 37 | 25 |
| Amounts due on recoveries | 25,249 | 20,699 |
| Accounts payable to policyholders - Item G.I.3. | 26,364 | 21,579 |

Amounts due on recoveries include amounts due to policyholders in respect of deductibles on recovered amounts. The change compared to the previous year is due to the payment of the amounts due made in 2014.

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

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

Other accounts payable - Item G.VIII

TABLE 20 (IN € THOUSAND)

| DESCRIPTION | 31-12-14 | 31-12-13 |
|-----------------------|----------------|----------------|
| Other tax liabilities | 88.695 | 278.341 |
| Social security | 1.379 | 1.841 |
| Sundry creditors | 42.173 | 33.038 |
| Total | 132.247 | 313.220 |

13.6 - Breakdown of sundry creditors - Item G.VIII.4

Sundry creditors (for a total of € 42,173 thousand) comprise amounts due to suppliers for € 6,911 thousand against general administrative costs for the year, amounts due to employees for € 12,388 and subsidiary debt items for € 8,366 thousand.

13.7 - Deferred reinsurance items - Item G.IX.1

The information received from the ceding companies on provisional technical income for 2014 was carried forward to the technical account for the following year as deferred reinsurance items. Pursuant to article 42 of Legislative Decree No. 173/97, the claims outstanding provision reported in the balance sheet includes € 719 thousand referring to agreements with reinsured companies.

13.8 - Sundry liabilities - Item G.IX.3

This item, amounting to a total of € 48,656 thousand, comprises amongst others valuations on fwd contracts (€ 48,655 thousand).

Section 14 - Accrued liabilities - Item H

14.1 - Separate indication of accrued liabilities for each item

TABLE 21 (IN € THOUSAND)

| DESCRIPTION | 31-12-14 | 31-12-13 |
|----------------------------------|----------|----------|
| Deferred payments on rent income | - | 159 |
| Other accrued liabilities | - | 31 |

14.2 - Breakdown of other accrued liabilities by type (Item H.3)

The balance of this item as of the reporting date was zero.

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

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

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

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

Section 16 - Receivables and accounts payable

16.1 - Receivables and accounts payable are due as follows

Of the receivables under asset items C and E, € 1,425 896 thousand fall due after the end of the following year and € 1,809,867 thousand after the following five years. Accounts payable under liability items F and G due within five years amount to € 96 thousand.

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

Details of the memorandum accounts are given in annex 17.

17.1 - Breakdown of commitments

The commitments item, totalling € 6,036,703 thousand, refers to forward transactions for € 4,217,317 thousand and options in foreign currency for € 1,819,386 thousand. The counterparties for the instruments traded were leading credit institutions with high ratings.

Open positions at the end of the year, classified according to purpose, type and expiry date, were as follows:

TABLE 22 (IN € THOUSAND)

| CONTRACT TYPE | Scadenze | eur | usd | |
|-------------------|-------------|-------------|---------|---------|
| Forward contracts | 05/Jan/2015 | 6,275 | - | |
| | 09/Jan/2015 | - | 105,533 | |
| | 12/Jan/2015 | - | 230,612 | |
| | 13/Jan/2015 | 90,687 | 78,383 | |
| | 14/Jan/2015 | 224,619 | 210,512 | |
| | 15/Jan/2015 | - | 165,600 | |
| | 16/Jan/2015 | 91,643 | 78,059 | |
| | 20/Jan/2015 | 245,463 | 170,032 | |
| | 21/Jan/2015 | - | 175,572 | |
| | 22/Jan/2015 | - | 100,242 | |
| | 23/Jan/2015 | 171,363 | 77,441 | |
| | 26/Jan/2015 | 83,203 | 105,000 | |
| | 27/Jan/2015 | 41,583 | 159,682 | |
| | 28/Jan/2015 | 61,202 | - | |
| | 29/Jan/2015 | 372,785 | 113,899 | |
| | 30/Jan/2015 | 89,636 | - | |
| | 02/Feb/2015 | - | 238,730 | |
| | 04/Feb/2015 | 83,093 | - | |
| | 05/Feb/2015 | 211,725 | - | |
| | 09/Feb/2015 | - | 215,521 | |
| | 10/Feb/2015 | 83,182 | - | |
| | 11/Feb/2015 | 83,227 | - | |
| | 23/Feb/2015 | 207,560 | - | |
| | 02/Mar/2015 | - | 199,999 | |
| | 28/May/2015 | - | 147,553 | |
| | Options | 27/Jan/2015 | - | 123,315 |
| | | 02/Feb/2015 | - | 390,382 |
| 09/Feb/2015 | | - | 304,095 | |
| 12/Feb/2015 | | - | 197,875 | |
| 23/Feb/2015 | | - | 124,965 | |
| 05/Mar/2015 | | 230,000 | - | |
| 06/Mar/2015 | | - | 250,000 | |
| 16/Mar/2015 | | - | 112,815 | |
| 28/Apr/2015 | - | 179,500 | | |
| 23/Jun/2015 | - | 250,000 | | |

The effect of exchange rate transactions on items in foreign currency that expired in the year produced a positive balance of € 119,794 thousand, and the effect of valuations of existing derivatives at year-end exchange rates and items in foreign currency produced a positive balance of € 50,938 thousand. These components are analysed in detail in section 22 of these notes.

PROFIT AND LOSS ACCOUNT

Section 18 - Information on the non-life technical account

18.1 - Gross premiums written

Gross premiums written for the year amounted to € 312,608 thousand.

In accordance with the applicable legislation, 11 resources were engaged in the provision of internationalisation guarantees which generated gross premiums for € 6,872 thousand.

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

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

The item equal to € 16,307 thousand mainly concerns the technical income arising from the management of insurance contracts for € 15,454 thousand and from front-end expenses for € 132 thousand.

18.5 - Claims incurred net of recoveries and reinsurance

TABLE 23 (IN € THOUSAND)

| DESCRIPTION | BD | IB | Total | BD | IB | Total |
|--|----------------|--------------|----------------|-----------------|----------------|-----------------|
| | 31-12-14 | 31-12-14 | 31-12-14 | 31-12-13 | 31-12-13 | 31-12-13 |
| Claims paid for the current year | -203,786 | -4,036 | -207,822 | -171,198 | -3,486 | -174,684 |
| Claims paid relating to previous years | -139,495 | -2,709 | -142,204 | -142,604 | -1,603 | -144,207 |
| Costs of claims management | -2,818 | 0 | -2,818 | -2,991 | 0 | -2,991 |
| Reinsurers' share | 13,741 | 0 | 13,741 | 9,814 | 0 | 9,814 |
| Change in recoveries | 461,903 | 3,479 | 465,382 | 368,053 | 1,184 | 369,237 |
| Write-downs of receivables for amounts payable | -231,548 | 0 | -231,548 | -137,456 | 0 | -137,456 |
| Write-backs of receivables for amounts payable | 216,792 | 0 | 216,792 | 0 | 0 | 0 |
| Losses on amounts due | -31,375 | 0 | -31,375 | -14,694 | 0 | -14,694 |
| Change in the provision for claims outstanding | 125,911 | 4,383 | 130,294 | -46,519 | -9,214 | -55,733 |
| Total net claims incurred | 209,325 | 1,117 | 210,442 | -137,595 | -13,119 | -150,714 |

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

18.6 - Premium refunds and profit sharing, net of reinsurance - Item I.6

Premium refunds, reflecting premium refunds net of reinsurance, amounted to € 3,517 thousand (€ 17,259 thousand at the end of the previous year mainly referring to an operation that envisaged the payment of an upfront premium, which was partially reimbursed due to the lower use of the loan, according to the contract).

18.7 - Reinsurance commissions and profit-sharing - Item I.7.f.

This item posted a balance at 31 December 2014 of € 30 thousand referring exclusively to reinsurance commissions.

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

TABLE 24 (IN € THOUSAND)

| DESCRIPTION | 31-12-14 | 31-12-13 |
|--|---------------|---------------|
| Collection and acquisition commissions | 2,893 | 1,472 |
| Other acquisition costs | 21,638 | 19,752 |
| Other administrative expenses | 52,871 | 42,628 |
| Commissions and profit sharing | -38 | -60 |
| Operating expenses | 77,364 | 63,792 |

Other acquisition costs comprise reinsurance commissions and general expenses made up of personnel costs (€ 14,336 thousand) and other general administrative expenses (€ 7,302 thousand). Other administrative expenses comprise general expenses made up of costs of personnel (€ 37,973 thousand), other general administrative expenses (€ 14,268 thousand), depreciation of capital goods (€ 630 thousand). Personnel costs, a description of the relative items, the average number of employees during the year, the number of directors and statutory auditors and related remuneration are given in annex 32.

The increase in the item is due to the reclassification under other administrative expenses of certain administrative expenses from the non-technical account in order to show the cost ratio components more clearly in line with the criteria used for calculating this indicator. The change in expenses in the 2 years is equal to € 5,513 thousand, referring for € 1,4 million to the increase in costs of personnel mainly due to leaving incentive schemes, for € 1.5 million to reinsurance commissions and € 1.6 million to goods and services.

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

This item, for € 4,481 thousand, refers mainly to technical cancellations of premiums due to termination of insurance contracts.

18.9 - Change in the equalisation provision - Item I.9

The change in the equalisation reserve, equal to € 36,448 thousand, was determined in accordance with current legislation.

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

A summary of the technical account by business is provided in annex 25.

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

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

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

TABLE 25 (IN € THOUSAND)

| DESCRIPTION | 31-12-14 | 31-12-13 |
|---|----------------|----------------|
| Income from shares and interests | 1,243 | 1,857 |
| Income from investments in land and buildings | 717 | 775 |
| Income from other investments | 119,461 | 154,459 |
| Value re-adjustments on investments | 48,133 | 110,845 |
| Gains on the disposal of investments | 539,418 | 668,480 |
| Total | 708,972 | 936,416 |

The income from other investments item (€ 119,461 thousand) includes € 74,108 thousand for interest on government securities and bonds, € 104 thousand for interest receivable for mortgages, € 18,076 thousand for interest from time deposits, € 13,357 thousand for interest from Carnival and Interpipe notes and € 13,809 thousand for interest from the loan to SACE Fct. The value re-adjustment on investments item (€ 48,133 thousand) refers to forward currency sales for € 19,213 thousand (see also section 22 of these notes), upward adjustments on government securities, bonds and shares for € 11,973 thousand and the upward adjustment on value of SACE Fct, SACE BT and ATI for € 16,947 thousand. Gains on the disposal of investments (€ 539,418 thousand) comprise € 449,575 thousand referring to forward transactions, € 57,641 thousand on transactions in derivatives, € 32,202 thousand for gains on the sale of securities. The breakdown of each item is detailed in annex 21.

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

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

TABLE 26 (IN € THOUSAND)

| DESCRIPTION | 31-12-14 | 31-12-13 |
|---|----------------|----------------|
| Investment management charges and other charges | 3,760 | 4,150 |
| Value re-adjustments on investments | 228,204 | 76,144 |
| Losses on the disposal of investments | 407,394 | 476,944 |
| Total | 639,358 | 557,238 |

Investment management charges and other charges mainly comprise investment management fees (€ 1,139 thousand) and property management charges (€ 1,004 thousand). The value re-adjustments on investments item (€ 228,204 thousand) refers to forward contracts (€ 48,655 thousand), to equity and bond funds (€ 174,021 thousand), write-downs of the investment in Sace do Brasil (€ 357 thousand) and of notes (€ 4,475) and depreciation of real estate for € 695 thousand. Losses on the disposal of investments (€ 407,394 thousand) include € 389,803 thousand referring to forward transactions, € 15,412 thousand on transactions in derivatives, € 2,179 thousand on the sale of securities. The breakdown of each item is detailed in annex 23.

21.3 - Breakdown of other income - Item III.7

TABLE 27 (IN € THOUSAND)

| DESCRIPTION | 31-12-14 | 31-12-13 |
|--|----------------|---------------|
| Compensatory interest on premiums | 84 | 44 |
| Compensatory interest on receivables | 12,603 | 10,340 |
| Interest earned and other income | 4,278 | 5,736 |
| Interest earned on tax credits | 17 | 25 |
| Capital gains on other receivables | 5,111 | 5,185 |
| Profits on exchange rates | 19,815 | 4,503 |
| Utilisation of provisions and non-existent liabilities | 351 | 976 |
| Valuation gains on exchange rates | 174,593 | 3,446 |
| Revenues from services to affiliates | 4,391 | 3,992 |
| Total | 221,243 | 34,247 |

Compensatory interest on receivables (€ 12,603 thousand) represents the interest matured in the year on subrogation credit. Profits on exchange rates refer to capital gains on exchange rates on transactions in foreign currency. Gains on other receivables (€ 5,111 thousand) refer for € 560 thousand to collection of compensatory interest, € 762 thousand for recovery of receivables ex Optimum and € 3,750 thousand for gains relating to receivables for acquired shares due to policyholders. Profits from valuation gains on exchange rates include the result of the valuation of the entries in foreign currencies at year-end exchange rates (for further details, see section 22 of these notes).

21.4 - Breakdown of other charges - Item III.7

TABLE 28 (IN € THOUSAND)

| DESCRIPTION | 31-12-14 | 31-12-13 |
|--|---------------|---------------|
| Other non-technical administrative expenses | 0 | 7,480 |
| Amortisation of intangible assets | 180 | 162 |
| Additions to risk provisions | 1,174 | 2,540 |
| Exchange losses | 2,018 | 12,859 |
| Valuation exchange losses | 7,352 | 66,803 |
| Write-downs of receivables - compensatory interest | 415 | 774 |
| Write-down of other receivables | 0 | 44 |
| Other interest expense and financial liabilities | 197 | 455 |
| Total | 11,336 | 91,117 |

Other non-technical administrative expenses have been reclassified under operating expenses.

Valuation exchange losses (€ 7,352 thousand) refer for € 7,334 thousand to valuation of receivables and payables expressed in foreign currency, and for € 18 thousand to valuation, recorded with reference to the current accounts denominated in foreign currency (for more details see section 22 of these notes).

Personnel costs are listed in annex 32.

21.5 - Breakdown of extraordinary income - Item III.10

TABLE 29 (IN € THOUSAND)

| DESCRIPTION | 31-12-14 | 31-12-13 |
|-----------------------------|--------------|---------------|
| Sundry non-operating income | 1,606 | 20,197 |
| Other financial income | 0 | 18 |
| Total | 1,606 | 20,215 |

Sundry non-operating income mainly reflects the repayment of administrative expenses (€ 899 thousand) and recoveries from foreign countries of amounts not relating to the period (€ 687 thousand).

21.6 - Breakdown of extraordinary charges - Item III.11

TABLE 30 (IN € THOUSAND)

| DESCRIPTION | 31-12-14 | 31-12-13 |
|---|--------------|--------------|
| Other financial charges from previous years | 0 | 31 |
| Losses on disposal of movable assets | 1 | 0 |
| Sundry non-operating liabilities | 6,130 | 1,866 |
| Total | 6,131 | 1,897 |

Sundry non-operating liabilities include general costs accrued from previous years (€ 96 thousand), as well as adjustments to loans following the review of the restructuring agreement (€ 3,196 thousand) and a higher tax charge for the previous year (€ 2,730 thousand).

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

This item, totalling € 142,927 thousand, comprises the following:

- a) € 64,730 thousand for IRES for the year; € 22,785 thousand for IRAP for the year;
- b) € 5,998 thousand for proceeds calculated on taxable amounts transferred by the subsidiaries participating in the consolidated tax scheme;
- c) € 479 thousand for the liability calculated on the fiscal losses transferred by the subsidiaries participating in the consolidated tax scheme;
- d) € 58,353 thousand for disclosure of deferred taxes on temporary changes during the year determined as illustrated in the table below. For the current year, prepaid IRES and IRAP for € 18,213 thousand, were calculated on the basis of the reasonable certainty of generating tax liable income in the future such as to enable their recovery.
- e) € 22,877 thousand corresponding to transfer to profit and loss of prepaid IRES and IRAP accrued in previous years.
- f) € 2,087 thousand corresponding to transfer to profit and loss of deferred IRES and IRAP accrued in previous years.

Current taxes were calculated at the current rate of 27.5% for IRES and 6.82% for IRAP.

Prepaid and deferred taxes deriving from temporary changes during the year have been determined according to current rates.

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

TABLE 31 (IN € THOUSAND)

| IRAP | Opening Balance | | Utilisation 2014 | | Change in the year | | Closing balance | |
|---|-----------------------|-----------|-----------------------|-----|-----------------------|-----------|-----------------------|------------|
| | Temporary differences | Tax | Temporary differences | Tax | Temporary differences | Tax | Temporary differences | Tax |
| TYPE OF TEMPORARY DIFFERENCES | | | | | | | | |
| Recognised in profit or loss | | | | | | | | |
| <i>Differences giving rise to deferred tax assets</i> | | | | | | | | |
| Reserve fund | | | | | | | | |
| Provision for outstanding claims | | | | | | | | |
| Depreciation on revaluation of property | 1,193 | 81 | | | | | 1,193 | 81 |
| Write-down of receivables for premiums | | | | | 301 | 21 | 301 | 21 |
| Change in tax rates | | | | | | | | |
| Total | 1,193 | 81 | | | 301 | 21 | 1,494 | 102 |

| IRES | Opening Balance | | Utilisation 2014 | | Change in the year | | Closing balance | |
|--|-----------------------|----------------|-----------------------|-----------------|-----------------------|---------------|-----------------------|----------------|
| | Temporary differences | Tax | Temporary differences | Tax | Temporary differences | Tax | Temporary differences | Tax |
| TYPE OF TEMPORARY DIFFERENCES | | | | | | | | |
| Recognised in profit or loss | | | | | | | | |
| <i>Differences giving rise to deferred tax assets</i> | | | | | | | | |
| Maintenance costs | 1,817 | 501 | (1,176) | (323) | | | 641 | 178 |
| Reserve fund | 13,528 | 3,720 | (1,758) | (483) | | | 11,770 | 3,237 |
| Provision for outstanding claims | 234,534 | 64,497 | (20,673) | (5,685) | | | 213,861 | 58,812 |
| Premium receivable write-down | | | | | 301 | 83 | 301 | 83 |
| Potential liabilities fund | 14,361 | 3,950 | (337) | (93) | 1,174 | 323 | 15,198 | 4,180 |
| Exchange rate valuation losses | 150,917 | 41,502 | (49,352) | (13,573) | 7,335 | 2,017 | 108,900 | 29,947 |
| Depreciation on revaluation of property | 1,328 | 364 | | | | | 1,328 | 364 |
| Valuation losses on listed shares | 9,525 | 2,619 | (9,058) | (2,491) | 3,390 | 932 | 3,857 | 1,060 |
| Political risk receivable write-downs | 83,909 | 23,075 | (831) | (229) | 53,951 | 14,837 | 137,029 | 37,683 |
| Total | 509,919 | 140,228 | (83,185) | (22,877) | 66,151 | 18,192 | 492,885 | 135,543 |
| <i>Differences giving rise to deferred tax liabilities</i> | | | | | | | | |
| Exchange rate valuation gains | 81,565 | 22,431 | (7,588) | (2,087) | 212,192 | 58,353 | 286,169 | 78,697 |
| Total | 81,565 | 22,431 | (7,588) | (2,087) | 212,192 | 58,353 | 286,169 | 78,697 |
| <i>Differences excluded from the determination of taxes</i> | | | | | | | | |
| Subrogation receivable write-downs – pol. business | 774 | | | | | | 65,313 | |
| Subrogation receivable write-downs – com. business | 48,599 | | | | | | 111,515 | |
| Write downs of other receivables - technical business | 2,804 | | | | | | | |
| Total deferred tax assets arising from temporary differences | | 140,309 | | (22,877) | | 18,213 | | 135,645 |
| Total deferred tax liabilities arising from temporary differences | | 22,431 | | (2,087) | | 58,353 | | 78,697 |

Section 22 – Other information on the Profit and Loss Account

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

The breakdown of personnel costs for the Italian and foreign portfolios is given in annex 32. The effect of exchange rate hedging transactions on entries in foreign currency that expired during the year generated a positive balance of € 119,794 thousand, the effect of valuations of existing contracts at year-end exchange rates and entries in foreign currency generated a positive balance of € 50,938 thousand, as shown in the table below.

TABLE 32 (IN € THOUSAND)

| REALISED | |
|--|----------------|
| Losses on forward contracts and trading | -389,803 |
| Gains on forward contacts and trading | 449,575 |
| Proceeds from derivatives | 57,642 |
| Charges on derivatives | -15,412 |
| Net realised gains(A) | 102,002 |
| Exchange gains | 19,815 |
| Exchange losses | -2,023 |
| Net profit on exchange gains (B) | 17,792 |
| Result realised (A+B) | 119,794 |
| VALUATION DIFFERENCES | |
| Valuation losses on forward contracts and derivatives | -48,655 |
| Valuation gains on forward contracts and derivatives | 19,213 |
| Net valuation losses (C) | -29,442 |
| Exchange gains – valuation of technical provisions | - |
| Exchange losses – valuation of technical provisions | -17,373 |
| Exchange losses – valuation of provision for unearned premiums | -69,488 |
| Exchange gains – valuation of receivables and payables | 171,790 |
| Exchange losses - valuation of receivables and payables | -7,334 |
| Exchange gains – valuation of cash and cash equivalents | 2,803 |
| Exchange losses - valuation of cash and cash equivalents | -18 |
| Net valuation gains on exchange rates (D) | 80,380 |
| Net exchange gains from valuation (C +D) | 50,938 |

PART C - OTHER INFORMATION

1. Cash Flow Statement

| CASH FLOW STATEMENT (AMOUNTS IN € THOUSAND) | Year 2014 | Year 2013 |
|--|------------------|--------------------|
| Profit (loss) for the year before tax | 526,070 | 491,275 |
| Changes in non-cash items | 241,842 | (50,637) |
| Change in the provision for unearned premiums - non-life business | 157,359 | (106,229) |
| Change in the provision for claims outstanding and other technical provisions - non-life business | (93,605) | 93,631 |
| Change in the general provision | (1,174) | (2,540) |
| Non-cash income and expense from financial instruments, investment property and equity investments | 180,071 | (34,701) |
| Other changes | (809) | (798) |
| Change in receivables and payables generated by operations | (397,215) | (171,632) |
| Change in receivables and payables arising from direct insurance and reinsurance business | (271,425) | (76,696) |
| Change in other receivables and payables | (125,790) | (94,936) |
| Tax paid | (142,927) | (213,622) |
| TOTAL NET CASH FLOW ARISING FROM OPERATIONS | 227,770 | 55,384 |
| Net cash flow generated/absorbed by investment property | 695 | 695 |
| Net cash flow generated/absorbed by financial investments | (6,372) | 836,362 |
| Net cash flow generated/absorbed by plant, property and equipment and intangible assets | 1,162 | 1,172 |
| TOTAL NET CASH FLOW ARISING FROM INVESTMENT OPERATIONS | (4,515) | 838,229 |
| Repayment of share capital | - | - |
| Depreciation of receivables | (3,284) | - |
| Revaluation of property | - | - |
| Distribution of dividends | (248,661) | (1,235,124) |
| Net cash flow generated/absorbed by other financial liabilities | - | - |
| TOTAL NET CASH FLOW ARISING FROM LOAN OPERATIONS | (251,945) | (1,235,124) |
| Effect of exchange rate differences on cash and cash equivalents | | |
| CASH AND CASH EQUIVALENTS - OPENING BALANCE | 87,874 | 429,385 |
| INCREASE (REDUCTION) IN CASH AND CASH EQUIVALENTS | (28,690) | (341,511) |
| CASH AND CASH EQUIVALENTS - CLOSING BALANCE | 59,184 | 87,874 |

2. Fees due to external auditors

Pursuant to Legislative Decree 39 of 27 January 2010, the fees due to PricewaterhouseCoopers S.p.A. for their auditing services in 2014 amounted to € 89 thousand.

3. Company name and registered office of the parent company

SACE S.p.A. is wholly owned by Cassa Depositi e Prestiti S.p.A. which has its registered office at Via Goito 4 in Rome and performs management and coordination activities pursuant to article 2497 of the Italian Civil Code. In compliance with the reporting requirement set out in art. 2497-bis of the Italian Civil Code, the main figures from the last approved financial statements of the parent company are provided below. For an adequate and complete understanding of the assets and financial position of Cassa Depositi e Prestiti S.p.A. as of 31 December 2013, and of the operating result of the company for the year ended as of that date, please refer to the financial statements that, together with the independent auditor's report, are available in the forms and methods specified by law.

| BALANCE SHEET (IN € THOUSAND) | | 31-12-2013 |
|---|---|--------------------|
| ASSETS | | |
| 10. | Cash and cash equivalents | 4 |
| 20. | Financial assets held for trading | 472,679 |
| 40. | Available-for-sale financial assets | 4,939,292 |
| 50. | Financial assets held to expiry | 18,327,083 |
| 60. | Receivables from banks | 14,851,355 |
| | <i>of which to guarantee covered bonds</i> | - |
| 70. | Receivables from customers | 242,136,225 |
| | <i>of which to guarantee covered bonds</i> | - |
| 80. | Hedging derivatives | 325,064 |
| 100. | Equities | 31,769,038 |
| 110. | Property, plant and equipment | 217,930 |
| 120. | Intangible assets | 6,252 |
| 130. | Tax assets | 1,233,689 |
| | a) current | 1,065,965 |
| | b) prepaid | 167,723 |
| 150. | Other assets | 406,692 |
| | Total assets | 314,685,303 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| 10. | Amounts owed to banks | 24,008,646 |
| 20. | Payables to customers | 261,520,356 |
| 30. | Outstanding securities | 6,907,470 |
| | <i>of which covered bonds</i> | - |
| 40. | Financial liabilities held for trading | 444,815 |
| 60. | Hedging derivatives | 1,449,144 |
| 70. | Value adjustment to financial assets with generic hedge (+/-) | 52,258 |
| 80. | Tax liabilities: | 669,026 |
| | a) current | 565,597 |
| | b) deferred | 103,429 |
| 100. | Other liabilities | 1,479,946 |
| 110. | Provision for employee severance indemnities | 756 |
| 120. | Provisions for risks and charges | 14,928 |
| | b) other provisions | 14,928 |
| 130. | Valuation reserves | 975,183 |
| 160. | Reserves | 11,371,230 |
| 180. | Capital | 3,500,000 |
| 190. | Own shares (-) | -57,220 |
| 200. | Net income (Loss) for the year (+/-) | 2,348,764 |
| | Total liabilities and shareholders' equity | 314,685,303 |

| PROFIT AND LOSS ACCOUNT (IN € THOUSAND) | | 31-12-2013 |
|--|--|--------------------|
| 10. | Interest earned and similar income | 8,734,350 |
| 20. | Interest expense and similar charges | (6,194,955) |
| 30. | Interest margin | 2,539,396 |
| 40. | Commissions receivable | 40,300 |
| 50. | Commission expense | (1,623,148) |
| 60. | Net commissions | (1,582,848) |
| 70. | Dividends and similar income | 3,088,978 |
| 80. | Net result of trading activities | 76,056 |
| 90. | Net result of hedging activities | (14,833) |
| 100. | Gains (losses) on sale or repurchase of: | 15,737 |
| | a) receivables (+/-) | 9,220 |
| | b) AFS financial assets (+/-) | 6,478 |
| | c) financial assets held to expiry (+/-) | 39 |
| | d) financial liabilities (+/-) | - |
| 120. | Intermediation margin | 4,122,485 |
| 130. | Net adjustments/re-adjustments of value for impairment of: | (45,291) |
| | a) receivables (+/-) | (42,802) |
| | d) other financial transactions | (2,488) |
| 140. | Net result of financial operations | 4,077,195 |
| 150. | Administrative expenses | (119,717) |
| | a) personnel costs | (62,335) |
| | b) other administrative expenses | (57,382) |
| 160. | Net provisions to reserves for risks and charges | (396) |
| 170. | Net adjustments/re-adjustments of value of tangible assets | (5,148) |
| 180. | Net adjustments/re-adjustments of value of intangible assets | (2,346) |
| 190. | Other operating income/expense | 4,758 |
| 200. | Operating Costs | (122,848) |
| 210. | Income (Loss) on equity investments | (1,008,947) |
| 240. | Income (Loss) on the disposal of investments | 0 |
| 250. | Income (Loss) on current operations before taxes | 2,945,399 |
| 260. | Income taxes for the year on current operations | (596,635) |
| 270. | Income (Loss) on current operations net of taxes | 2,348,764 |
| 290. | Net income (loss) for the year | 2,348,764 |

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

The legal representatives of the company (*)

Alessandro Castellano (**)

The Statutory Auditors

Marcello Cosconati

Alessandra Rosa

Giuliano Segre

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

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

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

annexes

TO THE NOTES PURSUANT TO ITALIAN LEGISLATION DECREE NO. 173/97

| NO. | DESCRIPTIONS |
|----------|--|
| Annex 1 | Balance sheet - non-life insurance business |
| Annex 3 | Breakdown of the operating result between non-life and life business |
| Annex 4 | Assets - Changes in intangible assets (item B) and land and buildings (item C.I) |
| Annex 5 | Assets - Changes during the year in investments in group companies and companies in which significant interest is held: shares and interests (item C.II.1), bonds (item C.II.2) and loans (item C.II.3) |
| Annex 6 | Assets - Information regarding investee companies |
| Annex 7 | Assets - Details of investments in group companies and other companies in which significant interest is held: shares and interests |
| Annex 8 | Assets - Breakdown of financial investments according to use: shares and interests in companies, shares in common investment funds, bonds and other fixed-income securities, participation in investment pools and other financial investments (items C.III.1,2,3,5,7) |
| Annex 9 | Assets - Changes during the year in other long-term financial investments: shares and interests, shares in common investment funds, bonds and other fixed-income securities, participation in investment pools and other financial investments (items C.III.1,2,3,5,7) |
| Annex 10 | Assets - Changes during the year in loans and deposits with credit institutions (items C.III.4, 6) |
| Annex 13 | Liabilities - Changes during the year in components of the reserve for unearned premiums (item C.I.1) and the reserve for claims outstanding (item C.I.2) of the non-life branches |
| Annex 15 | Liabilities - Change in provisions for risks and charges (item E) and for employee severance indemnities (item G.VII) |
| Annex 16 | Detailed statement of assets and liabilities relating to group companies and companies in which significant interest is held |
| Annex 17 | Details of classes I, II, III and IV of guarantees, commitments and other memorandum accounts |
| Annex 18 | Schedule of liabilities for transactions on derivatives |
| Annex 19 | Summary information relating to the non-life technical account |
| Annex 21 | Investment income (item II.2 and III.3) |
| Annex 23 | Details of investment management and financial charges (items II.9 and III.5) |
| Annex 25 | Non-life - Summary layout of technical account by line of business - Italian portfolio |
| Annex 26 | Summary layout of technical accounts for all lines of business - Italian Portfolio |
| Annex 29 | Summary layout of technical accounts for non-life and life business - Foreign portfolio |
| Annex 30 | Relations with group companies and companies in which significant interest is held |
| Annex 31 | Summary statement of premiums written for direct business |
| Annex 32 | Statement of costs relating to personnel, directors and statutory auditors |

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

| | | |
|--------------------|--------------------------------|------------------------|
| Company | SACE S.p.A. | |
| Subscribed capital | EUR 4,340,053,892 | Paid EUR 4,340,053,892 |
| Registered offices | Rome - Piazza Poli, 37/42 | |
| FY | Annex to the notes 2014 | |
| | (Value in thousands of euro) | |

Company **SACE S.p.A.****BALANCE SHEET - NON-LIFE BUSINESS
ASSETS**

| | | Current year | |
|----|--|--------------|-----------------------|
| A. | SUBSCRIBED CAPITAL UNPAID | | 1 |
| | of which called-up capital | 2 | 0 |
| B. | INTANGIBLE ASSETS | | |
| | 1. Deferred acquisition commissions | 4 | 0 |
| | 2. Other acquisition costs | 6 | 0 |
| | 3. Start-up and expansion costs | 7 | 0 |
| | 4. Goodwill | 8 | 0 |
| | 5. Other multi-year costs | 9 | 281 |
| | | | 10 |
| | | | 281 |
| C. | INVESTMENTS | | |
| I | - Land and buildings | | |
| | 1. Property used in company operations | 11 | 64,091 |
| | 2. Property rented to third parties | 12 | 1,272 |
| | 3. Other properties | 13 | 0 |
| | 4. Other property rights | 14 | 0 |
| | 5. Construction in progress and advance | 15 | 0 |
| | | 16 | 65,363 |
| II | - Investments in Group companies and other companies in which significant interest is held | | |
| | 1. Shares and interests in: | | |
| | a) controlling companies | 17 | 0 |
| | b) subsidiary companies | 18 | 180,878 |
| | c) affiliated companies | 19 | 0 |
| | d) associated companies | 20 | 7,776 |
| | e) other companies | 21 | 0 |
| | | 22 | 188,654 |
| | 2. Debt securities issued by: | | |
| | a) controlling companies | 23 | 0 |
| | b) subsidiary companies | 24 | 0 |
| | c) affiliated companies | 25 | 0 |
| | d) associated companies | 26 | 0 |
| | e) other companies | 27 | 0 |
| | | 28 | 0 |
| | 3. Loans to: | | |
| | a) controlling companies | 29 | 0 |
| | b) subsidiary companies | 30 | 590,000 |
| | c) affiliated companies | 31 | 0 |
| | d) associated companies | 32 | 0 |
| | e) other companies | 33 | 0 |
| | | 34 | 590,000 |
| | | 35 | 778,654,047 |
| | | | to be carried forward |
| | | | 281 |

Previous year

| | | | | | |
|-----|-----------------------|-----|-----------|-----|-----------|
| | | | 181 | 0 | |
| 182 | 0 | | | | |
| 184 | 0 | | | | |
| 186 | 0 | | | | |
| 187 | 0 | | | | |
| 188 | 0 | | | | |
| 189 | 312 | | 190 | 312 | |
| 191 | 64,416 | | | | |
| 192 | 1,643 | | | | |
| 193 | 0 | | | | |
| 194 | 0 | | | | |
| 195 | 0 | 196 | 66,059 | | |
| 197 | 0 | | | | |
| 198 | 164,494 | | | | |
| 199 | 0 | | | | |
| 200 | 7,570 | | | | |
| 201 | 0 | 202 | 172,065 | | |
| 203 | 0 | | | | |
| 204 | 0 | | | | |
| 205 | 0 | | | | |
| 206 | 0 | | | | |
| 207 | 0 | 208 | 0 | | |
| 209 | 0 | | | | |
| 210 | 1,000,000 | | | | |
| 211 | 0 | | | | |
| 212 | 0 | | | | |
| 213 | 0 | 214 | 1,000,000 | 215 | 1,172,065 |
| | to be carried forward | | | | 312 |

BALANCE SHEET - NON-LIFE BUSINESS ASSETS

| | | Current year | | | |
|--------|--|-----------------|-----------|-----|-----------------------|
| | | carried forward | | 281 | |
| C. | INVESTMENTS (continued) | | | | |
| III | - Other financial investments | | | | |
| | 1. Shares and interests | | | | |
| | a) Listed shares | 36 | 37,593 | | |
| | b) Unlisted shares | 37 | 1,944 | | |
| | c) Interests | 38 | 0 | 39 | 39,537 |
| | 2. Shares in common investment funds | | 40 | | 558,573 |
| | 3. Debt securities and other fixed-income securities | | | | |
| | a) listed | 41 | 1,698,129 | | |
| | b) unlisted | 42 | 0 | | |
| | c) convertible debentures | 43 | 0 | 44 | 1,698,129 |
| | 4. Loans | | | | |
| | a) loans secured by mortgage | 45 | 4,802 | | |
| | b) loans on policies | 46 | 0 | | |
| | c) other loans | 47 | 0 | 48 | 4,802 |
| | 5. Shares in investment pools | | 49 | | 0 |
| | 6. Deposits with credit institutions | | 50 | | 2,359,129 |
| | 7. Other financial investments | | 51 | | 820,626 |
| IV | - Deposits with ceding undertakings | | | 52 | 5,480,796 |
| | | | | 53 | 154 |
| | | | | 54 | 6,324,968 |
| D bis. | REINSURERS' SHARE OF TECHNICAL PROVISIONS | | | | |
| | I - NON-LIFE BUSINESS | | | | |
| | 1. Provisions for unearned premiums | | 58 | | 12,889 |
| | 2. Provisions for claims outstanding | | 59 | | 240 |
| | 3. Provisions for profit-sharing and premium refunds | | 60 | | 0 |
| | 4. Other technical provisions | | 61 | | 0 |
| | | | | 62 | 13,130 |
| | | | | | 6,338,379 |
| | | | | | to be carried forward |

Previous year

| | | | | |
|-----|-----------------------|-----|-----------|-----------|
| | carried forward | | | 312 |
| 216 | 54,865 | | | |
| 217 | 1,150 | | | |
| 218 | 0 | 219 | 56,015 | |
| | | 220 | 717,887 | |
| 221 | 2,819,321 | | | |
| 222 | 0 | | | |
| 223 | 0 | 224 | 2,819,321 | |
| 225 | 5,487 | | | |
| 226 | 0 | | | |
| 227 | 0 | 228 | 5,487 | |
| | | 229 | 0 | |
| | | 230 | 851,278 | |
| | | 231 | 811,097 | 232 |
| | | | | 5,261,084 |
| | | | | 233 |
| | | | | 182 |
| | | | | 234 |
| | | | | 6,499,389 |
| | | 238 | 4,124 | |
| | | 239 | 0 | |
| | | 240 | 0 | |
| | | 241 | 0 | |
| | to be carried forward | | | 242 |
| | | | | 4,124 |
| | | | | 6,503,826 |

BALANCE SHEET - NON-LIFE BUSINESS ASSETS

| | | Current year | | | |
|---|----|-----------------|---------|-----------|-----------|
| | | carried forward | | 6,338,379 | |
| E. DEBTORS | | | | | |
| I - Debtors arising out of direct insurance operations: | | | | | |
| 1. Policyholders | | | | | |
| a) for premiums current year | 71 | 75,358 | | | |
| b) for premiums previous years | 72 | 11,630 | 73 | 86,989 | |
| 2. Insurance intermediaries | | | | | |
| | | 74 | 0 | | |
| 3. Current accounts with Insurance companies | | | | | |
| | | 75 | 0 | | |
| 4. Policyholders and third parties for recoveries | | | | | |
| | | 76 | 897,376 | 77 | 984,365 |
| II - Debtors arising out of reinsurance operations: | | | | | |
| 1. Insurance and Reinsurance companies | | | | | |
| | | 78 | 11 | | |
| 2. Reinsurance intermediaries | | | | | |
| | | 79 | 0 | 80 | 11 |
| III - Other debtors | | | | | |
| | | | | 81 | 612,441 |
| | | | | 82 | 1,596,817 |
| F. OTHER ASSETS | | | | | |
| I - Tangible assets and stocks: | | | | | |
| 1. Furniture, office machines and internal transport vehicles | | | | | |
| | | 83 | 1,445 | | |
| 2. Vehicles listed in public registers | | | | | |
| | | 84 | 0 | | |
| 3. Machinery and equipment | | | | | |
| | | 85 | 10 | | |
| 4. Stocks and other goods | | | | | |
| | | 86 | 72 | 87 | 1,527 |
| II - Cash at bank and in hand | | | | | |
| 1. Bank and Postal accounts | | | | | |
| | | 88 | 59,178 | | |
| 2. Cheques and cash on hand | | | | | |
| | | 89 | 6 | 90 | 59,184 |
| III - Own shares or equity interests | | | | | |
| | | | | 91 | 0 |
| IV - Other | | | | | |
| 1. Deferred reinsurance items | | | | | |
| | | 92 | 1,178 | | |
| 2. Miscellaneous assets | | | | | |
| | | 93 | 27,178 | 94 | 28,356 |
| | | 901 | 0 | 95 | 89,067 |
| of which connection account with Life business | | | | | |
| G. ACCRUALS AND DEFERRED INCOME | | | | | |
| 1. Accrued interest | | | | | |
| | | | | 96 | 26,516 |
| 2. Rents | | | | | |
| | | | | 97 | 0 |
| 3. Other prepayments and accrued income | | | | | |
| | | | | 98 | 483 |
| | | | | 99 | 26,999 |
| TOTAL ASSETS | | | | 100 | 8,051,262 |

Previous year

| | | | | | |
|-----|-----------------|---------|--------|-----------|---------|
| | carried forward | | | 6,503,826 | |
| 251 | 72,617 | | | | |
| 252 | 12,865 | 253 | 85,482 | | |
| | 254 | | 0 | | |
| | 255 | | 0 | | |
| | 256 | 627,352 | 257 | 712,833 | |
| | 258 | 117 | | | |
| | 259 | 0 | 260 | 117 | |
| | | | 261 | 570,950 | |
| | | | 262 | 1,283,901 | |
| | 263 | 1,745 | | | |
| | 264 | 0 | | | |
| | 265 | 22 | | | |
| | 266 | 81 | 267 | 1,849 | |
| | 268 | 87,869 | | | |
| | 269 | 5 | 270 | 87,874 | |
| | | | 271 | 0 | |
| | 272 | 918 | | | |
| | 273 | 17,780 | 274 | 18,697 | |
| | 903 | 0 | | 275 | 108,421 |
| | | | 276 | 41,215 | |
| | | | 277 | 0 | |
| | | | 278 | 365 | |
| | | | 279 | 41,580 | |
| | | | 280 | 7,937,728 | |

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

| | | Current year | |
|------------------------------------|---|--------------|---------------|
| A. SHAREHOLDERS' EQUITY | | | |
| I | - Subscribed capital or equivalent fund | 101 | 4,340,054 |
| II | - Share premium reserve | 102 | 0 |
| III | - Revaluation reserves | 103 | 0 |
| IV | - Legal reserve | 104 | 196,309 |
| V | - Statutory reserves | 105 | 0 |
| VI | - Reserves for own shares and shares of the controlling company | 106 | 0 |
| VII | - Other reserves | 107 | 62,532 |
| VIII | - Net profit (loss) brought forward | 108 | 0 |
| IX | - Net profit (loss) for the year | 109 | 383,143 |
| | - Advances on dividends | | 110 4,982,039 |
| B. SUBORDINATED LIABILITIES | | | |
| | | | 111 0 |
| C. TECHNICAL PROVISIONS | | | |
| I - NON-LIFE BUSINESS | | | |
| | 1. Premium provisions | 112 | 1,691,289 |
| | 2. Provisions for claims outstanding | 113 | 517,631 |
| | 3. Provisions for profit-sharing and premium refunds | 114 | 0 |
| | 4. Other technical provisions | 115 | 0 |
| | 5. Equalisation provision | 116 | 522,467 |
| | to be carried forward | | 117 2,731,387 |
| | | | 7,713,425 |

Previous year

| | | | | |
|-----------------------|-----------|-----------|-----|-----------|
| | 281 | 4,340,054 | | |
| | 282 | 0 | | |
| | 283 | 0 | | |
| | 284 | 182,427 | | |
| | 285 | 0 | | |
| | 286 | 0 | | |
| | 287 | 50,707 | | |
| | 288 | 0 | | |
| | 289 | 277,653 | | |
| | | | 290 | 4,850,840 |
| | | | 291 | 0 |
| 292 | 1,524,925 | | | |
| 293 | 647,685 | | | |
| 294 | 0 | | | |
| 295 | 0 | | | |
| 296 | 486,019 | | 297 | 2,658,628 |
| to be carried forward | | | | 7,509,468 |

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

| | | | | Current year | |
|------|---|-----------------|--------|--------------|-----------|
| | | carried forward | | 7,713,425 | |
| E. | PROVISIONS FOR OTHER RISKS AND CHARGES | | | | |
| 1. | Provisions for pensions and similar obligations | 128 | 1,845 | | |
| 2. | Provisions for taxation | 129 | 78,697 | | |
| 3. | Other provisions | 130 | 34,031 | 131 | 114,573 |
| F. | DEPOSITS RECEIVED FROM REINSURERS | | | 132 | 0 |
| G. | CREDITORS AND OTHER LIABILITIES | | | | |
| I | - Creditors arising out of direct insurance operations: | | | | |
| 1. | Insurance intermediaries | 133 | 0 | | |
| 2. | Current accounts with Insurance companies | 134 | 0 | | |
| 3. | Premium deposits and premiums due to policyholders | 135 | 26,364 | | |
| 4. | Guarantee funds in favour of policyholders | 136 | 0 | 137 | 26,364 |
| II | - Creditors arising out of reinsurance operations: | | | | |
| 1. | Insurance and Reinsurance companies | 138 | 9,111 | | |
| 2. | Reinsurance intermediaries | 139 | 0 | 140 | 9,111 |
| III | - Debenture loans | | | 141 | 0 |
| IV | - Amounts owed to banks and credit institutions | | | 142 | 0 |
| V | - Loans guaranteed by mortgages | | | 143 | 0 |
| VI | - Miscellaneous loans and other financial liabilities | | | 144 | 0 |
| VII | - Provisions for employee termination indemnities | | | 145 | 6,167 |
| VIII | - Other creditors | | | | |
| 1. | Premium taxes | 146 | 0 | | |
| 2. | Other tax liabilities | 147 | 88,695 | | |
| 3. | Social security | 148 | 1,379 | | |
| 4. | Miscellaneous creditors | 149 | 42,173 | 150 | 132,247 |
| IX | - Other liabilities | | | | |
| 1. | Deferred reinsurance items | 151 | 719 | | |
| 2. | Commissions for premiums in course of collection | 152 | 0 | | |
| 3. | Miscellaneous liabilities | 153 | 48,656 | 154 | 49,375 |
| | of which connection account with Life business | 902 | 0 | 155 | 223,264 |
| | to be carried forward | | | | 8,051,262 |

Previous year

| | | | |
|-----------------------|---------|-------------|-------------|
| carried forward | | | 7,509,468 |
| | 308 | 1,919 | |
| | 309 | 22,430 | |
| | 310 | 31,294 | 311 55,644 |
| | | | 312 0 |
| 313 | 0 | | |
| 314 | 0 | | |
| 315 | 21,579 | | |
| 316 | 0 | 317 21,579 | |
| 318 | 415 | | |
| 319 | 0 | 320 415 | |
| | | 321 0 | |
| | | 322 0 | |
| | | 323 0 | |
| | | 324 0 | |
| | | 325 6,302 | |
| 326 | 0 | | |
| 327 | 278,341 | | |
| 328 | 1,841 | | |
| 329 | 33,038 | 330 313,221 | |
| 331 | -119 | | |
| 332 | 12 | | |
| 333 | 31,017 | 334 30,910 | 335 372,426 |
| 904 | 0 | | |
| to be carried forward | | | 7,937,538 |

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

| | | Current year | |
|--|-----------------|--------------|-----------|
| | carried forward | | 8,051,262 |
| H. ACCRUALS AND DEFERRED INCOME | | | |
| 1. Accrued interest | 156 | 0 | |
| 2. Rents | 157 | 0 | |
| 3. Other prepayments and accrued income | 158 | 0 | 159 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | 8,051,262 |

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

| | | Current year | |
|---|--|--------------|-----------|
| GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS | | | |
| I - Guarantees given | | | |
| 1. Sureties | | 161 | 0 |
| 2. Endorsements | | 162 | 0 |
| 3. Other personal guarantees | | 163 | 0 |
| 4. Guarantees secured by mortgages | | 164 | 0 |
| II - Guarantees received | | | |
| 1. Sureties | | 165 | 4,495 |
| 2. Endorsements | | 166 | 0 |
| 3. Other personal guarantees | | 167 | 0 |
| 4. Guarantees secured by mortgages | | 168 | 0 |
| III - Guarantees issued by third parties in the interest of the Company | | 169 | 0 |
| IV - Commitments | | 170 | 6,036,703 |
| V - Third party assets | | 171 | 0 |
| VII - Securities deposited with third parties | | 173 | 2,525,563 |
| VIII - Other memorandum accounts | | 174 | 0 |

Previous year

| | | | |
|-----------------|-----|-----|---------------|
| carried forward | | | 7,937,538 |
| | 336 | 0 | |
| | 337 | 159 | |
| | 338 | 31 | 339 190 |
| | | | 340 7,937,728 |

Previous year

| | | | |
|--|--|-----|-----------|
| | | | |
| | | 341 | 0 |
| | | 342 | 0 |
| | | 343 | 0 |
| | | 344 | 0 |
| | | 345 | 4,094 |
| | | 346 | 0 |
| | | 347 | 0 |
| | | 348 | 0 |
| | | 349 | 0 |
| | | 350 | 3,985,993 |
| | | 351 | 0 |
| | | 353 | 3,684,183 |
| | | 354 | 0 |

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

| | | Non Life Business | | Life Business | Total | |
|---|---|-------------------|---------|---------------|-------|---------|
| Result of the technical account | | 1 | 275,670 | 21 | 41 | 275,670 |
| Investment income | + | 2 | 708,972 | | 42 | 708,972 |
| Investment management and financial charges | - | 3 | 639,357 | | 43 | 639,357 |
| Allocated investment return transferred from the technical account of Life business | + | | | 24 | 44 | |
| Allocated investment return transferred from the technical account of Non-life business | - | 5 | 24,598 | | 45 | 24,598 |
| Intermediate operating result | | 6 | 320,687 | 26 | 46 | 320,687 |
| Other income | + | 7 | 221,243 | 27 | 47 | 221,243 |
| Other charges | - | 8 | 11,336 | 28 | 48 | 11,336 |
| Extraordinary income | + | 9 | 1,607 | 29 | 49 | 1,607 |
| Extraordinary charges | - | 10 | 6,131 | 30 | 50 | 6,131 |
| Profit before taxes | | 11 | 526,070 | 31 | 51 | 526,070 |
| Income taxes | - | 12 | 142,927 | 32 | 52 | 142,927 |
| Net profit for the year | | 13 | 383,143 | 33 | 53 | 383,143 |

Notes to the Financial Statements - Annex 3 4

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

Financial 2014

**CHANGES DURING THE YEAR IN INTANGIBLE ASSETS (ITEM B)
AND LAND AND BUILDINGS (ITEM C.I)**

| | | Intangible assets B | Land and buildings C.I |
|--|---|--------------------------------|-----------------------------------|
| Gross initial balance | | 1 11,588 | 31 73,081 |
| Increases during the year | + | 2 149 | 32 |
| for: purchases or additions | | 3 | 33 |
| write-backs | | 4 | 34 |
| revaluations | | 5 | 35 |
| other changes | | 6 | 36 |
| Reductions during the year | - | 7 | 37 |
| for: sales or decreases | | 8 | 38 |
| long-term write-downs | | 9 | 39 |
| other changes | | 10 | 40 |
| Gross initial balance | | 11 11,737 | 41 73,081 |
| Amortisation and depreciation: | | | |
| Gross initial balance | + | 12 11,276 | 42 7,022 |
| Increases during the year | + | 13 180 | 43 695 |
| for: Third party interest in net income for the year | | 14 180 | 44 695 |
| other changes | | 15 | 45 |
| Reductions during the year | - | 16 | 46 |
| for: reductions following disposals | | 17 | 47 |
| other changes | | 18 | 48 |
| Final values of amortisation (b) (*) | | 19 11,456 | 49 7,717 |
| Carrying value (a – b) | | 20 281 | 50 65,364 |
| Current value | | 21 | 51 69,900 |
| Total revaluations | | 22 | 52 |
| Total write-downs | | 23 | 53 |
| (*) Of which amortisation and depreciation in application of tax laws only | | 24 | 54 |

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

| | | Shares and interests C.II.1 | Bonds C.II.2 | Loans C.II.3 |
|---|---|--|-------------------------|-------------------------|
| Gross initial balanc | | 1 172,065 | 21 | 41 1,000,000 |
| Increases during the year | + | 2 16,947 | 22 | 42 |
| for: purchases, subscriptions or issues | | 3 | 23 | 43 |
| write-backs | | 4 16,947 | 24 | 44 |
| revaluations | | 5 | | |
| other changes | | 6 | 26 | 46 |
| Decreases during the year | - | 7 357 | 27 | 47 410,000 |
| for: sales or repayments | | 8 | 28 | 48 410,000 |
| write-downs | | 9 357 | 29 | 49 |
| other changes | | 10 | 30 | 50 |
| Carrying value | | 11 188,654 | 31 | 51 590,000 |
| Current value | | 12 188,654 | 32 | 52 590,000 |
| Total revaluations | | 13 | | |
| Total write-downs | | 14 357 | 34 | 54 |

Item C.II.2 includes:

| | |
|---------------------------------|----|
| Listed bonds | 61 |
| Unlisted bonds | 62 |
| Carrying value | 63 |
| of which convertible debentures | 64 |

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

ASSETS – INFORMATION REGARDING INVESTEE COMPANIES (*)

| Ord No. | Type (1) | Listed or unlisted (2) | Assets Amount (3) | Name and registered offices | | Share capital | | Shareholders' equity (**) | Net income or loss of the previous year (**) | Percentage interest (5) | |
|---------|----------|------------------------|-------------------|-----------------------------|------------|---------------|------------|---------------------------|--|-------------------------|------------|
| | | | | Currency | Amount (4) | Number shares | Amount (4) | | | Direct % | Indirect % |
| 1 | b | NQ | 1 | € | 100,000 | 100,000 | 100,000 | 84,725 | 964 | 100 | 100 |
| 2 | b | NQ | 2 | € | 50,000 | 50,000 | 50,000 | 95,811 | 15,777 | 100 | 100 |
| 3 | d | NQ | 1 | usd | 180,500 | 1,805 | 180,500 | 181,453 | 4,282 | 5,54 | 5,54 |
| 4 | b | NQ | 1 | R\$ | 3,458 | 3,458 | 3,458 | 1,106 | -1,178 | 99,91 | 99,91 |

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

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

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

(3) Business

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

(4) Amounts in original currency

(5) Indicate the total percentage ownership

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

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

| Ord No. | Type (2) | (3) | Name | Increases during the year | | | | Decreases during the year | | | | Purchase cost | Value value |
|------------------------|-------------|-----|--------------------------------------|---------------------------|-------|----------|-------|---------------------------|-------|----------|---------|------------------|----------------|
| | | | | For purchases | | Other | | For sales | | Other | | | |
| | | | | Quantity | Value | Quantity | Value | Quantity | Value | Quantity | Value | | |
| 1 | b | D | SACE BT S.p.A | | | 964 | | | | 100,000 | 84,725 | 105,800 | 84,725 |
| 2 | b | D | SACE Fct S.p.A | | | 15,777 | | | | 50,000 | 95,811 | 600 | 95,811 |
| 3 | d | D | ATI (African Trade Insurance Agency) | | | 205 | | | | 100 | 7,776 | 6,886 | 7,776 |
| 4 | b | D | SACE Do Brasil | | | | | 357 | | 3,455 | 343 | 11 | 343 |
| Totals C.II.1 | | | | | | | | | | | 188,654 | 113,297 | 188,654 |
| a Associated companies | | | | | | | | | | | 180,878 | 106,411 | 180,878 |
| b Subsidiary companies | | | | | | | | | | | 7,776 | 6,886 | 7,776 |
| c Affiliated companies | | | | | | | | | | | | | |
| d Associated companies | | | | | | | | | | | | | |
| e Other | | | | | | | | | | | | | |
| Total D.I | | | | | | | | | | | | | |
| Total D.II | | | | | | | | | | | | | |

(1) Must match that indicated in Annex 6

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

(3) Indicate:

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

(4) Indicate whether valued by the equity method with an (*) (only for Type b and d)

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

| | Long-term investment portfolio | | Short-term financial assets portfolio | | Total | |
|--|--------------------------------|--------------|---------------------------------------|--------------|----------------|--------------|
| | Carrying value | Market value | Carrying value | Market value | Carrying value | Market value |
| 1. Shares and interests: | 0 | 0 | 39,537 | 45,945 | 39,537 | 45,945 |
| a) listed shares | 0 | 0 | 37,593 | 44,001 | 37,593 | 44,001 |
| b) unlisted shares | 0 | 0 | 1,944 | 1,944 | 1,944 | 1,944 |
| c) other interests | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Shares of common investment funds | 0 | 0 | 558,573 | 558,573 | 558,573 | 558,573 |
| 3. Bonds and other fixed-income securities | 1,664,202 | 1,880,536 | 33,927 | 38,837 | 1,698,129 | 1,919,372 |
| a1) listed government securities | 1,494,803 | 1,713,815 | 171 | 171 | 1,494,973 | 1,713,986 |
| a2) other listed securities | 169,399 | 166,721 | 33,756 | 38,666 | 203,155 | 205,386 |
| b1) unlisted government securities | 0 | 0 | 0 | 0 | 0 | 0 |
| b2) other unlisted securities | 0 | 0 | 0 | 0 | 0 | 0 |
| c) convertible debentures | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. Shares in investment pools | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. Other financial investments | 0 | 0 | 820,626 | 820,689 | 820,626 | 820,689 |

| | Long-term investment portfolio | | Short-term financial assets portfolio | | Total | |
|--|--------------------------------|--------------|---------------------------------------|--------------|----------------|--------------|
| | Carrying value | Market value | Carrying value | Market value | Carrying value | Market value |
| 1. Shares and interests: | 0 | 0 | 0 | 0 | 0 | 0 |
| a) listed shares | 0 | 0 | 0 | 0 | 0 | 0 |
| b) unlisted shares | 0 | 0 | 0 | 0 | 0 | 0 |
| c) other interests | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Shares of common investment funds | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Bonds and other fixed-income securities | 0 | 0 | 0 | 0 | 0 | 0 |
| a1) listed government securities | 0 | 0 | 0 | 0 | 0 | 0 |
| a2) other listed securities | 0 | 0 | 0 | 0 | 0 | 0 |
| b1) unlisted government securities | 0 | 0 | 0 | 0 | 0 | 0 |
| b2) other unlisted securities | 0 | 0 | 0 | 0 | 0 | 0 |
| c) convertible debentures | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. Shares in investment pools | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. Other financial investments | 0 | 0 | 0 | 0 | 0 | 0 |

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

ASSETS – CHANGES DURING THE YEAR IN OTHER FINANCIAL INVESTMENTS HELD AS LONG-TERM INVESTMENTS: SHARES AND INTERESTS IN COMPANIES, SHARES IN COMMON INVESTMENT FUNDS, BONDS AND OTHER FIXED-INCOME SECURITIES, PARTICIPATION IN INVESTMENT POOLS AND OTHER FINANCIAL INVESTMENTS (ITEMS C.III.1, 2, 3, 5, 7)

| | Shares and interests | | Shares in common investment funds | | Bonds and other fixed-income securities | | Participation in investment pools | | Sundry financial investments | |
|------------------------------------|----------------------|---------|-----------------------------------|---------|---|---------|-----------------------------------|---------|------------------------------|---------|
| | C.III.1 | C.III.2 | C.III.3 | C.III.5 | C.III.7 | C.III.1 | C.III.2 | C.III.3 | C.III.5 | C.III.7 |
| Initial balance | 0 21 | 0 41 | 1,686,459 81 | 0 101 | 811,097 | + | 0 21 | 0 41 | 0 101 | 811,097 |
| Increases during the year | 0 22 | 0 42 | 7,820 82 | 0 102 | 483,832 | + | 0 22 | 0 42 | 0 102 | 483,832 |
| for: purchases | 0 23 | 0 43 | 0 83 | 0 103 | 387,138 | | 0 23 | 0 43 | 0 103 | 387,138 |
| write-backs | 0 24 | 0 44 | 0 84 | 0 104 | 3 | | 0 24 | 0 44 | 0 104 | 3 |
| transfer from short-term portfolio | 0 25 | 0 45 | 0 85 | 0 105 | 0 | | 0 25 | 0 45 | 0 105 | 0 |
| other changes | 0 26 | 0 46 | 7,820 86 | 0 106 | 96,691 | | 0 26 | 0 46 | 0 106 | 96,691 |
| Decreases during the year | 0 27 | 0 47 | 30,077 87 | 0 107 | 474,303 | - | 0 27 | 0 47 | 0 107 | 474,303 |
| for: sales | 0 28 | 0 48 | 0 88 | 0 108 | 0 | | 0 28 | 0 48 | 0 108 | 0 |
| write-downs | 0 29 | 0 49 | 0 89 | 0 109 | 4,475 | | 0 29 | 0 49 | 0 109 | 4,475 |
| transfer to short-term portfolio | 0 30 | 0 50 | 0 90 | 0 110 | 0 | | 0 30 | 0 50 | 0 110 | 0 |
| other changes | 0 31 | 0 51 | 30,077 91 | 0 111 | 469,828 | | 0 31 | 0 51 | 0 111 | 469,828 |
| Carrying value | 0 32 | 0 52 | 1,664,202 92 | 0 112 | 820,626 | | 0 32 | 0 52 | 0 112 | 820,626 |
| Current value | 0 33 | 0 53 | 1,880,536 93 | 0 113 | 820,626 | | 0 33 | 0 53 | 0 113 | 820,626 |

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

| | | Loans | | Deposits with credit institutions | |
|---------------------------|---|----------------|-------|--|-----------|
| | | C.III.4 | | C.III.6 | |
| Initial balance | | 1 | 5,487 | 21 | 851,278 |
| Increases during the year | + | 2 | | 22 | 7,084,697 |
| for: issues | | 3 | | 23 | 7,082,430 |
| write-backs | | 4 | | 24 | |
| other changes | | 5 | | 25 | 2,267 |
| Decreases during the year | - | 6 | 685 | 26 | 5,576,845 |
| for: repayments | | 7 | 685 | 27 | 5,576,845 |
| write-downs | | 8 | | 28 | |
| other changes | | 9 | | 29 | |
| Carrying value | | 10 | 4,802 | 30 | 2,359,129 |

**LIABILITIES - CHANGES DURING THE YEAR IN COMPONENTS OF THE RESERVE
FOR UNEARNED PREMIUMS (ITEM C.I.1) AND THE PROVISION FOR OUTSTANDING CLAIMS
(ITEM C.I.2) OF THE NON-LIFE BRANCHES**

| Type | Financial | | Previous year | | Change | |
|--|-----------|-----------|---------------|-----------|--------|----------|
| Provisions for unearned premiums: | | | | | | |
| Reserve for premium instalments | 1 | 1,401,289 | 11 | 1,274,925 | 21 | 126,364 |
| Reserve for unexpired risks | 2 | 290,000 | 12 | 250,000 | 22 | 40,000 |
| Carrying value | 3 | 1,691,289 | 13 | 1,524,925 | 23 | 166,364 |
| Provisions for claims outstanding: | | | | | | |
| Provision for damages and direct expenses | 4 | 492,236 | 14 | 634,163 | 24 | -141,927 |
| Provision for claim settlement costs | 5 | 9,161 | 15 | 2,912 | 25 | 6,249 |
| Provision for claims incurred and not notified | 6 | 16,234 | 16 | 10,610 | 26 | 5,624 |
| Carrying value | 7 | 517,631 | 17 | 647,685 | 27 | -130,054 |

LIABILITIES – CHANGES DURING THE YEAR IN THE PROVISION FOR OTHER RISKS AND CHARGES (ITEM E) AND IN THE PROVISION FOR SEVERANCE PAY (ITEM G.VII)

| | | Provisions for pensions and similar obligations | Provisions for taxation | Other provisions | Severance pay provision |
|--------------------------|---|--|--------------------------------|-------------------------|--------------------------------|
| Gross initial balance | | 1 1,919 | 11 22,430 | 21 31,294 | 31 6,302 |
| Provisions for the year | + | 2 | 12 56,267 | 22 1,174 | 32 92 |
| Other increases | + | 3 | 13 | 23 1,913 | 33 209 |
| Utilisation for the year | - | 4 74 | 14 | 24 351 | 34 424 |
| Other increases | - | 5 | 15 | 25 | 35 12 |
| Carrying value | | 6 1,845 | 16 78,697 | 26 34,031 | 36 6,167 |

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

I: Assets

| | Controlling companies | Subsidiaries | Affiliated companies | Associated companies | Other | Total | | | |
|---|--------------------------|--------------|-------------------------|-------------------------|-------|--------------|----|----|----------------|
| Shares and interests | 1 | 2 | 180,878 | 3 | 4 | 7,776 | 5 | 6 | 188,654 |
| Bonds | 7 | 8 | | 9 | 10 | | 11 | 12 | |
| Loans | 13 | 14 | 590,000 | 15 | 16 | | 17 | 18 | 590,000 |
| Participation in investment pools | 19 | 20 | | 21 | 22 | | 23 | 24 | |
| Deposits with credit institutions | 25 | 26 | | 27 | 28 | | 29 | 30 | |
| Other financial investments | 31 | 32 | | 33 | 34 | | 35 | 36 | |
| Deposits with ceding undertakings | 37 | 38 | 139 | 39 | 40 | | 41 | 42 | 139 |
| Investments relating to contracts linked to investment funds and market indexes | 43 | 44 | | 45 | 46 | | 47 | 48 | |
| Investments relating to the administration of pension funds | 49 | 50 | | 51 | 52 | | 53 | 54 | |
| Debtors arising out of direct insurance | 55 | 56 | | 57 | 58 | | 59 | 60 | |
| Debtors arising out of reinsurance operations | 61 | 62 | | 63 | 64 | | 65 | 66 | |
| Other debtors | 67 | 68 | 12,961 | 69 | 70 | | 71 | 72 | 12,961 |
| Bank and Postal accounts | 73 | 74 | | 75 | 76 | | 77 | 78 | |
| Miscellaneous assets | 79 | 80 | | 81 | 82 | | 83 | 84 | |
| Total | 85 | 86 | 783,977 | 87 | 88 | 7,776 | 89 | 90 | 791,753 |
| of which subordinated assets | 91 | 92 | 20,000 | 93 | 94 | | 95 | 96 | 20,000 |

II: Liabilities

| | Controlling companies | Subsidiaries | Affiliated companies | Associated companies | Other | Total | | |
|---|--------------------------|--------------|-------------------------|-------------------------|-------|-------|-----|--------------|
| Subordinated liabilities | 97 | 98 | | 99 | 100 | 101 | 102 | |
| Deposits received from reinsurers | 103 | 104 | | 105 | 106 | 107 | 108 | |
| Creditors arising out of direct insurance | 109 | 110 | | 111 | 112 | 113 | 114 | |
| Creditors arising out of reinsurance operations | 115 | 116 | | 117 | 118 | 119 | 120 | |
| Amounts owed to banks and credit institutions | 121 | 122 | | 123 | 124 | 125 | 126 | |
| Loans guaranteed by mortgages | 127 | 128 | | 129 | 130 | 131 | 132 | |
| Miscellaneous loans and other financial liabilities | 133 | 134 | | 135 | 136 | 137 | 138 | |
| Miscellaneous creditors | 139 | 140 | 9,347 | 141 | 142 | 143 | 144 | 9,347 |
| Miscellaneous liabilities | 145 | 146 | | 147 | 148 | 149 | 150 | |
| Total | 151 | 152 | 9,347 | 153 | 154 | 155 | 156 | 9,347 |

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

| | FY | Previous year | |
|---|----|------------------|---------------------|
| I. Guarantees given: | | | |
| a) sureties and endorsements given in the interest of controlling subsidiary and affiliated companies | 1 | | 31 |
| b) sureties and endorsements given in the interest of associated companies and other shareholdings | 2 | | 32 |
| c) sureties and endorsements given in the interest of third parties | 3 | | 33 |
| d) other personal guarantees given in the interest of subsidiary and affiliated companies | 4 | | 34 |
| e) other personal guarantees given in the interest of other shareholdings | 5 | | 35 |
| f) other personal guarantees given in the interest of third parties | 6 | | 36 |
| g) guarantees secured by mortgages given for obligations of third parties subsidiary and affiliated companies | 7 | | 37 |
| h) guarantees secured by mortgages given for obligations of associated companies and other shareholdings | 8 | | 38 |
| i) guarantees secured by mortgages given for obligations of third parties | 9 | | 39 |
| l) guarantees given for obligations of the Company | 10 | | 40 |
| m) assets deposited for inward reinsurance | 11 | | 41 |
| Total | 12 | | 42 |
| II. Guarantees received: | | | |
| a) from Group companies, associates and other shareholdings | 13 | | 43 |
| b) from third parties | 14 | 4,495 | 44 4,094 |
| Total | 15 | 4,495 | 45 4,094 |
| III. Guarantees issued by third parties in the interest of the Company: | | | |
| a) from Group companies, associates and other shareholdings | 16 | | 46 |
| b) from third parties | 17 | | 47 |
| Total | 18 | | 48 |
| IV. Commitments: | | | |
| a) commitments for purchases with obligation of resale | 19 | | 49 |
| b) commitments for purchases with obligation of resale | 20 | | 50 |
| c) other commitments | 21 | 6,036,703 | 51 3,985,993 |
| Total | 22 | 6,036,703 | 52 3,985,993 |

SCHEDULE OF COMMITMENTS FOR TRANSACTIONS ON DERIVATIVES

| Derivatives | Financial | | | | Previous year | | | | | | | | |
|--------------------|---------------|-----|------|-----------|---------------|---------|---------|-----|-------|---------|---------|-------|------|
| | Purchase | | Sale | | Purchase | | Sale | | | | | | |
| | (1) | (2) | (1) | (2) | (1) | (2) | (1) | (2) | | | | | |
| Futures: | on shares | 1 | 101 | 21 | 121 | 41 | 141 | 61 | 197 | 161 | 197 | | |
| | on bonds | 2 | 102 | 22 | 122 | 42 | 142 | 62 | 7,373 | 162 | 7,373 | | |
| | on currencies | 3 | 103 | 23 | 123 | 43 | 143 | 63 | | 163 | | | |
| | on rates | 4 | 104 | 24 | 124 | 44 | 144 | 64 | | 164 | | | |
| | other | 5 | 105 | 25 | 125 | 45 | 145 | 65 | | 165 | | | |
| Options: | on shares | 6 | 106 | 26 | 126 | 46 | 146 | 66 | | 166 | | | |
| | on bonds | 7 | 107 | 27 | 127 | 47 | 147 | 67 | | 167 | | | |
| | on currencies | 8 | 108 | 28 | 1,819,386 | 128 | -20,456 | 48 | 148 | 68 | 157,367 | 168 | -382 |
| | on rates | 9 | 109 | 29 | 129 | 49 | 149 | 69 | | 169 | | | |
| | other | 10 | 110 | 30 | 130 | 50 | 150 | 70 | | 170 | | | |
| Swaps: | on currencies | 11 | 111 | 31 | 131 | 51 | 151 | 71 | | 171 | | | |
| | on rates | 12 | 112 | 32 | 132 | 52 | 152 | 72 | | 172 | | | |
| | other | 13 | 113 | 33 | 133 | 53 | 153 | 73 | | 173 | | | |
| Other transactions | 14 | 114 | 34 | 134 | 54 | 154 | 74 | | 174 | | | | |
| Total | 15 | 115 | 35 | 1,819,386 | 135 | -20,456 | 55 | 155 | 75 | 164,937 | 175 | 7,188 | |

Notes:

- Only transactions on derivatives existing at the date of the accounts that involve commitments for the Company must be stated. If the contract does not correspond precisely to the figures described or in the case in which it is characterised by elements of several types, it must be stated in the closest contractual category.

Offsetting of items is not permitted except in relation to purchase/sale transactions relating to the same type of contract (same content, expiry, underlying assets, etc.).

- The value to be assigned to derivative contracts that involve or may involve the exchange of capital at term is the settlement price of these; in all other cases, the nominal value of the reference capital must be indicated.
- Contracts that envisage the swapping of two currencies must be indicated once only, referring, by convention, to the currency to be purchased. Contracts that envisage interest rate and currency swaps must be indicated only under contracts on currency.
- Interest swap derivatives are classified conventionally as "purchases" or "sales" according to whether they involve the purchase or sale of the fixed rate or sale of the fixed rate for the insurance company.

(1) For derivative contracts that involve or may involve the exchange of capital at term is the settlement price of these; in all other cases, the nominal value of the reference capital must be indicated.

(2) Indicate the fair value of derivative contracts.

SUMMARY INFORMATION RELATING TO THE TECHNICAL ACCOUNT OF NON-LIFE INSURANCE BUSINESS

| | Gross premiums: written | | Gross premiums: for the year | | Gross charge for claims | | Management costs | | Reinsurance balance | |
|---|----------------------------|---------|---------------------------------|---------|----------------------------|----------|---------------------|--------|------------------------|---------|
| Direct business: | | | | | | | | | | |
| Personal accident and Health (classes 1 and 2) | 1 | | 2 | | 3 | | 4 | | 5 | |
| TPL land vehicles (class 10) | 6 | | 7 | | 8 | | 9 | | 10 | |
| TPL land vehicles (class 3) | 11 | | 12 | | 13 | | 14 | | 15 | |
| Marine, Aviation and Transport (classes 4, 5, 6, 7, 11 and 12) | 16 | | 17 | | 18 | | 19 | | 20 | |
| Fire and other property damage(classes 8 and 9) | 21 | | 22 | | 23 | | 24 | | 25 | |
| Non-motor TPL (class 13) | 26 | | 27 | | 28 | | 29 | | 30 | |
| Personal accident and Health (classes 14 and 15) | 31 | 273,660 | 32 | 140,334 | 33 | -195,344 | 34 | 74,539 | 35 | -13,910 |
| Sundry Pecuniary Losses (class 16) | 36 | | 37 | | 38 | | 39 | | 40 | |
| Legal Fees (class 17) | 41 | | 42 | | 43 | | 44 | | 45 | |
| Assistance (class 18) | 46 | | 47 | | 48 | | 49 | | 50 | |
| Total direct business | 51 | 273,660 | 52 | 140,334 | 53 | -195,344 | 54 | 74,539 | 55 | -13,910 |
| Reinsurance business | 56 | 34,247 | 57 | 5,197 | 58 | -982 | 59 | 2,517 | 60 | |
| Total Italian portfolio | 61 | 307,907 | 62 | 145,531 | 63 | -196,326 | 64 | 77,056 | 65 | -13,910 |
| Foreign portfolio | 66 | 4,701 | 67 | 713 | 68 | -135 | 69 | 346 | 70 | |
| Grand total | 71 | 312,608 | 72 | 146,244 | 73 | -196,461 | 74 | 77,402 | 75 | -13,910 |

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

| | Non-life business | Life business | Total | |
|---|-------------------|---------------|-------|---------|
| Income from shares and interests: | | | | |
| Dividends and other income from shares and interests of Group companies and shareholdings | 1 | 41 | 81 | |
| Dividends and other income from shares and interests in other companies | 2 | 1,243 | 82 | 1,243 |
| Total | 3 | 1,243 | 83 | 1,243 |
| Income from investments in land and buildings | 4 | 717 | 84 | 717 |
| Income from other investments: | | | | |
| Income from bonds of Group companies and shareholdings | 5 | 45 | 85 | |
| Interest on loans to group companies and shareholdings | 6 | 13,809 | 86 | 13,809 |
| Income from shares in common investment funds | 7 | 47 | 87 | |
| Income from bonds and other fixed-income securities | 8 | 74,111 | 88 | 74,111 |
| Interest on loans | 9 | 105 | 89 | 105 |
| Income from shares in investment pools | 10 | 50 | 90 | |
| Interests on deposits with credit institutions | 11 | 18,076 | 91 | 18,076 |
| Income from other financial investments | 12 | 13,359 | 92 | 13,359 |
| Interest on deposits with ceding undertakings | 13 | 53 | 93 | |
| Total | 14 | 119,461 | 94 | 119,461 |
| Value re-adjustments on investments in: | | | | |
| Land and buildings | 15 | 55 | 95 | |
| Shares and interests, Group companies and shareholdings | 16 | 56 | 96 | |
| Bonds issued by Group companies and shareholdings | 17 | 57 | 97 | |
| Other shares and interests | 18 | 11,973 | 98 | 11,973 |
| Other bonds | 19 | 59 | 99 | |
| Other financial investments | 20 | 36,160 | 100 | 36,160 |
| Total | 21 | 48,133 | 101 | 48,133 |
| Income from the disposal of investments: | | | | |
| Gains on disposal of land and buildings | 22 | 62 | 102 | |
| Gains on shares and interests in Group companies and shareholdings | 23 | 63 | 103 | |
| Income from bonds issued by Group companies and shareholdings | 24 | 64 | 104 | |
| Gains on other shares and interests | 25 | 15,711 | 105 | 15,711 |
| Gains on other bonds | 26 | 16,491 | 106 | 16,491 |
| Gains on other financial investments | 27 | 507,217 | 107 | 507,217 |
| Total | 28 | 539,419 | 108 | 539,419 |
| GRAND TOTAL | 29 | 708,972 | 109 | 708,972 |

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

| | Non-life business | Life business | Total |
|---|-------------------|---------------|------------|
| Investment management charges and other charges | | | |
| Charges relating to shares and interests | 1 | 31 | 61 |
| Charges relating to investments in land and buildings | 2 1,004 | 32 | 62 1,004 |
| Charges relating to bonds | 3 | 33 | 63 |
| Charges relating to common investment funds | 4 | 34 | 64 |
| Charges relating to participation in investment pools | 5 | 35 | 65 |
| Charges relating to miscellaneous financial investments | 6 2,756 | 36 | 66 2,756 |
| Interest on deposits received from reinsurers | 7 | 37 | 67 |
| Total | 8 3,760 | 38 | 68 3,760 |
| Value adjustments on investments referring to: | | | |
| Land and buildings | 9 | 39 | 69 |
| Shares and interests of Group companies and shareholdings | 10 357 | 40 | 70 357 |
| Bonds issued by Group companies and shareholdings | 11 | 41 | 71 |
| Other shares and interests | 12 173,952 | 42 | 72 173,952 |
| Other bonds | 13 69 | 43 | 73 69 |
| Other financial investments | 14 53,825 | 44 | 74 53,825 |
| Total | 15 228,204 | 45 | 75 228,204 |
| Capital losses on disposal of investments | | | |
| Losses on the sale of land and buildings | 16 | 46 | 76 |
| Losses on other shares and interests | 17 44 | 47 | 77 44 |
| Losses on bonds | 18 2,135 | 48 | 78 2,135 |
| Losses from other financial investments | 19 405,215 | 49 | 79 405,215 |
| Total | 20 407,394 | 50 | 80 407,394 |
| GRAND TOTAL | 21 639,357 | 51 | 81 639,357 |

SUMMARY STATEMENT OF THE TECHNICAL ACCOUNT OF ALL THE NON-LIFE BRANCHES ITALIAN PORTFOLIO

| | | Risks of direct insurance | | Risks of indirect insurance | | Risks preserved | | Total 5 = 1 - 2 + 3 - 4 | | |
|--|---|---------------------------|---------------------|-----------------------------|--------------------------|-----------------|---------|----------------------------|----|----------|
| | | Direct risks 1 | Risks ceded 2 | Risks assumed 3 | Risks retroceded 4 | | | | | |
| Premiums written | + | 1 | -273,660 | 11 | 8,874 | 21 | -34,247 | 31 | 41 | -299,033 |
| Change in the provisions for unearned premiums (+ or -) | - | 2 | 133,326 | 12 | -8,765 | 22 | 29,050 | 32 | 42 | 153,612 |
| Charges relating to claims | - | 3 | -195,344 | 13 | -13,981 | 23 | -982 | 33 | 43 | -210,306 |
| Change in miscellaneous technical provisions (+ or -) | - | 4 | | 14 | | 24 | | 34 | 44 | |
| Balance of other technical items (+ or -) | + | 5 | -8,310 | 15 | | 25 | 1 | 35 | 45 | -8,309 |
| Operating expenses | - | 6 | 74,539 | 16 | -38 | 26 | 2,517 | 36 | 46 | 77,019 |
| Technical balance (+ or -) | | 7 | -269,448 | 17 | -13,910 | 27 | -3,660 | 37 | 47 | -287,017 |
| Change in the equalisation provision (+ or -) | - | 8 | 32,049 | | | | | | 48 | 32,049 |
| Allocated investment return transferred from the non-technical account | + | 9 | -21,629 | | | 29 | | | 49 | -21,629 |
| Result of the technical account (+ or -) | | 10 | -259,028 | 20 | -13,910 | 30 | -3,660 | 40 | 50 | -276,598 |

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

SUMMARY LAYOUT OF NON-LIFE AND LIFE TECHNICAL ACCOUNTS – FOREIGN PORTFOLIO

Section I: Non-life business

| | | Total lines of business |
|--|----------------------------|-------------------------|
| Direct business gross of reinsurance | | |
| Premiums written | | 1 |
| Change in the provisions for unearned premiums (+ or -) | - | 2 |
| Charges relating to claims | - | 3 |
| Change in miscellaneous technical provisions (+ or -) (1) | - | 4 |
| Balance of other technical items (+ or -) | | 5 |
| Operating expenses | - | 6 |
| Technical balance direct business (+ or -) | A | 7 |
| Result of outward reinsurance (+ or -) | B | 8 |
| Net result of inward reinsurance (+ or -) | C | 9 |
| Change in the equalisation provision (+ or -) | D | 10 |
| Allocated investment return transferred from the non-technical account | E | 11 |
| Result of the technical account (+ or -) | (A + B + C - D + E) | 12 |
| | | -502 |
| | | 4,399 |
| | | -2,969 |
| | | 928 |

Section I: Life business

| | | Total lines of business |
|---|--------------------|-------------------------|
| Direct business gross of reinsurance | | |
| Premiums written | + | 1 |
| Charges relating to claims | - | 2 |
| Change in provisions for policy liabilities and in other technical provisions (+ or -) (2) | - | 3 |
| Balance of other technical items (+ or -) | + | 4 |
| Operating expenses | | 5 |
| Income from investments net of the allocated investment return transferred to the non technical account (3) | + | 6 |
| Result of direct business gross of reinsurance (+ or -) | A | 7 |
| Result of inward reinsurance (+ or -) | B | 8 |
| Net result of inward reinsurance (+ or -) | C | 9 |
| Result of the technical account (+ or -) | (A + B + C) | 10 |

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

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

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

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

| I: Income | Controlling companies | Subsidiaries | Affiliated companies | Associated companies | Other | Total |
|---|-----------------------|--------------|----------------------|----------------------|-------|-----------|
| Investment income | | | | | | |
| Income from land and buildings | 1 | 2 717 | 3 | 4 | 5 | 6 717 |
| Dividends and other income from shares and interests | 7 | 8 | 9 | 10 | 11 | 12 |
| Income from bonds | 13 | 14 | 15 | 16 | 17 | 18 |
| Interest on loans | 19 | 20 | 21 | 22 | 23 | 24 |
| Income from other financial investments | 25 | 26 13,809 | 27 | 28 | 29 | 30 13,809 |
| Interest on deposits with ceding undertakings | 31 | 32 1 | 33 | 34 | 35 | 36 1 |
| Total | 37 | 38 14,528 | 39 | 40 | 41 | 42 14,528 |
| Income and unrealised gains on investments for the benefit of policyholders who bear the investment risk and relating to the administration of pension funds | | | | | | |
| | 43 | 44 | 45 | 46 | 47 | 48 |
| Other income | | | | | | |
| Interest on receivables | 49 | 50 | 51 | 52 | 53 | 54 |
| Refunds of administrative expenses and charges | 55 | 56 | 57 | 58 | 59 | 60 |
| Other income and refunds | 61 | 62 4,391 | 63 | 64 | 65 | 66 4,391 |
| Total | 67 | 68 4,391 | 69 | 70 | 71 | 72 4,391 |
| Income from the disposal of investments (*) | 73 | 74 | 75 | 76 | 77 | 78 |
| Extraordinary income | 79 | 80 | 81 | 82 | 83 | 84 |
| GRAND TOTAL | 85 | 86 18,919 | 87 | 88 | 89 | 90 18,919 |

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

(*) With reference to the counterpart in the operation.

SUMMARY STATEMENT OF PREMIUMS WRITTEN FOR DIRECT BUSINESS

| | Non-life business | | Life business | | Total | |
|--|-------------------|--------|---------------|--------|---------------|--------|
| | Establishment | F.P.S. | Establishment | F.P.S. | Establishment | F.P.S. |
| Premiums written: | | | | | | |
| in Italy | 1 273,660 | 5 | 11 | 15 | 21 273,660 | 25 |
| in other countries of the European Union | 2 | 6 | 12 | 16 | 22 | 26 |
| in non-EU Countries | 3 | 7 | 13 | 17 | 23 | 27 |
| Total | 4 273,660 | | 14 | 18 | 24 273,660 | 28 |

STATEMENT OF EXPENSES RELATING TO PERSONNEL, DIRECTORS AND STATUTORY AUDITORS

| I: Staff costs | Non-life business | | Life business | | Total |
|---|-------------------|--------|---------------|----|--------|
| Personnel costs | | | | | |
| Italian portfolio: | | | | | |
| - Wages and salaries | 1 | 30,058 | 31 | 61 | 30,058 |
| - Social security contributions | 2 | 7,966 | 32 | 62 | 7,966 |
| - Allocation to the provisions for employee termination indemnities and similar obligations | 3 | 2,088 | 33 | 63 | 2,088 |
| - Sundry personnel expenses | 4 | 10,567 | 34 | 64 | 10,567 |
| Total | 5 | 50,680 | 35 | 65 | 50,680 |
| Foreign portfolio: | | | | | |
| - Wages and salaries | 6 | 4,138 | 36 | 66 | 4,138 |
| - Social security contributions | 7 | 1,097 | 37 | 67 | 1,097 |
| - Sundry personnel expenses | 8 | 1,455 | 38 | 68 | 1,455 |
| Total | 9 | 6,689 | 39 | 69 | 6,689 |
| Grand Total | 10 | 57,369 | 40 | 70 | 57,369 |
| Costs of self-employed personnel: | | | | | |
| Total Italian portfolio | 11 | 3,298 | 41 | 71 | 3,298 |
| Foreign portfolio | 12 | 454 | 42 | 72 | 454 |
| Total | 13 | 3,752 | 43 | 73 | 3,752 |
| Total costs of workforce | 14 | 61,121 | 44 | 74 | 61,121 |

| II: Description of the item | Non-life business | | Life business | | Total |
|--|-------------------|--------|---------------|----|--------|
| Investment management charges | 15 | 1,617 | 45 | 75 | 1,617 |
| Charges relating to claims | 16 | 2,369 | 46 | 76 | 2,369 |
| Other acquisition costs | 17 | 15,791 | 47 | 77 | 15,791 |
| Other acquisition costs | 18 | 41,344 | 48 | 78 | 41,344 |
| Administrative costs and expenses on behalf of third parties | 19 | | 49 | 79 | |
| | 20 | | 50 | 80 | |
| Total | 21 | 61,121 | 51 | 81 | 61,121 |

| III: Average number of personnel during the year | Number | |
|--|--------|-----|
| Managers | 91 | 31 |
| White collar | 92 | 438 |
| Blue collar workers | 93 | |
| Others | 94 | |
| Total | 95 | 469 |

| IV Directors and statutory auditors | Number | | Fees | |
|-------------------------------------|--------|---|------|-----|
| Directors | 96 | 5 | 98 | 384 |
| Statutory Auditors | 97 | 3 | 99 | 55 |

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

The legal representatives of the company (*)

Alessandro Castellano (**)

The Statutory Auditors

Marcello Cosconati

Alessandra Rosa

Giuliano Segre

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

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

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

CERTIFICATION OF THE FINANCIAL STATEMENTS pursuant to article 13, para. 10.8 of the corporate bylaws of SACE S.p.A.

We the undersigned, Alessandro Castellano, in my capacity as CEO and Roberto Taricco, in my capacity as executive officer responsible for preparing the corporate accounts of Sace S.p.A., hereby certify:

- the adequacy in relation to the characteristics of the company and
 - the effective application
- of the administrative and accounting procedures used to prepare the financial statements for the year ended at 31 December 2014.

The adequacy of the administrative and accounting procedures used to prepare the financial statements for the year ended at 31 December 2014 was assessed on the basis of a process defined by SACE in accordance with generally recognised international standards.

We hereby also certify that:

- the financial statements at 31 December 2014:
 - correspond to the results of company records and accounting entries;
 - were drawn up in accordance with article 6, para. 22 of Legislative Decree 269/2003, the applicable provisions of Legislative Decree 209 of 7 September 2005, Legislative Decree 173 of 26 May 1997 (with regard to the provisions governing the annual and consolidated accounts of insurance companies) and that to the best of our knowledge they give a true and fair view of the state of affairs, the financial standing and the operating result of the company.
 - the report on operations includes a fair review of the operating performance and result and the situation of the company and a description of the main risks and uncertainties to which it is exposed.

Rome, 19 March 2015

CEO
Alessandro Castellano

Executive Officer
Roberto Taricco

report

OF THE BOARD OF STATUTORY AUDITORS

REPORT OF THE BOARD OF STATUTORY AUDITORS

on the draft financial statements for the year ended on 31 December 2014

Dear Shareholders,

This report is prepared by the Board of Statutory Auditors pursuant to Article 2429, section two, of the Italian Civil Code.

In the year ended 31 December 2014 we carried out our duties in accordance with Art. 2403 of the Italian Civil Code and in compliance with the Principles of Conduct of the Board of Statutory Auditors, recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (Italian board of certified public accountants).

During the reporting period, in view of the fact that the statutory audit is the exclusive responsibility of the party appointed for that purpose, we therefore acted in an entirely supervisory capacity.

On 19 March 2015, following the resolutions adopted, the Directors of SACE S.p.A. provided us with the draft financial statements for the year ended at 31 December 2014, together with the relative detailed statements and annexes and their Report, in accordance with the requirements of company law and legislation governing the specific area of business of SACE S.p.A.

We were appointed as Members of the Board of Statutory Auditors by resolution of the Shareholders' Meeting of 2 July 2013 for three financial years and, therefore, until the Shareholders' Meeting called to approve the financial statements for 2015. We held 12 (twelve) meetings during 2014, as indicated in our book of meetings and resolutions. During the year, we participated in all of the Board Meetings and received information about operations and the most significant transactions without delay from the Board of Directors, company managers and the other supervisory bodies, and are satisfied that all operations approved and implemented comply with the law and the corporate bylaws, do not contradict previous decisions and are in line with the principles of correct administration, and we can reasonably state that they are consistent with the structure and size of the company and its assets.

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

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

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

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

Taking into account the direction and coordination activities of the parent company Cassa Depositi e Prestiti S.p.A., we monitored the adequacy of the company's organisational, administrative and accounting structure, also by gathering information from the respective department managers,

examining the work of the Independent Auditors and with meetings with the Boards of Statutory Auditors of the parent company Cassa depositi e prestiti S.p.A. and the SACE BT S.p.A. and SACE Fct S.p.A. subsidiaries. This showed the organisational, administrative and accounting structure to be in line with the company's needs and to be backed by efficient corporate procedures.

We worked in collaboration with the Head of the internal auditing department, which also gave rise to detailed analyses and flows of information concerning the effectiveness of corrections that had been proposed and actually implemented.

The information received from the Supervisory Committee on the adequacy of the organisation, management and control model, pursuant to Legislative Decree 231 of 2001, confirmed that there were no signs of weakness in the procedures adopted by the company.

Functions are well distributed within the Board of Directors and in line with the mandates conferred. In that respect we continued to press for supervisory activities to include the effective separation of responsibilities as regards the various tasks and functions, also to protect the assumed risks.

Considering that with the letter dated 14 October 2013, the Shareholder, as part of the action plan envisaged in the Business Plan, had requested the release of capital resources in excess of € 1.8 billion and that the Shareholders' Meeting of SACE of 20 December 2013 had already provided for the distribution of available reserves, for a total amount of € 1,001,074,320.00, it should be noted that the Shareholders' Meeting of 19 December 2014 resolved: (i) the reduction of share capital from € 4,340,053,892 to € 3,541,128,212, by reimbursement to the shareholder of € 798,925,680, as stated in the Directors' Report, in accordance with Article 2445 of the Italian Civil Code. This resolution was implemented on 31 March 2015, 90 days after filing of the same in the Register of Companies without any third party having objected to the same, and therefore subsequent to the end of the financial year; (ii) subject to the amendment of Article 8 of the Bylaws, a subordinated bond issue of € 500 million; consistent with that indicated in the Directors' Report, such issue was placed on 30 January 2015 with institutional investors, with an annual coupon of 3.875% for the first ten years and indexed to the 10-year swap rate, increased by 318.6 basis points for subsequent years.

The party appointed to carry out the statutory audit of the accounts for the three-year period 2013-2015, PricewaterhouseCoopers S.p.A., sole auditors of the Cassa Depositi e Prestiti Group, did not report any irregularities in the recording and disclosure of corporate facts nor, as far as the financial statements are concerned, any discrepancies with respect to the accounting standards and valuation criteria adopted in previous years, thus confirming the correctness of those used in order to give a true and fair view of the company's assets, liabilities, costs and revenues for the year ended at 31 December 2014. We acknowledge that, in their report, the independent auditors have certified that the financial statements for the year ending on 31 December 2014 have been drawn up clearly and provide a true and fair view of the state of affairs, financial standing, operating result, changes in shareholders' equity and cash flows of SACE S.p.A.

We supervised the general approach of the financial statements, their overall compliance with the law in terms of their layout and structure; we also verified compliance with the law concerning the preparation of the Directors' Report.

We did not receive any petitions or complaints pursuant to article 2408 of the Italian Civil Code.

Based on the above, we have no reservations concerning the approval of the year financial statements as prepared by the Board of Directors or their proposal to allocate the year profit amounting to € 83,143,474 as follows:

- € 19,157,174 to the "Legal Reserve", in accordance with the provisions of Article 2430 of the Italian Civil Code
- € 66,920,675 to the Other Reserves
- € 297,065,625 according to resolutions to be passed by the Shareholders' Meeting

Rome, 07 April 2015

The board of statutory auditors
 Mr. Marcello Cosconati (Chairman)
 Ms. Alessandra Rosa (Standing Auditor)
 Mr. Giuliano Segre (Standing Auditor)



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

To the Shareholder of
SACE SpA

- 1 We have audited the financial statements of SACE SpA as at 31 December 2014. The directors of SACE SpA are responsible for the preparation of these financial statements in compliance with the laws governing the criteria for their preparation. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

For the opinion on the financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 8 April 2014.

- 3 In our opinion, the financial statements of SACE SpA as of 31 December 2014 comply with the laws governing the criteria for their preparation; accordingly, they have been prepared clearly and give a true and fair view of the financial position and results of operations of the Company.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: **Milano** 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhler 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696011 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel. 0458263001

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- 4 The directors of SACE SpA are responsible for the preparation of a report on operations in compliance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Italian Accounting Profession and recommended by CONSOB. In our opinion the report on operations is consistent with the financial statements of SACE SpA as of 31 December 2014.

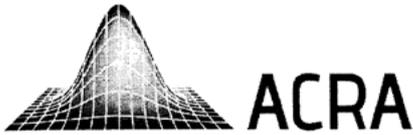
Rome, 2 April 2015

PricewaterhouseCoopers SpA

Signed by

Antonio Dogliotti
(Partner)

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



PRESIDENTE

Prof. Paolo De Angelis

SOCI

Dott. Paolo Nicoli
Dott. Fabio Baijone
Dott. Andrea Fortunati

PARTNERS

Dott. Eraldo Antonini
Dott. Francesco Maria Matricardi
Dott.ssa Susanna Levantesi
Prof. Massimiliano Menzietti

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

Rome, April 1st 2015

OBJECT: SACE S.p.A.
Financial Statements as at and for the year ended December 31st 2014

In accordance with my engagement, I have carried out an actuarial audit of the captions relating to the technical reserves included in the balance sheet liabilities of the financial statements of SACE S.p.A as at and for the year ended December 31st 2014, in order to express my opinion on the adequacy of the above technical reserves.

In particular, I declare that SACE S.p.A. in calculating technical reserves as at December 31st 2014 has adopted:

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

In my opinion the technical reserves of SACE S.p.A. as at December 31st 2014 - taken as a whole - are adequate to describe the value of Company liabilities.

The Actuary

Signed by

(Prof. Paolo De Angelis)

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

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PER LA CONSULENZA
E LA RICERCA ATTUARIALE

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CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

Meeting of the Board of Directors of 19 March 2015

SACE S.p.A.

Registered Office and Head Office in Rome

Share Capital (fully paid in) 4,340,053,892 euros

Tax No. and Rome Companies Register

No. 05804521002 – R.E.A. 923591

Sole Shareholder Cassa depositi e prestiti S.p.A.

company officers

AND BOARDS

BOARD OF DIRECTORS

Chairman

Giovanni CASTELLANETA

CEO (*)

Alessandro CASTELLANO

Directors

Maria Elena CAPPELLO (**)
Carlo MONTICELLI
Leone PATTOFATTO

BOARD OF STATUTORY AUDITORS

Chairman

Marcello COSCONATI

Standing Auditors

Alessandra ROSA
Giuliano SEGRE

Alternate Auditors

Edoardo ROSATI
Maria Enrica SPINARDI

STANDING DELEGATE OF THE COURT OF AUDITORS

Antonio FRITTELLA

EXTERNAL AUDITORS (*)**

PRICEWATERHOUSECOOPERS S.p.A.

Company Boards appointed by the Shareholders' Meeting on 2 July 2013 and in office for three years.

(*) Appointed CEO by resolution of the Board of Directors on 17 July 2013.

(**) Term of office expiring on April 30, 2015.

(***) Appointed for the three-year period 2013 - 2015 by the Shareholder's Meeting of 15 April 2013.

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DIRECTORS' *report*

1. THE ECONOMIC SCENARIO

The world economy

2014 was another year of transition for the world economy. Recent GDP growth estimates are slightly above 3%, a low performance compared to the pre-financial crisis trend.

Among the advanced economies, the euro area recorded a growth rate of less than 1%, with Germany among the best performers and Italy still in recession. Still at high levels are unemployment, especially among the young, and non-performing loans, particularly in Southern European countries that hinder the granting of new credit to businesses. The European Central Bank launched further measures to counter deflation and weak economic activity.

The United States and the United Kingdom confirmed the positive results of 2013, consolidating recovery. The US GDP grew at around 2.5% thanks to the positive contribution of consumption, driven by good results on the employment front.

Emerging Asia and Sub-Saharan Africa continued to record high growth rates, while the MENA area was affected by instability linked to the risks of political violence and the fall in oil prices. Growth in some commodity exporting countries of Latin America also slowed as a result of falling prices and a reduction in demand by China.

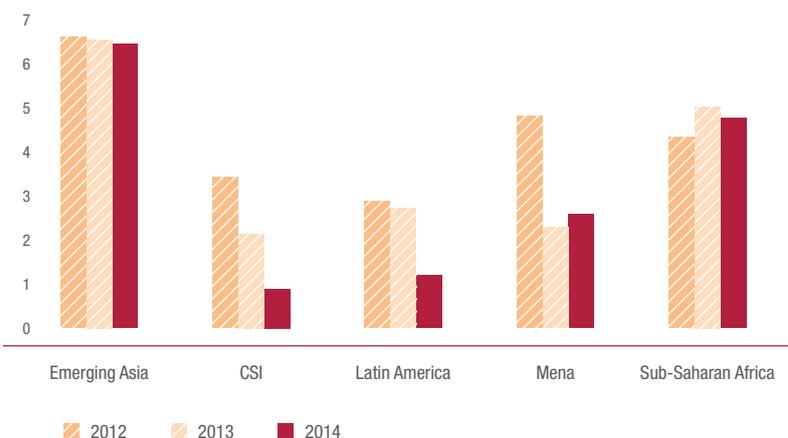
In detail, the slowdown in major emerging economies (Brazil, China, Russia) continues.

Despite the fall in crude oil prices and government stimulus measures, the Chinese economy grew by 7.4%, the lowest since 1990. Brazil is in stagnation and Russia has seen a rapid deterioration of the economic and financial situation. The country is adversely affected by the sanctions imposed by the West, the fall in oil prices and the collapse of the ruble.

In India, growth remained robust, especially in the light of the latest data on recalculated GDP (+ 6.9%), supported by favourable exchange rates and an increase in production.

Finally, the fall in oil prices in the second half of the year, while having started to produce positive effects for importing countries, is not without risks for the financial stability of exporting countries (Venezuela, Russia, Nigeria, Angola).

CHANGE IN GDP BY GEOGRAPHICAL REGION (% CHANGE)



Source: IMF

On international financial markets volatility has once again started to increase and this has prompted investors to focus acquisitions on low-risk assets. In addition, due to the worsening economic situation in some emerging economies, from September capital inflows to these countries, in particular towards Russia and Latin America, weakened.

The Italian economy and industrial sectors

The contraction in Italian GDP continued in 2014 (-0.4%), albeit less than in 2013. The decline in disposable household income, the high unemployment and the continuing difficulty in access to credit by businesses continue to be a burden. Net exports, on the other hand, made a positive contribution to the Italian economy also in 2014.

Industrial production fell by 0.8% in the year. Among the main groups, only capital goods had a positive sign, while the largest decrease was recorded in the energy sector (-5.2%). The data for consumer and intermediate goods were slightly negative. Among the sectors of economic activity, the manufacture of transport vehicles and computers and rubber and plastic items recorded positive performance. Food and beverages, chemicals and metals were relatively stable. Electrical equipment, refined and mined products reported negative growth trends.

Italian exports

The volume of international trade in goods is slowly recovering (+3.3 in 2014). Italy's trade balance reached € 42.9 billion, an improvement compared to the previous year. This reflects the increase in exports (+2%) and decline in imports (-1.6%). Exports recorded positive performance in the EU (+ 3.7%), while there was a fall in demand in the non-EU area (-0.1%). The most dynamic countries were Belgium, the US, Poland, China and the ASEAN member states; on the other hand, sales to Russia, countries in North Africa and the Mercosur countries decreased. In terms of sectors, the increase in exports was mainly due to the expansion of sales of consumer and capital goods, areas where exports drive growth for SACE's more traditional insurance business.

Credit, insolvencies and payments

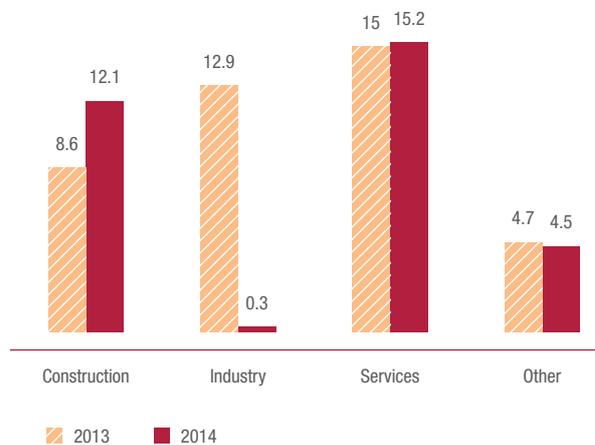
Bank loans to non-financial companies continued to decline, reflecting the low demand for investment and the high credit risk of borrowers. The prolonged recession has also produced an increase in non-performing bank loans to companies to € 131 billion (€ 108 billion in 2013). Also

bankruptcies increased, exceeding 15,000 cases (approx. 10,000 in 2013). Insolvencies increased mainly in commerce and construction. In industry, on the other hand, the sectors most in difficulty were metal products, industrial machinery, textiles and clothing and wood and furniture. In almost all regions, company insolvencies recorded significant growth rates. Lombardy is the most affected area, with 3,379 cases (22.1% of the total), followed by Lazio and Campania.

From Cerved data for the third quarter of 2014, it emerges that payments between companies took place, on average, in about 77.5 days, with an average delay of 17.5 days (17.7 in the same period of 2013).

COMPANY BANKRUPTCIES BY MACRO-SECTOR

(% change in the number of bankruptcies registered by macro-sector compared to the same period of the previous year)



Source: Cerved

Credit Recovery

The credit collection activities of SACE SRV recorded (in contrast with the market) a higher recovery rate compared to the previous year, despite the continuing difficulties of Italian companies in the current context of recession.

The number of protests raised against Italian companies decreased (-24.1% compared to 2013). The decline affected all sectors of the economy, in particular industry, where the number and incidence of companies protested has returned below the levels of 2007 (especially in the fashion industry, intermediate and high-tech products).

In 2014 the number of non-bankruptcy insolvency proceedings decreased significantly compared to 2013, mainly due to the sharp decline in arrangements with creditors - due to the significant reduction in "blank arrangements" due to the need to appoint a judicial commissioner introduced in order to limit abuse of the use of this type of procedure. Procedures opened in 2014 amounted to 2,784 (-16.4% vs 2013).

Outlook for 2015

The forecasts for 2015 indicate an acceleration in global GDP (+3.5%). The decrease in energy bills, the expansionary policies of the European Central Bank and, more generally, the depreciation of the euro, stimulating exports, will contribute to this result.

There are still some political risks due to the tensions between Russia and Ukraine and the problems in Syria, Iraq and Libya.

Italy's GDP will start to grow again, albeit at a rate of less than 1%, and recovery is expected to be slow and relatively weak. Unemployment will remain high, access to credit, albeit improving, will remain tight for smaller firms and the number of insolvencies will continue to decrease, even in the presence of positive growth rates.

2. STRATEGY

In 2014 the world economy continued to be held back by weak investments and many emerging and advanced countries recorded GDP growth rates under potential. Some of the economic headwinds that had plagued the previous two years, such as constraints on access to credit by businesses, especially SMEs, continued to be felt and the first signs of improvement only emerged in the last quarter. For Italy 2014 was another year of recession. Economic activity was held back by the reduction in investments which regarded both the construction industry and the capital goods sector. Export volumes were directly and indirectly affected by geopolitical tensions and the sanctions imposed on Russia. Within this macroeconomic context, SACE promoted exports and the internationalisation of Italian business enterprises, while adopting a strict policy of risk assumption and management.

A more customer-focused approach and the reinsurance treaty arrangement with the Italian Ministry of Economy and Finance have enabled SACE to increase its business with counterparties, sectors and countries for which it had reached high concentrations of risk.

The product offering has been further enhanced with the addition of the “Sviluppo Export” Fund, an alternative channel for funding internationalisation projects of SMEs. Trade Finance activities became fully operational and the company launched its Advisory functions and programmes. In working to adopt a more customer-focused business model and meet customers’ needs throughout the value chain, SACE has further strengthened the synergies with its product companies: SACE BT, SACE Fct and SACE SRV.

For 2015 Italy is expected to see positive growth in GDP and employment as recovery of the global economy gradually strengthens, driven by the economies that stood up best to the crisis, such as the US, UK and Germany. SACE plans to further expand its customer base by opening new offices in Italy and abroad, strengthening its capacities to understand and measure country risk, implementing targeted marketing strategies and acting as Official Partner for Italy’s International Growth at Expo Milano 2015.

As for the product companies, SACE BT, active in credit insurance, surety bonds and protection of construction risk, recorded a positive result at the end of 2014, finalising the review of the risk portfolio and the customer portfolio started in 2012. For the current year, the top line is expected to grow in line with the expected economic recovery, in accordance with prudent underwriting policies and operating efficiency.

As far as the interest in SACE BT is concerned, on 13 June 2014, pending the conclusion of the appeal in question, the President of the European Court of Justice issued an order suspending the decision of the European Commission regarding the presumed “state aid” provided in favour of SACE BT by the shareholder SACE S.p.A. On 24 June 2014 the Commission invited the Italian authorities to proceed with the recovery of € 13 million and, on its own initiative, granted the company the option of paying the amount into a blocked deposit account “pending the ruling to annul the decision” as provided for under point 70 of the Recovery Notice (O.J. C272, 15.11.2007, p.4-17). On 21 July 2014 the company paid € 13 million into a blocked deposit account. On 9 December 2014 the final preliminary hearing was held before the EU Court of Justice and the Judge is now expected to render a decision in the case (which is expected within the first half of 2015). As to the outcome of the main appeal, the likelihood of success, as already confirmed in the opinion of the law firm representing the company in the proceedings, has been further strengthened by the Order of the President of the European Court of Justice, which refers to “a well-founded probability of the appeal being accepted”.

SACE SRV, active in the management of information files instrumental to evaluation of counterparty risk and credit collection activities, completed the process of optimisation of information flows, with centralisation at group level of information assets and collection actions. The results of last year were in line with expectations. Over the next few months, the company will proceed with the rationalisation of activities in support of the core business of the group and with the diversification of the customer base.

SACE Fct, a factoring company, closed 2014 in line with the objectives of the Business Plan, despite the influences on the market of legislation relating to Public Administration payments and greater price competitiveness that has led to a margin squeeze. In 2015, the company will continue to grow, targeting its offer and sales network to the corporate segment and implementing a balance of its portfolio towards the Public Administration segment.

3. CONSOLIDATED NET PROFIT

The main highlights of 2014 operating performance are set forth below.

| (IN € THOUSAND) | Total 31-12-14 | Total 31-12-13 |
|--|----------------|----------------|
| Gross premiums | 390,432 | 398,671 |
| Change in technical provisions | 17,103 | 102,838 |
| Outward reinsurance premiums for the year | (22,353) | (31,730) |
| Net premium income | 385,182 | 469,779 |
| Net claims incurred | 78,209 | (244,974) |
| Management costs | (111,302) | (102,484) |
| Commissions and other acquisition expenses | (40,637) | (36,181) |
| Investment management charges | (3,981) | (4,328) |
| Other administrative expenses | (66,684) | (61,975) |
| Technical operating income | 352,089 | 122,321 |
| Non-technical operating income | 326,769 | 455,817 |
| Profit before taxes | 678,858 | 578,138 |
| Tax | (208,334) | (232,886) |
| Net result for the year | 470,524 | 345,252 |

The corresponding net profit amounted to € 470.5 million. The components that contributed to determining the result for the period are set forth below:

- gross premiums amounting to € 390.4 million decreased compared to the previous year (€ 398.7 million)
- the item "Net charges for claims" was positive and amounted to € 78.2 million (negative at - € 244.9 million at 31 December 2013) and is the result of claims paid of € 378.3 million (€ 366.6 million in 2013), the positive change in the claims reserve and other technical reserves of € 139.3 million (negative at -€ 46.7 million at 31 December 2013) and the positive change in collections of € 317.2 million (€ 168.4 million at 31 December 2013)
- operating expenses amounted to € 111.3 million with a y/y increase of 8.6%. The change in costs between the two years is due to the increase in personnel costs and the cost of goods and services
- the contribution of non-technical operations was positive and amounted to € 326.7 million (€ 456 million at 31 December 2013).

4. INSURANCE OPERATIONS

Premiums

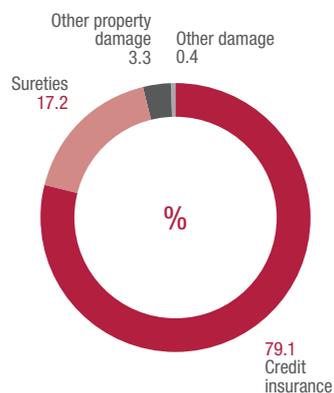
In 2014, gross premiums of the SACE group stood at € 390.4 million, of which € 352.7 million from direct business and € 37.7 million from indirect business (inward reinsurance). The results were substantially in line with the previous year.

BREAKDOWN OF PREMIUMS (IN € THOUSAND)

| BUSINESS | 2014 | 2013 | Change compared to |
|----------------------------|----------------|----------------|--------------------|
| Non-life (direct business) | 352,703 | 385,827 | -9% |
| Credit insurance | 279,001 | 318,497 | -12% |
| Surety | 60,757 | 56,422 | 8% |
| Other property damage | 11,721 | 9,936 | 18% |
| Non-motor TPL | 402 | 266 | 51% |
| Fire | 800 | 665 | 20% |
| Accident | 21 | 41 | -49% |
| Health | 0 | 0 | 0 |
| Life (direct business) | 0 | 0 | 0 |
| Total Direct Business | 352,703 | 385,827 | -9% |
| Total Indirect Business | 37,729 | 12,844 | 194% |
| Total | 390,432 | 398,671 | -2% |

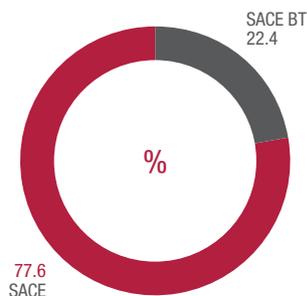
In terms of ratio of the individual classes of business to gross premiums from direct business, 79.1% of the premiums stemmed from credit insurance, 17.2% from surety bond insurance, 3.3% from Other property damage.

DETAILS OF PREMIUMS BY CLASS (DIRECT BUSINESS)



Of gross premiums from direct business, 77.6% refer to SACE while the remaining 22.4% refer to SACE BT.

DETAILS OF PREMIUMS BY GROUP COMPANY (DIRECT BUSINESS)



Claims and Recoveries

In 2014 SACE S.p.A. paid claims for a total amount of € 339.1 million, compared to € 312.1 million recorded in 2013. The amount mainly refers to claims on Iranian policies caused by the difficulties of Iranian counterparties in honouring payments, mainly as a consequence of the penalties imposed on the country by the UN and the EU, and claims on commercial risk policies directed towards Ukrainian, Polish and Iranian debtors. The sectors most affected by the latter were the steel industry and mechanics.

The cash flow of collections attributable to SACE S.p.A. arising from sovereign credit was approx. € 152.4 million, in line with previous years. These reflected repayments of receivables from Iraq (€ 38.8 million), Egypt (€ 36.3 million), Cuba (€ 15.3 million) and Argentina (€ 11.2 million). As regards trade recoveries, the total amount collected due to SACE amounted to around € 21.6 million.

The subsidiary SACE BT paid claims of € 39.4 million (€ 56.2 million at 31 December 2013). The evolution of claims during the year shows a reduction compared to 2013 (-34%) due to different phenomena according to the type of business.

- *Credit Insurance* business: shows a decrease in claims expenses of 59% over the previous year, noticeable in the reduction in the number defaults (-64%)
- *Surety* business: shows an increase of 11% in claims expenses compared to 31 December 2013, mainly due to individual major claims, while at the same time there was a 30% decrease in the number of claims
- *Other damage* business: shows a significant increase in the number of claims (+73%) compared to the previous year, accompanied by an increase in the value of claims expenses in excess of 100%.

Recoveries by SACE BT in 2014, amounted to € 5.8 million, net of legal fees.

5. RISK MANAGEMENT

Risk management policies

Risk management is based on the constant evolution of processes, of human resources and of the technologies adopted and is integrated in decision-making processes in order to improve risk-adjusted performance. The steps of identifying, measuring and controlling risks are essential factors in joint evaluation of company assets and liabilities and are carried out using the most effective asset liability management techniques.



The company implements the risk management process in accordance with applicable regulations¹. Risk management follows a set of procedures based on a three-pillar approach:

- The first (Pillar I) introduces a capital requirement to cover the typical risks of the insurance/finance business (technical, counterparty, market and operational)
- The second (Pillar II) requires group companies to adopt a capital adequacy strategy and control process
- The third (Pillar III) introduces disclosure requirements concerning capital adequacy, risk exposure and the general characteristics of the related management and control systems.

Below, specified for each group company, are the most significant risks:

- **Technical risk:** i.e. the **underwriting risk** and **credit risk**². The first, associated with the policy portfolio, is the risk of financial losses arising from unfavourable trends in actual compared to expected claims (premium risk) or differences between the cost of claims and reserved cost (reserve risk); the second with the risk of default and the risk of migration of the creditworthiness of the counterparty. Both risks are managed by adopting prudent pricing and provisioning strategies, which are defined according to market best practice, and through prudent underwriting policies, permanent monitoring and active portfolio management

¹ For SACE FCT Circular no. 216 of 5 August 1996 – 7th update of 9 July 2007 “Supervisory Instructions for Financial Intermediaries included in the Special List” issued by the Bank of Italy, for SACE BT and SACE ISVAP Regulation no. 20 of 26 March 2008, European Solvency Directive II no. 2009/138.

² The underwriting risk pertains to SACE and SACE BT.

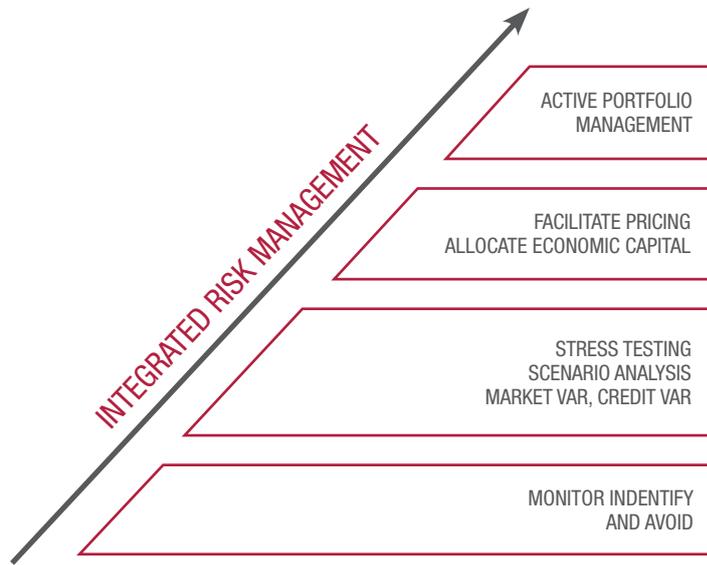
- **Market risk:** the risk of losses due to adverse changes in market prices of financial instruments, currencies and commodities. This type of risk is managed using asset-liability management techniques and kept within previously defined limits by adopting guidelines on asset allocation and market VaR techniques
- **Operational risk:** the risk of losses resulting from inadequate or failed internal processes, personnel or systems, or from external events. SACE and SACE BT conduct periodical self-assessments of potential operational risk factors and use a loss data collection process to measure and record their actual operating losses. These data represent the input of the process for measuring and controlling operational risks in accordance with the inspiring principles of the applicable regulations. With the objective of strengthening the monitoring and mitigation of such risk, SACE Fct is also carrying out the first operational risk assessment with reference to both Loss Data Collection and Risk Self Assessment
- **Liquidity risk:** the risk of the company being unable to meet financial obligations without suffering losses due to the inability to liquidate investments and other assets. For insurance portfolios liquidity risk is not significant since, in addition to the technical forms of underwriting which enable the settlement of the claim to be spread out over time, the investment policy is based heavily on the specific liquidity needs of investments. All the securities in the portfolios used to cover technical reserves are traded in regulated markets and the short average life of the investments guarantees their rapid turnover. The liquidity risk, on the other hand, is significant for SACE Fct and essentially consists of a funding liquidity risk; more specifically, it refers to the state of difficulty in effectively meeting current and future cash outflows and/or meeting its operational business commitments due to the closure of existing loans and/or the inability to SACE Fct to raise funds on the market without incurring capital losses or high costs of borrowing.
- **Concentration risk:** risk arising from exposures to counterparties, groups of connected counterparties and counterparties in the same economic sector or which engage in the same business or belong to the same geographic area
- **Interest rate risk:** specific of SACE Fct operations and related to activities other than those allocated in the trading book; it represents the exposure of the financial position of the company to unfavourable interest rate fluctuations.

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

- **Reputational risk:** the risk of damage to the company's image and conflict with policyholders, due to the provision of services that are not up to standard, inadequacy of policies or lack of customer satisfaction with the sales network. This risk is notably mitigated by the existing internal control and risk management functions, as well as by adopting specific internal procedures directed towards regulating all group operations
- **Risk of belonging to a group:** "contamination" risk, meaning the risk that, as a result of transactions between the company and other group entities, difficulties experienced by an entity in the same group may have negative effects on the company; risk of conflict of interest
- **Risk of non-compliance with regulations:** the risk of facing legal or administrative fines, suffering losses or damage to reputation as a result of failure to comply with laws, regulations or measures of the Supervisory Authorities or rules of self-regulation, such as bylaws, codes of conduct or codes of ethics; risk from unfavourable changes in the regulatory framework or national case law.

The role of Risk Management

Through an integrated process, the Risk Management Division formulates and implements risk management activities for the entire group, contributing to strategic decisions and operational and capital equilibrium. It also defines the methodologies and tools for identifying, measuring and controlling risks, ensuring that the procedures are appropriately calibrated to the risk profile of the individual group companies.



The Risk Management function:

- proposes methodologies and develops models and procedures for the measurement and integrated control of the risks to which the company in question is exposed, monitors the correct allocation of economic capital, in line with the relevant company guidelines and applicable legislation
- defines, develops and periodically reviews procedures for measurement and control of the risk/return ratio and the creation of value by individual risk taking units
- assists with defining the operational autonomy of company functions, reporting any breaches of the established limits to the Board of Directors, senior management and to the functions concerned
- determines the current and future internal capital with regard to the relevant risks, ensuring the measurement and integrated control of overall risk exposure by defining the procedures for identifying, evaluating, monitoring and reporting risks, including scenario analysis and stress tests
- Monitors the levels of the technical provisions together with the competent functions
- Issues periodical reports on changes in the risks assumed and the presence of any anomalous situations and exceeding of limits, and submits these to the Board of Directors, senior management and heads of the operational functions
- Monitors transactions with the aim of optimising capital structure and the management of reserves and liquidity (ALM)
- Cooperates with other internal and external control functions and bodies, to which it sends periodical reports

- Participates in the definition of guidelines for underwriting and managing common counterparty risk, in cooperation with the relevant group company functions, supporting them in the preparation of operational/technical documentation
- Ensures and coordinates, with the assistance of the relevant group company functions, the definition of a common approach to sensitive counterparties (appropriately identified and entered in a database) or those that are subject to restructuring/claims/insolvency
- Participates in Committees overseeing and supporting the underwriting, management and control of the technical risks of group companies, preparing, if necessary, summary reports on the monitoring of common counterparties.

Within the context of the risk governance process, specific roles and responsibilities have been assigned to the following Bodies:

- **Board of Directors:** approves strategies, procedures, management policies and organisational aspects
- **Management Committee:** examines and shares the strategies and objectives of group companies; validates and monitors business plans, investigates key issues regarding management and operational guidance aspects
- **Operations Committee³:** examines operations concerning underwriting, claims and restructuring and other key operations, assesses their acceptability according to the risk management guidelines drawn up by group companies
- **Risk Committee⁴:** examines positions with significant exposures, analysing the level of concentration of technical risks (country risk, sector risk, counterparty risk) and financial risks in terms of trends, outlooks and operational management; in line with the risk management guidelines, it also outlines and suggests suitable actions to improve the overall quality of the portfolio, prevent deterioration of exposures and render collection processes more effective
- **Investments Committee:** periodically defines company portfolio investment strategies to optimise the risk/return profile of financial activities and compliance with the guidelines established by the Board of Directors; monitors the trends and outlook of investment performance, reporting any critical areas to the competent functions; submits proposals for updating the guidelines on financial activities by the decision-making body
- **Claims Committee:** analyses the situation concerning “Large Claims” and defines the management guidelines for SACE BT
- **Commercial Coordination Committee:** monitors and promotes the development of commercial synergies between SACE and its subsidiaries, ensuring that commercial measures are coordinated and monitoring the level of client coverage. Evaluates new commercial initiatives and opportunities for business development in accordance with the established strategic guidelines. Examines SACE’s product portfolio and those of its subsidiaries and the product policy proposals, evaluating potential synergies and controlling possible risks of overlapping. Analyses proposals for the development/restyling of products.

Guarantee and receivables portfolio

Total exposure of SACE S.p.A., calculated as the sum of receivables and outstanding guarantees (value of principal and interest), amounts to € 37.7 billion, an increase of 6.4% compared to 2013. The growth trend recorded in 2013 and which had suffered a slowdown in 2012 continues therefore, primarily due to the guarantee portfolio representing 96.8% of the total exposure. The receivables portfolio grew by 26.9%; the commercial component, while representing only 4.8% of receivables, increased from € 12.6 million to € 57.8 million.

The overall portfolio of SACE BT compared to December 2013 is substantially unchanged (+ 0.5%), and amounts to € 36.4 billion.

³ Called Commitments Committee for SACE BT and Credit Committee for SACE Fct.

⁴ Defined for SACE Bt and SACE Fct.

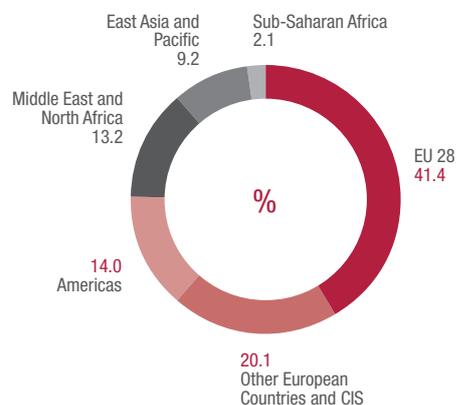
The outstanding receivables of SACE Fct, i.e. the total amount of receivables acquired, net of receivables collected and credit notes, amounted to € 1,500.9 million, in line with that recorded at the end of the previous year (-0,2%).

| PORTFOLIO (IN € MILLION) | 2014 | 2013 | Change |
|--------------------------|-----------------|-----------------|--------------|
| SACE | 37,699.8 | 35,425.7 | 6.4% |
| Outstanding guarantees | 36,494.3 | 34,475.8 | 5.9% |
| - principal | 31,439.8 | 29,336.4 | 7.2% |
| - interest | 5,054.5 | 5,139.4 | -1.7% |
| Receivables | 1,205.5 | 949.9 | 26.9% |
| SACE BT | 36,359.7 | 36,170.1 | 0.5% |
| Short-term receivables | 7,559.8 | 10,039.0 | -24.7% |
| Deposits Italy | 6,713.2 | 6,990.1 | -4.0% |
| Other Property Damage | 22,086.7 | 19,141.0 | 15.4% |
| SACE Fct | 1,500.9 | 1,504.3 | -0.2% |
| Outstanding receivables | 1,500.9 | 1,504.3 | -0.2% |

SACE

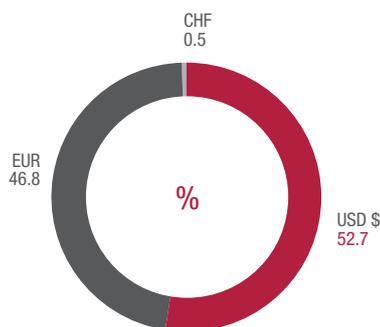
The analysis by geo-economic area shows that the highest exposure is towards EU countries (41.4% in relation to 40.4% in 2013), with an increase in exposure of 9.0% compared to the previous year: Italy remains stable in first place in terms of concentration, with a relative impact of 28.6%. This was followed by other European and CIS countries, with a 20.1% share of the portfolio (lower than in 2013 when it was 21.0%). There was only a slight increase of 1.9% in exposure to these countries. The other geo-economic regions together account for 38.5% of the portfolio. Exposure to these regions increased by an average of 7.2% compared to 2013: Americas +4.9% (the impact on the portfolio fell slightly from 14.2% in 2013 to 14.0% in 2014), Middle East and North Africa +6.1% (the impact on the portfolio remained unchanged between 2013 and 2014 and stood at 13.2%), East Asia and Oceania +7.2% (the impact on the portfolio was stable between 2013 and 2014 and equal to 9.2%) and lastly Sub-Saharan Africa which increased by +10.6% (the impact on the portfolio increased slightly, from 2.0% in 2013 to 2.1% in 2014).

SACE: TOTAL EXPOSURE BY GEO-ECONOMIC AREA



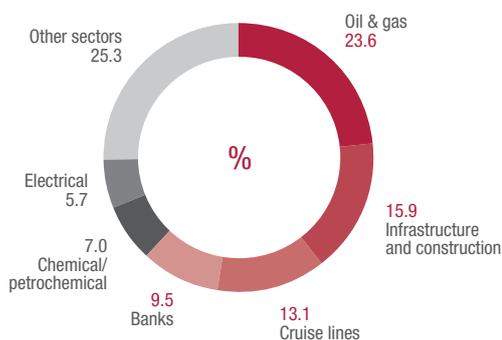
The receivables component in US dollars increased compared to last year, from 51.2% to 52.7%, and 42% of the guarantee portfolio is in the same currency (in 2013 it was 38%) partly as a result an appreciation of the US Dollar against the Euro from 1.3791 in 2013 to 1.2141 in 2014. The exchange rate risk on the receivables and guarantees portfolio is mitigated partly through the natural hedge provided by management of the provision for unearned premiums, and partly via the asset-liability management techniques adopted by the company.

SACE: BREAKDOWN OF THE CREDIT PORTFOLIO ACCORDING TO ORIGINAL CURRENCY



Sector-by-sector analysis continues to show a high level of concentration, with the largest five sectors accounting for 69% of the total private portfolio. The main sector continues to be Oil and Gas, which accounted for 23.6% (23.0% in 2013), increasing by 11.1% compared to 2013. The increase towards the Infrastructure and Construction industry of 11.6% (with an incidence increasing from 15.4% in 2013 to 15.9%) and the Cruise industry of 33.9% (with an incidence increasing from 10.6% in 2013 to 13.1%) should also be noted.

SACE: GUARANTEE PORTFOLIO BY INDUSTRIAL SECTOR

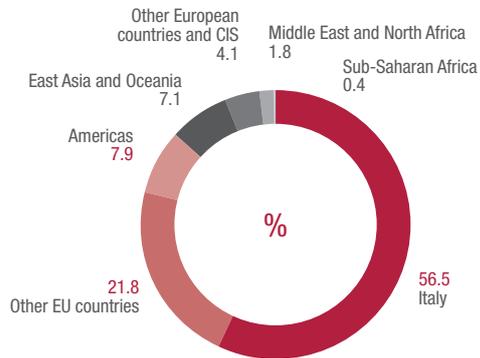


SACE BT

Credit Insurance business line

The Credit Insurance Business Line has risk ceilings at 31 December 2014 of € 109,156 (-36.3% compared to December 2013), for an equivalent value of € 8.6 billion. The nominal risk exposure at the same date, defined taking into account payment extensions, contractual extensions and policy deductibles is of 84,653 debtors (-31.2% compared to 2013) for a total of € 7.6 billion euro, a decrease of 24.7% over the previous year. The average credit limit per debtor amounted to € 89 thousand. The portfolio is concentrated mainly in the European Union (78.3%), with Italy accounting for 56.5%.

SACE BT: NOMINAL CREDIT EXPOSURE BY GEO-ECONOMIC AREA



Agriculture, the wholesale and retail Trade are the top three industries in the business line, with exposure of 10.3%, 10.0% and 9.7%, respectively

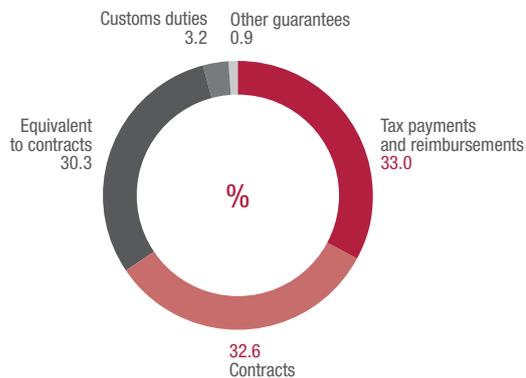
SACE BT: NOMINAL CREDIT EXPOSURE BY INDUSTRIAL SECTOR



Surety Bond business line

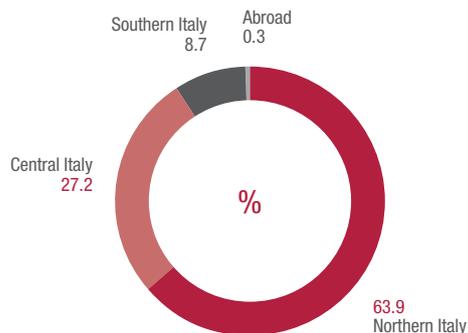
The exposure of the Surety Bond business line, i.e. the amount of capital insured, amounted to € 6.7 billion, slightly down (-4%) compared to December 2013. Guarantees related to contracts accounted for 62.9% of the total exposure, followed by guarantees on payments and tax refunds (33%).

SACE BT: NOMINAL SURETY BOND EXPOSURE BY POLICY TYPE



The portfolio, consisting of approx. 32,000 contracts, is concentrated in Northern (63.9%) and Central (27.2%) Italy.

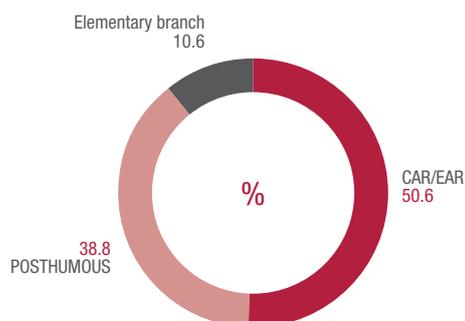
SACE BT: NOMINAL SURETY BOND EXPOSURE BY GEOGRAPHIC AREA



Construction/Other Property Damage business line

The nominal exposure of the Construction/Other Property Damage business line amounted to € 22.1 billion. The actual exposure - defined net of excess amounts, deductibles and compensation limits - amounted to € 17 billion. The number of policies in place amounted to 7,166. Construction All Risk and Erection All Risk policies represent 50.6% of the portfolio, Ten-Year Posthumous type contracts 38.8% and Non-Motor policies the remaining 10.6%.

SACE BT: NOMINAL CONSTRUCTION EXPOSURE BY POLICY TYPE



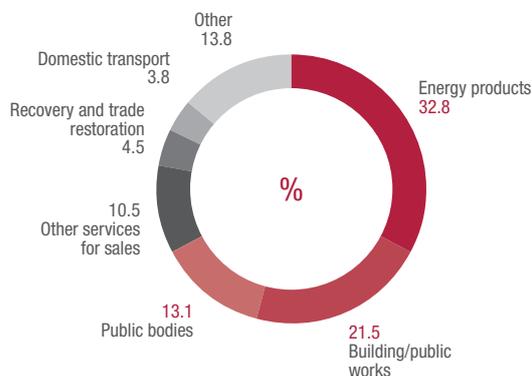
SACE Fct

As at 31 December 2014, the outstanding receivables of SACE Fct, i.e. the total amount of receivables acquired, net of receivables collected and credit notes, amounted to € 1,500.9 million, in line with that recorded at the end of the previous year (-0.2%). During 2014, factoring transactions generated a turnover of € 2,665 million (+ 4% compared to 2013), compared to collections during the same period of € 2,671 billion (+ 20% compared to the amount collected in 2013). In line with that previously observed, outstanding receivables refer mainly to non-recourse operations, representing 87.7% of the total portfolio.

| OUTSTANDING RECEIVABLES (IN € MILLION) | 2014 | 2013 | Change |
|--|----------------|----------------|--------------|
| Without recourse | 1,316.4 | 1,277.8 | +3.0% |
| With recourse | 184.5 | 226.5 | -18.6% |
| SACE Fct | 1,500.9 | 1,504.3 | -0.2% |

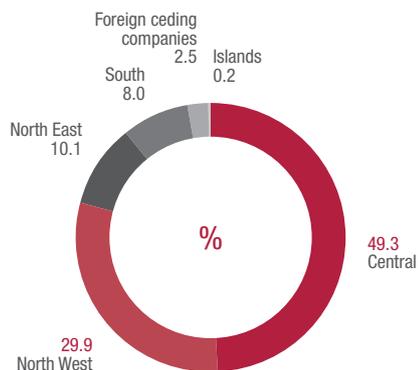
The distribution of outstanding receivables by industry sector of the assignor shows a concentration in the Energy Products sector of 32.8%, followed by Construction and Public Works of 21.5% and by Public Bodies of 13.1%. In this context it is worth noting the significant growth in the Construction and Public Works sector, which in December 2013 accounted for 14.1% of the total.

SACE Fct: OUTSTANDING RECEIVABLES BY INDUSTRY SECTOR OF THE ASSIGNOR



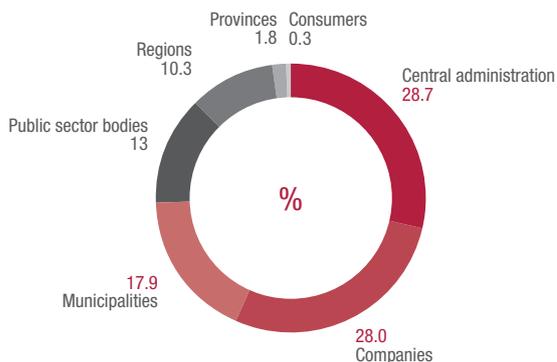
The analysis by geographic area of operation of the assignor is in line with that recorded in the previous year and is mainly concentrated in Central Italy (49.3%), albeit down compared to last year (57.9%). At the same time, compared to 31 December 2013, there is a growth of assignors based in the North West (whose incidence rose from 23.1% to 29.9%) and foreign assignors (from 0.9% to 2.5%).

SACE Fct: OUTSTANDING RECEIVABLES BY GEOGRAPHIC AREA OF THE ASSIGNOR



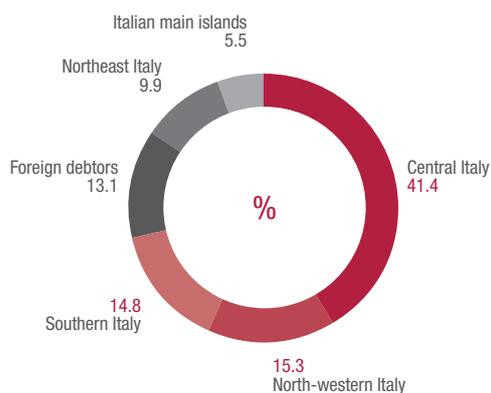
The distribution of outstanding receivables by sector of the debtor is mainly concentrated in Public Administration (71.7% of the total). In this area, compared to the previous year, there is an increase in the relative weight of “Companies” (22.9% in December 2013) and a simultaneous decrease in debtors belonging to the “Public sector bodies” (16.2% in December 2013) and “Regions” (12.8% in December 2013) segments.

SACE Fct: OUTSTANDING RECEIVABLES BY ECONOMIC SECTOR OF THE DEBTOR



With reference to the distribution of outstanding receivables by geographical area of the debtor, it is useful to emphasize that the concentration in Central Italy is due to the specific location of the Central Government. Compared to the previous year, moreover, there is a significant increase in foreign debtors whose percentage increases from 2.8% in December 2013 to the current 13.1%.

SACE Fct: OUTSTANDING RECEIVABLES BY GEOGRAPHIC AREA OF THE DEBTOR



Financial portfolio

Financial management aims to achieve two main objectives.

- To help preserve the value of company assets: in line with new legislation and the financial context of reference, the SACE group pursues an integrated asset-liability management strategy that includes direct and indirect hedging transactions to offset negative variations in the guarantee and credit portfolio in case of worsening of risk factors
- To help the company pursue its economic goals, through targeted and effective investments.

This activity confirmed values in line with the limits set for individual companies and for individual asset classes. The capital absorbed is measured on the basis of Value-at-Risk techniques.

ASSET ALLOCATION (FIGURES IN € MILLION)

| ASSET CLASS | HTM | HFT | Total | % |
|-----------------------------|----------------|----------------|----------------|--------------|
| Bonds | 1,691.0 | 908 | 2,599.0 | 41.3 |
| Collective investment funds | - | 558.6 | 558.6 | 8.9 |
| Shares | - | 39.6 | 39.6 | 0.6 |
| Money Market | - | 3,088.4 | 3,088.4 | 49.1 |
| Total | 1,691.0 | 4,594.5 | 6,285.5 | 100.0 |

41.3% of the portfolio consists of bonds and other debt securities, 8.9% of collective investment funds made up of bonds and shares, 0.6% of shares and the remaining 49.1% of money market instruments.

With regard to the credit risk of its securities portfolio, SACE and its subsidiaries have implemented a prudent investment policy, defining limits on the types of financial instruments allowed, on concentration by type and on the creditworthiness of the issuer.

SACE: BREAKDOWN OF THE SECURITIES PORTFOLIO ACCORDING TO RATING CLASS

| RATING | % |
|--------|------|
| AAA | 1.7 |
| AA | 1.4 |
| A | 0.0 |
| BBB | 95.0 |
| Other | 1.9 |

Sensitivity Analysis

During the year sensitivity analyses are performed on overall group investments, and specifically on bonds, shares and collective investment funds. The sensitivity analysis on the securities portfolio (excluding the HTM component) involves stress tests and scenario analyses, calibrated on the latest economic and financial events. The stress tests were defined on scenarios of increases and decreases in interest rates and in share prices. Moreover, tests were carried out on the increase in oil prices and the appreciation of the Euro against the US Dollar with propagation and correlation effect. The results obtained confirm the solidity of the portfolio, even in situations of particular market and main commodity pressure.

| STRESS TEST | Effect on the Trading Portfolio (€ million) | Stress Test Description |
|----------------------------------|---|---|
| All Rates +100bp | 65.2 | Explicit Factor Shocks. |
| All Rates -100bp | -78.8 | Explicit Factor Shocks. |
| Equities up 10% | -13.6 | Global/US/Europe/Asia & Japan market factors up 10%. |
| Equities down 10% | 13.5 | Global/US/Europe/Asia & Japan market factors down 10%. |
| Oil Up 20% | -11.1 | Explicit Factor Shocks. |
| EUR up 10% vs. USD: Propagation. | -121.0 | Euro up 10% on the USD, with propagation effect on other currencies and correlation effect on equity factors. |

The scenario analyses also provided excellent results, confirming the adoption of an investment policy which is highly prudential in dramatic and shock scenarios with regard to financial markets as a whole.

| SCENARIO ANALYSIS | Effect on the Trading Portfolio (€ million) | Scenario Description |
|--------------------------------------|---|---|
| Lehman Default - 2008 | 41.9 | Historical returns of the month immediately following the bankruptcy of Lehman Brothers in 2008. |
| Greek Financial Crisis - 2010 | 80.1 | Greece was one of the fastest growing economies in the euro zone between 2000 and 2007. The cost of financing this growth, however, resulted in alarming budget deficits of significant amount, especially in relation to GDP. On 27 April 2010, the Greek debt rating was downgraded from BBB+ to BB+. |
| Oil Price Drop - May 2010 | 37.4 | Oil price drop of 20% due to concerns on the reduction of government budgets in the light of the economic crisis in European countries. |
| Russian Financial Crisis - 2008 | 48.3 | The war with Georgia and the rapid decline in oil prices raises fears of an economic downturn. |
| Debt Ceiling Crisis & Downgrade 2011 | -21.6 | The debt crisis in the US and the subsequent downgrade by S&P. This scenario reflects the market variables over 17 days, from 22 July 2011 to 8 August 2011, the day when the market began to react to the debt problem. |
| VIX up scenario | -35.3 | Historic scenario of the VIX in the period 5 July 5 to 30 September 2011: from a low of 16.06 (5 July) to 42.96 (30 September). |

With reference to the investment portfolio, the sensitivity analysis carried out by calculating the basis point value returned a very low value (€ 0.58 million), more or less in line with the 2013 figure (€ 0.65 million), confirming the prudential policies adopted on this portfolio.

6. HUMAN RESOURCES

At 31 December 2014, there were 715 employees on the payroll. During the year, 50 resources were hired and 52 left the company.

DISTRIBUTION OF STAFF BY GRADE

| GRADE | SACE | SACE BT | SACE SRV | SACE Fct | SACE do Brasil | Total | Grade |
|-----------------|------------|------------|-----------|-----------|----------------|------------|-------------|
| Senior managers | 33 | 7 | 1 | 3 | 0 | 44 | 6.1% |
| Managers | 211 | 41 | 4 | 18 | 1 | 275 | 38.5% |
| Clerical staff | 228 | 114 | 18 | 35 | 1 | 396 | 55.4% |
| Total | 472 | 162 | 23 | 56 | 2 | 715 | 100% |

Over the years, the personnel recruitment and management policies adopted have resulted in an increase in the average level of education. New hires usually relate to personnel with a degree, with post graduate specialisation courses and fluent knowledge of English, certified by internationally recognised tests (e.g. TOEFL, TOEIC).

DISTRIBUTION OF STAFF BY AGE GROUP

| AGE GROUP | % Change compared to 2013 | |
|-------------------|---------------------------|-----|
| Up to 25 years | 1% | -9% |
| Between 26 and 35 | 33% | -5% |
| Between 36 and 55 | 54% | -3% |
| Over 55 | 12% | 38% |

DISTRIBUTION OF STAFF BY QUALIFICATION

| QUALIFICATION | % Change compared to 2013 | |
|-------------------|---------------------------|------|
| Degree | 72% | 10% |
| Diploma and Other | 28% | -19% |

The company's training programme aims to strengthen the specific technical skills required by the various business areas, develop the managerial abilities and leadership qualities needed to manage complexity and change and support knowledge creation and sharing. Training schemes continued to be provided for all employees. These included languages and managerial courses, in addition to the courses required by law (e.g. Italian Legislative Decrees 231/01, 196/2003 and 81/08).

7. DISTRIBUTION NETWORK AND MARKETING ACTIVITY

On the domestic market, consolidation of the Regional Offices has improved the level of proximity to customers and the degree of knowledge of the business, banking and association fabric of the areas covered. The Offices have contributed significantly to reaching SMEs located throughout Italy, also through agreements and affiliations with local banks.

The policy of expansion of the distribution network according to a multi-channel model, enabling more efficient coverage, continued.

8. CODE OF CONDUCT AND ORGANISATION, MANAGEMENT AND CONTROL MODEL

The Code of Conduct sets out the values and principles with which directors, auditors, reporting accountants, managers, staff, co-workers and third parties who have relations with SACE and its subsidiaries, also indirectly, are all expected to comply. The Code of Conduct and the Model are two separate documents, although they are both an integral part of the prevention system that has been adopted.

The organisation, management and control model (“Model”) has been approved by SACE’s Board of Directors pursuant to and for the effects specified by Italian Legislative Decree 231/01 (“Decree”).

The document consists of:

- A general part that illustrates the principles of the Decree, the principles of the Internal Control System, the Supervisory Body, the disciplinary system, personnel training and the promotion of the Model both inside and outside of the company
- A special part that identifies the areas of specific interest in the business activities of SACE and its subsidiaries, for which a potential risk of perpetrating offences is theoretically possible. This part includes references to the Internal Control System with regard to the prevention of offences.

The function of monitoring the suitability and application of the Model has been assigned to the Supervisory Body, appointed by the Board of Directors. It is a collective body and has the following members: a Chairman and an external member, the Manager of the Internal Auditing Division and the Manager of the Organisation Division. The members remain in office for three years and the appointments can be renewed.

The Body provides an annual report to the Board of Directors and the Board of Statutory Auditors.

Internal control and risk management system

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

Ultimate responsibility for the system lies with the Board of Directors, which must ensure its suitability and maintenance over time, in terms of completeness, functionality and efficacy. The Board also has responsibility for ensuring the adequacy of the risk management system to identify, evaluate and control risks, including future risks, when implementing the company’s business strategies and policies and in view of the evolution of internal and external factors, in order to guarantee the safeguarding of the company’s assets, including in the medium and long term. Lastly, it promotes a high level of business integrity, ethical conduct and a culture of internal control in order to raise awareness among everyone at the company about the importance and usefulness of such controls.

Senior management is responsible for the application, maintenance and monitoring of the internal control and risk management system and for defining its organisational structure, functions and responsibilities.

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

- 1) **first level checks**, the operational units and heads of each unit identify, evaluate, monitor, mitigate and report all material risks associated with the company’s ordinary business activities, in accordance with the risk management process. They must see that operations are carried out properly and that established limits are respected in line with the risk objectives and the procedures of the risk management process;
- 2) **second level checks**, the Risk Management and Compliance functions are responsible for ensuring: (i) correct implementation of the risk management process, (ii) that the various departments respect the established operating limits and (iii) compliance of business activities with the relevant rules and regulations;

- 3) **third level checks**, the Internal Auditing function is responsible for monitoring and periodically evaluating the efficacy and efficiency of the risk management, control and governance system, in relation to the type and importance of the risk.

Internal auditing

Internal Auditing performs independent and impartial assurance and consultancy activities on behalf of SACE S.p.A. and its subsidiaries, aimed at improving the efficacy and efficiency of the organisation. It helps the organisation to pursue its objectives by adopting a systematic approach that generates added value by evaluating and improving the risk management, control and governance processes.

The mandate of the Internal Auditing function, approved by the Board of Directors, sets out its purposes, authority and responsibilities and defines the reporting lines to senior management for communicating the results of its activities and annual plan. The latter is approved by the Board of Directors and establishes the audit work priorities, identified on the basis of the company's strategic objectives and the assessment of current and future risks in view of trends in operating performance. It may also be reviewed and amended in response to significant changes that affect the company's business activities, plans, systems, activities, risks or controls.

Internal Auditing monitors the system at all levels, including the activities of the Risk Management and Compliance functions, and works to promote a culture of control endorsed by the Board of Directors.

The function carries out its activities in compliance with the regulatory framework, international standards for the professional practice of internal auditing and the Code of Ethics of the Institute of Internal Auditors.

9. SHARE STRUCTURE AND SHARE CAPITAL

SACE does not own any treasury shares or shares in the Parent Cassa Depositi e Prestiti and its subsidiaries do not hold any shares in the Parent either directly or through trust companies or nominees.

10. MAIN EVENTS AFTER THE CLOSURE OF THE YEAR AND BUSINESS OUTLOOK

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

The following events took place after the end of the year:

- reduction in the share capital of SACE S.p.A. On 19 December 2014 the Shareholders' Meeting approved a share capital reduction from € 4,340,053,892 to € 3,541,128,212 by reimbursing € 798,925,680 to the sole shareholder Cassa Depositi e Prestiti S.p.A. The reduction will take place in 2015 when the time limit laid down by law has expired
- subordinated bond issue. On 30 January 2015 SACE placed a perpetual subordinated bond issue for € 500 million with institutional investors. The bonds will pay an annual coupon of 3.875% for the first 10 years and are indexed to the 10-year swap rate increased by 318.6 base points for subsequent years. Bonds can be recalled by the issuer after 10 years and then following each coupon payment date.

Rome, 19 March 2015

On behalf of the Board of Directors

CEO

Alessandro Castellano

CONSOLIDATED *balance sheet*

(IN € THOUSAND)

| BALANCE SHEET - ASSETS | | Total 31-12-2014 | Total 31-12-2013 |
|------------------------|---|------------------|------------------|
| 1 | INTANGIBLE ASSETS | 14,383 | 14,585 |
| 1.1 | Goodwill | 7,655 | 7,655 |
| 1.2 | Other intangible assets | 6,728 | 6,930 |
| 2 | PROPERTY, PLANT AND EQUIPMENT | 75,447 | 76,165 |
| 2.1 | Property | 73,324 | 73,558 |
| 2.2 | Other property, plant and equipment | 2,123 | 2,607 |
| 3 | REINSURERS' SHARE OF TECHNICAL PROVISIONS | 84,669 | 82,185 |
| 4 | INVESTMENTS | 7,053,135 | 6,812,228 |
| 4.1 | Investment property | 12,590 | 12,999 |
| 4.2 | Equity investments in subsidiaries, associates and joint ventures | 7,776 | 7,570 |
| 4.3 | Held-to-maturity investments | 1,691,001 | 1,705,067 |
| 4.4 | Loans and receivables | 4,638,310 | 3,019,824 |
| 4.5 | Available-for-sale financial assets | | |
| 4.6 | Financial assets at fair value through profit or loss | 703,458 | 2,066,768 |
| 5 | OTHER RECEIVABLES | 1,354,459 | 1,098,645 |
| 5.1 | Receivables arising out of direct insurance business | 1,300,592 | 1,029,824 |
| 5.2 | Amounts receivable arising out of reinsurance operations | 1,825 | 12,356 |
| 5.3 | Other debtors | 52,042 | 56,465 |
| 6 | OTHER ASSETS | 376,771 | 461,822 |
| 6.1 | Non-current assets or of a disposal group held for sale | | |
| 6.2 | Deferred acquisition costs | | |
| 6.3 | Deferred tax assets | 140,254 | 208,406 |
| 6.4 | Current tax assets | 224,899 | 237,533 |
| 6.5 | Other assets | 11,618 | 15,883 |
| 7 | CASH AND CASH EQUIVALENTS | 100,205 | 155,612 |
| | TOTAL ASSETS | 9,059,069 | 8,701,242 |

(IN € THOUSAND)

| BALANCE SHEET – SHAREHOLDERS' EQUITY AND LIABILITIES | | Total 31-12-2014 | Total 31-12-2013 |
|---|--|-------------------------|-------------------------|
| 1 | SHAREHOLDERS' EQUITY | 5,538,828 | 5,320,744 |
| 1.1 | Group interest | 5,538,828 | 5,320,744 |
| 1.1.1 | Capital | 4,340,054 | 4,340,054 |
| 1.1.2 | Other equity instruments | | |
| 1.1.3 | Capital reserves | | |
| 1.1.4 | Retained earnings and other equity reserves | 728,207 | 634,922 |
| 1.1.5 | (Treasury stock) | | |
| 1.1.6 | Reserve for net exchange differences | | |
| 1.1.7 | Gains (losses) on available-for-sale financial assets | | |
| 1.1.8 | Other gains (losses) taken directly to equity | 43 | 516 |
| 1.1.9 | Group interest in the profit (loss) for the year | 470,524 | 345,252 |
| 1.2 | Minority interest | | |
| 1.2.1 | Capital and reserves - minorities | | |
| 1.2.2 | Gains (losses) taken directly to equity | | |
| 1.2.3 | Minority interest in the profit (loss) for the year | | |
| 2 | PROVISIONS | 37,915 | 35,178 |
| 3 | TECHNICAL PROVISIONS | 2,358,356 | 2,519,477 |
| 4 | FINANCIAL LIABILITIES | 733,145 | 294,146 |
| 4.1 | Financial liabilities at fair value through profit or loss | 48,655 | 31,010 |
| 4.2 | Other financial liabilities | 684,490 | 263,136 |
| 5 | ACCOUNTS PAYABLE | 139,864 | 130,698 |
| 5.1 | Accounts payable arising out of direct insurance business | 34,634 | 28,064 |
| 5.2 | Accounts payable arising out of reinsurance business | 23,915 | 11,940 |
| 5.3 | Other accounts payable | 81,315 | 90,694 |
| 6 | OTHER LIABILITIES | 250,960 | 400,999 |
| 6.1 | Liabilities of a disposal group held for sale | | |
| 6.2 | Deferred tax liabilities | 153,546 | 105,101 |
| 6.3 | Current tax liabilities | 92,813 | 282,937 |
| 6.4 | Other liabilities | 4,601 | 12,961 |
| | TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 9,059,069 | 8,701,242 |

(IN € THOUSAND)

| CONSOLIDATED PROFIT AND LOSS ACCOUNT | | Total 31-12-2014 | Total 31-12-2013 |
|---|--|-------------------------|-------------------------|
| 1.1 | Net premiums | 385,182 | 469,779 |
| 1.1.1 | Gross premiums for the year | 407,536 | 501,509 |
| 1.1.2 | Outward reinsurance premiums for the year | -22,354 | -31,730 |
| 1.2 | Commissions receivables | 11,067 | 10,745 |
| 1.3 | Incomes and expense on financial instruments at fair value through profit or loss | -402,738 | -84,071 |
| 1.4 | Incomes from equity investments in subsidiaries, associates and joint ventures | | |
| 1.5 | Incomes from other financial instruments and investment property | 223,241 | 276,949 |
| 1.5.1 | Interest incomes | 212,217 | 271,173 |
| 1.5.2 | Other incomes | 1,035 | 1,042 |
| 1.5.3 | Realised gains | 7 | |
| 1.5.4 | Valuation gains | 9,982 | 4,734 |
| 1.6 | Other incomes | 667,575 | 531,695 |
| 1 | TOTAL REVENUES AND INCOME | 884,327 | 1,205,097 |
| 2.1 | Net claims incurred | -78,209 | 244,974 |
| 2.1.1 | Amounts paid and changes to technical provisions | -55,603 | 264,829 |
| 2.1.2 | Reinsurers' share | -22,606 | -19,855 |
| 2.2 | Commission expenses | 642 | 360 |
| 2.3 | Expenses relating to equity investments in subsidiaries, associates and joint ventures | | |
| 2.4 | Expenses relating to other financial instruments and investment property | 13,649 | 7,426 |
| 2.4.1 | Interest expenses | 2,284 | 1,024 |
| 2.4.2 | Other expenses | 469 | 350 |
| 2.4.3 | Realised losses | 3,209 | |
| 2.4.4 | Valuation losses | 7,687 | 6,052 |
| 2.5 | Management costs | 111,302 | 102,484 |
| 2.5.1 | Commissions and other acquisition expenses | 40,637 | 36,181 |
| 2.5.2 | Investment management charges | 3,981 | 4,328 |
| 2.5.3 | Other administrative expenses | 66,684 | 61,975 |
| 2.6 | Other expenses | 158,085 | 271,715 |
| 2 | TOTAL COSTS AND EXPENSES | 205,469 | 626,959 |
| | PROFIT (LOSS) FOR THE YEAR BEFORE TAX | 678,858 | 578,138 |
| 3 | Taxes | 208,334 | 232,886 |
| | PROFIT (LOSS) FOR THE YEAR NET OF TAX | 470,524 | 345,252 |
| 4 | PROFIT (LOSS) ON DISCONTINUED OPERATIONS | | |
| | CONSOLIDATED PROFIT (LOSS) | 470,524 | 345,252 |
| | of which attributable to the Group | 470,524 | 345,252 |
| | of which attributable to minorities | | |

(IN € THOUSAND)

| STATEMENT OF COMPREHENSIVE INCOME | Total 31-12-2014 | Total 31-12-2013 |
|---|-------------------------|-------------------------|
| CONSOLIDATED PROFIT (LOSS) | 470,524 | 345,252 |
| Other income components after tax without reclassification in income statement | | |
| Change in shareholders' equity of subsidiaries | | |
| Change in the intangible assets revaluation reserve | | |
| Change in the tangible assets revaluation reserve | | |
| Income and expense relating to non-current assets or a disposal group held for sale | | |
| Actuarial gains and losses and adjustments arising from defined benefit plans | 473 | -538 |
| Other elements | | |
| Other income components after tax with reclassification in income statement | | |
| Change in the reserve for net exchange differences | | |
| Gains (losses) on available-for-sale financial assets | | |
| Gains (losses) on cash-flow hedges | | |
| Gains (losses) on hedges of net investments in foreign operations | | |
| Change in shareholders' equity of subsidiaries | | |
| Income and expense relating to non-current assets or a disposal group held for sale | | |
| Other elements | | |
| TOTAL OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME | | |
| TOTAL STATEMENT OF COMPREHENSIVE INCOME | 470,997 | 344,714 |
| of which attributable to the Group | 470,997 | 344,714 |
| of which attributable to minorities | | |

(IN € THOUSAND)

**STATEMENT OF CHANGES
IN SHAREHOLDERS' EQUITY**

| | Balance at 31-12-12 | Change in closing balance | Allocations | Reclassification adjustments in profit (loss) for the year | Transfers | Balance at 31-12-13 | Change in closing balance | Allocations | Reclassification adjustments in profit (loss) for the year | Transfers | Balance at 31-12-14 |
|---|------------------------|---------------------------------|----------------|--|-------------------|------------------------|---------------------------------|----------------|---|-----------------|------------------------|
| Capital | 4,340,054 | | | | | 4,340,054 | | | | | 4,340,054 |
| Other equity instruments | | | | | | | | | | | |
| Capital reserves | | | | | | | | | | | |
| Retained earnings and other equity reserves | 1,702,113 | | | | -1,067,191 | 634,922 | | 93,285 | | | 728,207 |
| (Treasury stock) | | | | | | | | | | | |
| Income (loss) for the year | 167,933 | | 345,252 | | -167,933 | 345,252 | | 470,524 | | -345,252 | 470,524 |
| Other components of the statement of comprehensive income | | | 516 | | | 516 | | -473 | | | 43 |
| Total | 6,210,100 | | 345,768 | | -1,235,124 | 5,320,744 | | 563,336 | | -345,252 | 5,538,828 |
| Capital and reserves - minorities | | | | | | | | | | | |
| Income (loss) for the year | | | | | | | | | | | |
| Other components of the statement of comprehensive income | | | | | | | | | | | |
| Total minority interest | | | | | | | | | | | |
| Minority interest shareholders' equity | | | | | | | | | | | |
| Total | | | | | | | | | | | |

(IN € THOUSAND)

| CASH FLOW STATEMENT (INDIRECT METHOD) | 31-12-2014 | 31-12-2013 |
|--|--------------------|--------------------|
| Profit (loss) for the year before tax | 678,858 | 578,138 |
| Changes in non-cash items | (221,760) | (164,642) |
| Change in the provision for unearned premiums - non-life business | (24,596) | (92,803) |
| Change in the provision for claims outstanding and other technical provisions - non-life business | (139,008) | 46,692 |
| Change in the provision for policy liabilities and other technical provisions - life business | | |
| Change in deferred acquisition costs | | |
| Change in the general provision | 2,737 | (8,579) |
| Non-cash income and expense from financial instruments, investment property and equity investments | | |
| Other changes | (60,893) | (109,952) |
| Change in receivables and payables generated by operations | (250,743) | (101,716) |
| Change in receivables and payables arising from direct insurance and reinsurance business | (241,692) | (135,669) |
| Change in other receivables and payables | (9,051) | 33,953 |
| Tax paid | (208,334) | (232,886) |
| Net cash flow generated/absorbed by investment and financial activities | 1,380,955 | 1,075,047 |
| Liabilities from financial policies issued by insurance companies | | |
| Due to insured banks and interbank liabilities | | |
| Loans and receivables with insured banks and interbank market | | |
| Other financial instruments at fair value through profit or loss | 1,380,955 | 1,075,047 |
| TOTAL NET CASH FLOW ARISING FROM OPERATIONS | 1,378,976 | 1,153,941 |
| Net cash flow generated/absorbed by investment property | 409 | 230 |
| Net cash flow generated/absorbed by investments in subsidiaries, associates and Joint Ventures | (206) | (70) |
| Net cash flow generated/absorbed by loans and receivables | (1,618,486) | (346,332) |
| Net cash flow generated/absorbed by held-to-maturity investments | 14,066 | (58,328) |
| Net cash flow generated/absorbed by available-for-sale financial assets | | |
| Net cash flow generated/absorbed by plant, property and equipment and intangible assets | 920 | 1,331 |
| Other net cash flows generated/absorbed by investments | | |
| TOTAL NET CASH FLOW ARISING FROM INVESTMENT OPERATIONS | (1,603,297) | (403,169) |
| Net cash flow generated/absorbed by capital instruments attributable to the Group | (3,780) | 516 |
| Net cash flow generated/absorbed by operating activity | | |
| Distribution of dividends attributable to the Group | (248,661) | (1,235,124) |
| Net cash flow generated/absorbed by capital and reserves attributable to minorities | | |
| Net cash flow generated/absorbed by subordinated liabilities and participating financial instruments | | |
| Net cash flow generated/absorbed by other financial liabilities | 421,355 | 136,577 |
| TOTAL NET CASH FLOW ARISING FROM LOAN OPERATIONS | 168,914 | (1,098,031) |
| Effect of exchange rate differences on cash and cash equivalents | | |
| CASH AND CASH EQUIVALENTS - OPENING BALANCE | 155,612 | 502,871 |
| INCREASE (REDUCTION) IN CASH AND CASH EQUIVALENTS | (55,407) | (347,259) |
| CASH AND CASH EQUIVALENTS - CLOSING BALANCE | 100,205 | 155,612 |

notes

TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

The SACE group consists of SACE SpA and its subsidiaries SACE BT S.p.A, SACE Fct S.p.A, SACE SRV S.r.l and SACE Do Brasil.

SACE S.p.A. is active in the non-life sector and, in particular, in hedging against non-market credit risks, the subsidiary SACE BT S.p.A. in surety bonds and hedging of short-term credit risk, while the subsidiary SACE Fct S.p.A. operates in the factoring market. The Office in Sao Paolo in Brazil has made it possible to expand the scope of intervention of SACE in a region of strategic importance to the Italian economy, consolidating the existing customer base and promoting agreements with leading local financial institutions.

The registered office is in Piazza Poli 37/42, Rome. The date to which the Consolidated Financial Statements refer (31 December 2014) coincides with the closing date of the accounts of the subsidiaries. The consolidated financial statements are presented in euros, which is the working and presentation currency of SACE S.p.A. and its subsidiaries. All amounts reported in the Notes are in thousands of euro.

The consolidated financial statements have been audited by PricewaterhouseCoopers S.p.A., appointed as auditors for the three-year period 2013-2015.

Applicable legislation

Legislative Decree No. 38 of 28 February 2005 prescribes that, starting from FY 2005, companies within the scope of application of Legislative Decree No. 173 of May 26 1997 are required to prepare their consolidated financial statements according to the international accounting standards issued by the IASB (International Accounting Standards Board) and endorsed by EC Regulation No. 1606/2002 (hereafter IAS/IFRS). Pursuant to the aforesaid decree, the powers attributed to the ISVAP (IVASS from 01 January 2013) by Legislative Decree 173/1997 and subsequent Legislative Decree 209/2005 must be exercised thereby in compliance with IAS/IFRS..

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

- a) must draw up their consolidated financial statements in accordance with IAS/IFRS starting from FY 2005;
- b) must continue to draw up their individual company accounts in accordance with Legislative Decree 173/97; 173/97;
- c) must draw up their individual company accounts according to IAS/IFRS starting from FY 2006 if they issue financial instruments admitted to trading on regulated markets of any member state of the European Union and do not prepare the consolidated financial statements.

According to the above, the consolidated financial statements of SACE have been prepared in accordance with the provisions of IAS/IFRS, ISVAP Regulation No. 7/2007 regarding the formats to be used and the IVASS Provisions, Regulations and Circulars where applicable.

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

The consolidated financial statements have been prepared in accordance with IAS/IFRS international accounting standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Union and in the technical formats required under ISVAP Regulation No. 7/2007. By international accounting standards is meant all interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), and those previously issued by the Standing Interpretations Committee (“SIC”), as well as the technical formats required under ISVAP Regulation No. 7/2007, as supplemented.

Financial statements, accounting standards used and scope of consolidation

Financial statements

The consolidated financial statements and the related annexes are presented in accordance with requirements of ISVAP Regulation No. 7/2007, as supplemented.

Consolidation procedures (IFRS 10)

Subsidiaries are companies over which control is exercised. The group controls an investment entity when it is exposed to variable returns, or has rights of those returns, arising from its relationship with the same, and at the same time has the ability to affect those returns by exercising its power over such entity. The financial statements of subsidiaries are included in the consolidated financial statements starting from the date on which control is assumed and until such control ceases to exist. All the subsidiaries are included in the scope of consolidation.

Scope of consolidation

The scope of consolidation includes the financial statements of SACE S.p.A. and of all its direct and indirect subsidiaries: SACE BT, SACE Fct, SACE SRV and SACE do Brasil.

SCOPE OF CONSOLIDATION

| NAME | Country | Method (1) | Asset (2) | % Direct ownership | % Total interest (3) | % Voting rights available at the general meeting (4) | % consolidation |
|----------------|---------|---------------|--------------|--------------------------|----------------------------|--|--------------------|
| SACE BT | Italy | G | 1 | 100% | 100% | 100% | 100% |
| SACE Fct | Italy | G | 11 | 100% | 100% | 100% | 100% |
| SACE SRV | Italy | G | 11 | 0.09% | 0.09% | 0.09% | 100% |
| SACE Do Brasil | Brazil | G | 11 | 99.91% | 99.91% | 99.91% | 100% |

(1) Method of consolidation: Line-by-line =G, Proportionate =P, Line-by-line by unitary division=U.

(2) 1=Italian ins; 2=EU ins; 3=third-party country ins; 4= insurance holdings; 5=EU reins; 6=third-party country reins; 7=banks; 8=asset management companies; 9=other holdings; 10=real property companies; 11=other.

(3) The product of the percentages of ownership relating to all the companies, along the line of ownership, between the company drawing up the consolidated accounts and the company in question. If the latter is owned directly by several subsidiaries, the single results must be added.

(4) Total percentage of voting rights available at the general meeting, only disclosed if different from the direct or indirect percentage of ownership.

DETAIL OF NON-CONSOLIDATED INVESTMENTS

| NAME | Country | Asset (1) | Type (2) | % Direct ownership | % Total interest (3) | % Voting rights available at the general meeting (4) | Carrying value |
|-----------------------------------|---------|--------------|-------------|--------------------------|----------------------------|--|----------------|
| African Trade Insurance Agency | Kenya | 3 | b | 5.54% | 5.54% | 5.54% | 7,776 |

(1) 1=Italian ins; 2=EU ins; 3=third-party country ins; 4= insurance holdings; 5=EU reins; 6=third-party country reins; 7=banks; 8=asset management companies; 9=other holdings; 10=real property companies; 11=other.

(2) a=subsidiaries (IAS27); b=associated companies (IAS28); c=joint ventures (IAS 31); companies classified as owned for sale in accordance with IFRS 5 must be marked with an asterisk (*) and the key must be included at the bottom of the table.

(3) The product of the percentages of ownership relating to all the companies, along the line of ownership, between the company drawing up the consolidated accounts and the company in question. If the latter is owned directly by several subsidiaries, the single results must be added.

(4) Total percentage of voting rights available at the general meeting, only disclosed if different from the direct or indirect percentage of ownership.

Transactions eliminated on consolidation

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

Principles of consolidation

The carrying value of equity investments has been eliminated against shareholders' equity with recognition of goodwill if deemed recoverable.

Use of estimates

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

Technical provisions

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

Intangible assets

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

Other

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

Accounting Policies

Intangible assets

a) Goodwill (IAS 36, IFRS 3)

In the case of business aggregates, the assets, liabilities and any potential identifiable liabilities that are acquired are recognised at fair value

on the date of acquisition. The residual positive difference between the purchase price and the Group's interest in the fair value of such assets and liabilities is classified as goodwill and recorded as an intangible asset; the negative difference is recognised in profit or loss at the time of acquisition. Goodwill is tested annually to identify any impairment, in accordance with IAS 36. Following initial recognition, goodwill is recorded at cost, net of any accumulated impairment losses.

b) Other intangibles (IAS 38, IAS 36)

This item comprises the assets defined and regulated by IAS 38 and IAS 36. Only identifiable intangible assets controlled by Group companies are recognised when it is probable that use of the assets will generate future economic benefits and when the cost of the asset is determined or can be reliably measured. This item mainly reflects the costs of software purchased from third parties or developed internally. This item does not include values relating to deferred acquisition costs or intangible assets governed by other international accounting standards. These assets are recorded at cost. For assets with a finite useful life, the cost is amortised at constant rates according to their relative useful life. Assets of indefinite useful life are not amortised but, in accordance with IAS 36 – Impairment of assets (in the manner described in the paragraph referring to Impairment and reversal of impairment of non-financial assets), an impairment test is carried out at each reporting date or when there is evidence of permanent impairments of value. The loss, equal to the difference between the carrying value of the asset and its recoverable value, is recognised in profit and loss. Depreciation rates are consistent with plans for the technical-financial use of each single category of assets.

Intangible assets are derecognised when sold or when no future economic benefits are expected from the asset.

Property, plant and equipment (IAS 16)

a) Property

This item comprises property used in company operations as specified and governed by IAS 16. Such assets, divided into “Land” and “Buildings”, are recognised at cost. In addition to the purchase price, this includes any accessory charges directly attributable to the purchase and to setting the asset up into working condition.

Subsequently, the cost of the buildings is written down on a straight-line basis over their useful life. Land, whether purchased separately or as part of the value of buildings, is not depreciated, as of indefinite life. If the value of land is incorporated in the value of the building, the land is unbundled only if the company has full use of the building in all its parts. The total of such impairments, as the difference between the asset's carrying value and its recoverable value (equal to the lower of fair value, net of any sale costs, and the relative value of the asset in use, meaning the current value of future cash flows deriving from the asset), is recognised through profit and loss. Property is derecognised on disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal.

b) Other property, plant and equipment

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

Reinsurers' share of technical provisions

This item includes amounts corresponding to risks ceded to reinsurers under contracts regulated by IFRS 4. Reinsurers' shares of technical provisions are calculated on the basis of existing contracts/treaties using the same criteria as those described for technical provisions, unless otherwise evaluated with regard to the recoverability of credit.

Investments

Investment property (IAS 40)

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

Equity investments in subsidiaries, associates and joint ventures (IAS 28, IFRS 10 and IFRS 11)

All subsidiary companies have been consolidated line by line. This item comprises equity investments valued by the equity method and relating to associated companies or in companies subject to joint control. After initial recognition at purchase cost, the change in value of such equity investments due to the results of the portfolio companies is recognised through profit and loss. Further changes in the value of equity investments, which have not been recognised through profit and loss by the subsidiaries, are recognised, for the share pertaining to the investing company, in the specific shareholders' equity item.

Investments held to maturity (IAS 32 and IAS 39)

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

Loans and receivables (IAS 32 and IAS 39)

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

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

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

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

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

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

Derivative financial instruments (IAS 32 and IAS 39)

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

Determination of fair value

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

Sundry receivables (IAS 39)

Receivables arising out of direct insurance business (IAS 39)

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

Amounts receivable arising out of reinsurance operations

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

Other debtors

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

Other assets

Deferred tax assets and liabilities (IAS 12)

These items include, respectively, tax assets deriving from deductible temporary differences and tax liabilities deriving from taxable temporary differences, as defined and governed by IAS 12. These items are recognised based on national legislation, given that all the companies included in the scope of consolidation have tax domicile in Italy. All deferred tax liabilities on taxable temporary differences are recognised. Tax assets on deductible temporary differences are recognised if it is probable that sufficient taxable income will be generated in the future to permit use of these. Deferred tax assets and liabilities are recognised on the basis of the tax rate in force in the period in which the asset or liability is realised or settled. Deferred tax is recognised per contra in profit and loss except for tax relating to gains or losses on AFS financial assets and changes in the fair value of hedging instruments (cash-flow hedges), which are recognised net of tax directly per contra to equity.

Current assets and liabilities (IAS 12)

These items include, respectively, current tax assets and liabilities as defined and governed by IAS 12. Income tax is recognised on the basis of Italian tax law. Tax charges (income) are the total of current and deferred tax included in the determination of the net profit or loss for the year. Current tax is recognised per contra in profit and loss.

Other assets

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

Cash and cash equivalents (IAS 7 and IAS 32)

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

Group shareholders' equity

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

Share capital

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

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

The item includes:

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

Reserves for net exchange differences (IAS 21)

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

Other gains (losses) taken directly to equity

This item includes the net balance of changes recognised directly per contra in shareholders' equity. In the case in point, included in this item are actuarial gains and losses arising from the valuation of severance indemnities under IAS 19.

Provisions (IAS 37)

The item includes the liabilities defined and governed by IAS 37 (Provisions, contingent liabilities and contingent assets).

Provisions for risks and charges are made when the following three conditions are met:

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

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

Technical provisions (IFRS 4)

IFRS 4 permits recognition of technical provisions on the basis of generally accepted local accounting principles. A review of all the Group's non-life contracts showed that all the contracts qualify as insurance contracts. The technical provisions also include any provisions made necessary by the Liability Adequacy Test. Claims provisions do not include compensation and equalisation provisions in that these are not permitted under

IFRS. These provisions are recognised according to the accounting principles adopted prior to IFRS as all the outstanding Non-life policies fall within the scope of IFRS 4 (insurance contracts). Specifically, this item includes:

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

Liability Adequacy Test

According to IAS/IFRS, the adequacy of insurance liabilities is satisfied by the allocation to the unexpired risk provision.

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

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

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

- a) payables to banks
- b) deposits received from reinsurers
- c) payables to assignors for factoring contracts in portfolio.

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

Accounts payable (IAS 32 and IAS 39)

This category comprises trade payables.

Accounts payable arising out of direct insurance business

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

Accounts payable arising out of indirect insurance business

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

Other accounts payable

The item reflects the liability towards employees for termination benefits. It is calculated for each employee in accordance with the law and current collective bargaining agreements. Due to the reform on supplementary pension schemes under Law 296/2006 and bearing in mind the OIC

guidelines, it was decided: a) to record the obligation for benefits accrued at 31 December 2006 according to the rules of defined benefit plans; this means that the enterprise must assess the obligation for benefits accrued by employees using actuarial techniques and must determine the total amount of actuarial gains and losses and the part of these to be disclosed; b) to record the obligation for benefits accruing from January 1 2007, to be allocated to supplementary social insurance or to the special fund set up at INPS, according to the contributions due each year.

Other liabilities

This category comprises trade payables.

Current and Deferred Tax Liabilities

Reference should be made to the assets section.

Other liabilities

The item comprises:

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

Items of the profit and loss account

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

Net premiums (IFRS 4 and IAS 39)

This heading includes premiums for the year relating to contracts classifiable as insurance contracts under IFRS 4 and investment contracts with discretionary participation feature, considered similar to insurance contracts by IFRS 4.

All contracts under which one party, the insurer, accepts significant insurance risk, agreeing to compensate another party, the policyholder or another beneficiary, if a specified uncertain future event (the insured event) adversely affects the policyholder or another beneficiary are considered to be insurance contracts.

All contracts sold by the group are insurance contracts as defined by IFRS 4. Premiums are disclosed net of premiums ceded to reinsurers.

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

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

Income and expense on investments in subsidiaries, associates and joint ventures (IAS 28, IFRS 10 and IFRS 11)

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

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

This item reflects income from investment property and financial instruments not at fair value through profit or loss.

Specifically, this item comprises:

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

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

This heading includes:

- a) revenues from services other than insurance services and rental of property, plant and equipment and intangible assets or other assets belonging to the company, as prescribed by IAS 18
- b) other net technical income relating to insurance contracts
- c) exchange differences to be charged to the Profit and Loss Account according to IAS 21
- d) profits on tangible and intangible assets
- e) reversals of impairment on tangible and intangible assets
- f) capital gains on non-current assets and disposal groups held for sale, other than discontinued operations.

Net claims incurred (IFRS 4)

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

Charges relating to equity investments in subsidiaries, associates and joint ventures (IAS 28, IFRS 10 and IFRS 11)

This item includes the portion of the loss for the year relating to group companies, recognised according to the equity method.

Expense relating to other financial instruments and investment property

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

Specifically, this item comprises:

- a) interest payable (recognised on financial instruments using the effective interest method)
- b) other expense (e.g. costs relating to investment property, including property management charges and maintenance and repair costs not capitalised)
- c) realised losses (recognised following the elimination of financial assets or liabilities or investment property)
- d) valuation losses (from losses due to impairment tests and valuation subsequent to initial recognition at fair value of investment property and financial assets and liabilities).

Operating expenses (IFRS 4)

The item includes:

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

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

This heading includes:

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

Current tax (IAS 12)

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

Deferred tax (IAS 12)

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

Items in foreign currency

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

On each reporting and interim statement date, accounting entries in currency are valued as follows:

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

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

Risk management

SACE regularly assesses its exposure to exchange-rate, interest-rate and credit-rate fluctuations and manages these risks by means of asset liability management techniques, in accordance with its risk management policies.

SACE uses hedging financial instruments mainly for the management of:

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

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

Accounting standards and interpretations from 1 January 2014

The following accounting standards, interpretations and amendments are applicable from 1 January 2014:

- IAS 27 - "Separate Financial Statements" amended by Regulation (EU) No. 1254/2012. The changes introduced consist of having created a new dedicated accounting standard (IFRS 10 - "Consolidated Financial Statements") for the rules governing the preparation of consolidated financial statements, leaving to the new IAS 27 the task of defining and regulating the standards for preparation of the separate financial statements only; the standard was amended with the aim of eliminating the possibility for investment entities to opt for the valuation at cost of investments in subsidiaries, requiring valuation at fair value in their separate financial statements.
- IAS 28 - "Investments in associated companies and joint ventures" amended by Regulation (EU) No. 1254/2012. The standard has been supplemented with the requirements for application of the equity method for investments in joint ventures.
- IFRS 10 - Subsidiaries are companies controlled by the group. The group controls an investment entity when it is exposed to variable returns, or has rights on those returns, arising from its relationship with the same, and at the same time has the ability to affect those returns by exercising its power over such entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which the Parent acquires control until the time said control ceases. All the subsidiaries are included in the scope of consolidation.
- IFRS 11 - "Joint Arrangements" amended by Regulation (EU) No. 1254/2012. The new standard sets the accounting recognition rules for entities that are part of a joint control agreement and replaces IAS 31 - Interests in Joint Ventures and SIC 13 - Jointly Controlled Entities - Non-monetary Contributions by Venturers. IFRS 11 also provides the criteria for identifying joint arrangements by focusing on the actual rights and obligations that derive from them and does not allow the use of proportionate consolidation as a method to account for interests in joint ventures.
- IFRS 12 - "Disclosure of Interests in Other Entities" amended by Regulation (EU) No. 1254/2012. IFRS 12 establishes the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities; in order to provide a guideline on the amount of investment, the accounting standard was amended to require the submission of specific information on the amount of the investment concerning controlled entities.

- IAS 32 - “Financial instruments: Presentation - Compensation of financial assets and liabilities” amended by Regulation (EU) No. 1256/2012. Following the amendment to IFRS 7, the revised version of IAS 32, provides additional guidance to reduce inconsistencies in the practical application of the standard itself.
- IAS 36 - “Impairment of assets” amended by Regulation (EU) No. 1374/2013. The changes are intended to clarify that the information to be provided concerning the recoverable value of assets, when this value is based on the fair value net of disposal costs, covers only those assets whose value has been reduced. Impairment of assets amended by Regulation (EU) No. 1374/2013. The changes specify that the information to be provided concerning the recoverable value of assets, when this value is based on the fair value net of disposal costs, covers only those assets whose value has been reduced.

Accounting standards and interpretations soon to be applied

The following accounting standards, interpretations and amendments are applicable from 1 January 2015:

- IFRIC 21 - Levies, adopted by Regulation (EU) No. 634/2014. Annual Cycle of Improvements to the IFRS 2011 - 2013 adopted by Regulation (EU) No. 1361/2014.

The following accounting standards, interpretations and amendments are instead applicable from 1 January 2016:

- Annual Cycle of Improvements to the IFRS 2010 – 2012 adopted by Regulation (EU) No. 28/2015 IAS 19 - Employee benefits - Defined benefit plans: employee contributions.

Any repercussions that the accounting standards, amendments and interpretations soon to be applied may have on the financial reporting of the Company and the group are being examined and assessed.

Segment reporting

The SACE Group segments its business in three areas:

- non-life business
- other businesses

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

(IN € THOUSAND)

BALANCE SHEET - SEGMENT REPORTING

| | Non-life business | | Life business | | Other businesses | | Inter-segment adjustments | | Total |
|---|-------------------|-----------|---------------|----------|------------------|-----------|---------------------------|------------|-----------|
| | 31-12-14 | 31-12-13 | 31-12-14 | 31-12-13 | 31-12-14 | 31-12-13 | 31-12-14 | 31-12-13 | |
| 1 INTANGIBLE ASSETS | 12,306 | 12,381 | | | 2,077 | 2,204 | | | 14,383 |
| 2 PROPERTY, PLANT AND EQUIPMENT | 75,295 | 76,052 | | | 152 | 113 | | | 75,447 |
| 3 REINSURERS' SHARE OF TECHNICAL PROVISIONS | 84,669 | 82,185 | | | | | | | 84,669 |
| 4 INVESTMENTS | 6,272,041 | 6,464,928 | | | 1,372,163 | 1,350,193 | -591,069 | -1,002,893 | 7,053,135 |
| 4.1 Investment property | 12,590 | 12,999 | | | | | | | 12,590 |
| 4.2 Equity investments in subsidiaries, associates and joint ventures | 7,776 | 7,570 | | | | | | | 7,776 |
| 4.3 Held-to-maturity investments | 1,691,001 | 1,705,067 | | | | | | | 1,691,001 |
| 4.4 Loans and receivables | 3,856,285 | 2,669,813 | | | 1,372,163 | 1,350,193 | -590,139 | -1,000,182 | 4,638,310 |
| 4.5 Available-for-sale financial assets | | | | | | | | | |
| 4.6 Financial assets at fair value through profit or loss | 704,388 | 2,069,479 | | | | | -930 | -2,711 | 703,458 |
| 5 OTHER RECEIVABLES | 1,365,067 | 1,106,720 | | | 12,058 | 8,810 | -22,666 | -16,885 | 1,354,459 |
| 6 OTHER ASSETS | 371,002 | 454,169 | | | 7,653 | 8,468 | -1,884 | -815 | 376,771 |
| 6.1 Deferred acquisition costs | | | | | | | | | |
| 6.2 Other assets | 371,002 | 454,169 | | | 7,653 | 8,468 | -1,884 | -815 | 376,771 |
| 7 CASH AND CASH EQUIVALENTS | 82,691 | 123,071 | | | 17,514 | 32,541 | | | 100,205 |
| TOTAL ASSETS | 8,263,071 | 8,319,506 | | | 1,411,617 | 1,402,329 | -615,619 | -1,020,593 | 9,059,069 |
| 1 SHAREHOLDERS' EQUITY | | | | | | | | | 5,538,828 |
| 2 PROVISIONS | 37,456 | 34,688 | | | 459 | 490 | | | 37,915 |
| 3 TECHNICAL PROVISIONS | 2,358,356 | 2,519,477 | | | | | | | 2,358,356 |
| 4 FINANCIAL LIABILITIES | 66,610 | 49,557 | | | 1,256,674 | 1,244,747 | -590,139 | -1,000,158 | 733,145 |
| 4.1 Financial liabilities at fair value through profit or loss | 48,655 | 31,010 | | | | | | | 48,655 |
| 4.2 Other financial liabilities | 17,955 | 18,547 | | | 1,256,674 | 1,244,747 | -590,139 | -1,000,158 | 684,490 |
| 5 ACCOUNTS PAYABLE | 115,725 | 86,217 | | | 46,805 | 61,216 | -22,666 | -16,735 | 139,864 |
| 6 OTHER LIABILITIES | 249,591 | 396,185 | | | 4,184 | 8,514 | -2,814 | -3,700 | 250,960 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | | | | | | | | 9,059,069 |
| | | | | | | | | | 8,701,242 |

(IN € THOUSAND)

| PROFIT & LOSS - SEGMENT REPORTING | Non-life business | | Life business | | Other businesses | | Inter-segment adjustments | | Total | |
|-----------------------------------|---|-----------------|------------------|----------|------------------|----------------|---------------------------|--------------|-----------------|------------------|
| | 31-12-14 | 31-12-13 | 31-12-14 | 31-12-13 | 31-12-14 | 31-12-13 | 31-12-14 | 31-12-13 | | |
| 1.1 | Net premiums | 385,182 | 469,779 | | | | | | 385,182 | 469,779 |
| 1.1.1 | Gross premiums for the year | 407,536 | 501,509 | | | | | | 407,536 | 501,509 |
| 1.1.2 | Outward reinsurance premiums for the year | -22,354 | -31,730 | | | | | | -22,354 | -31,730 |
| 1.2 | Commissions receivable | | | 11,067 | 10,745 | | | | 11,067 | 10,745 |
| 1.3 | Income and expense on financial instruments at fair value through profit or loss | -402,738 | -84,071 | | | | | | -402,738 | -84,071 |
| 1.4 | Income from equity investments in subsidiaries, associates and joint ventures | | | | | | | | | |
| 1.5 | Income from other financial instruments and investment property | 172,920 | 230,235 | | 46,714 | 50,321 | | | 223,241 | 276,949 |
| 1.6 | Other income | 654,518 | 516,232 | | 11,843 | 9,769 | 3,288 | 3,620 | 667,575 | 531,695 |
| 1 | TOTAL REVENUES AND INCOME | 809,882 | 1,132,175 | | 69,302 | 71,157 | 3,288 | 3,620 | 884,327 | 1,205,097 |
| 2.1 | Net claims incurred | 77,034 | -246,876 | | | | 1,175 | 1,902 | 78,209 | -244,974 |
| 2.1.1 | Amounts paid and changes to technical provisions | 54,428 | -266,731 | | | | 1,175 | 1,902 | 55,603 | -264,829 |
| 2.1.2 | Reinsurers' share | 22,606 | 19,855 | | | | | | 22,606 | 19,855 |
| 2.2 | Commission expense | | 41 | | -401 | -642 | | | -642 | -360 |
| 2.3 | Expense relating to equity investments in subsidiaries, associates and joint ventures | | | | | | | | | |
| 2.4 | Expense relating to other financial instruments and investment property | 12,847 | 14,989 | | -22,415 | -26,496 | | | -13,649 | -7,426 |
| 2.5 | Management costs | -101,688 | -95,341 | | -8,703 | -11,217 | 1,603 | 1,560 | -111,302 | -102,484 |
| 2.6 | Other expense | -149,662 | -261,813 | | -10,146 | -9,019 | 596 | 244 | -158,085 | -271,715 |
| 2 | TOTAL COSTS AND EXPENSES | -161,469 | -589,000 | | -41,665 | -47,374 | 3,374 | 3,706 | -205,469 | -626,959 |
| | PROFIT (LOSS) FOR THE YEAR BEFORE TAX | 648,413 | 543,175 | | 23,783 | 23,783 | 6,662 | 7,326 | 678,858 | 578,138 |

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

INFORMATION ON THE CONSOLIDATED BALANCE SHEET

(data in € thousand)

1. Intangible assets (Item 1)

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

TABLE 1 (IN € THOUSAND)

| INTANGIBLE ASSETS | Net value at 31-12-2014 | Net value at 31-12-2013 |
|-------------------------|----------------------------|----------------------------|
| Goodwill | 7,655 | 7,655 |
| Other intangible assets | 6,728 | 6,930 |
| Total | 14,383 | 14,585 |

The Intangible Assets item includes € 7.655 million for goodwill that includes:

- € 7,563 thousand relating to the residual goodwill recognised at the time of acquisition of the interest in SACE Surety.
- € 92 thousand of goodwill relating to SACE SRV (formerly SACE Servizi) established in the second half of 2007.

Other intangibles mainly include the costs of the corporate information system. Depreciation periods reflect the useful life of the capitalised costs. Further details on the measurement of Intangible Assets are provided in the Annex "Detail of Property, Plant and Equipment and Intangible Assets".

2. Property, plant and equipment (Item 2)

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

TABLE 2 (IN € THOUSAND)

| PROPERTY | Amount |
|--------------------|---------------|
| Opening balances | 73,558 |
| Acquisitions | 629 |
| Decreases | |
| Depreciation | 863 |
| Final value | 73,324 |

Property includes assets defined and regulated by IAS 16.

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

TABLE 3 (IN € THOUSAND)

| OTHER PROPERTY, PLANT AND EQUIPMENT | Amount |
|-------------------------------------|--------------|
| Opening balances | 2,607 |
| Increases for purchases | 540 |
| Decreases | 142 |
| Depreciation | 882 |
| Final value | 2,123 |

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

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

This heading, for a total of € 84,669 thousand (€ 82,185 thousand at 31 December 2013), includes reinsurers' commitments arising on reinsurance contracts regulated by IFRS 4. Further details of Reinsurers' share of technical provisions are provided in the Annex "Detail of Reinsurers' share of technical provisions".

4. Investments (Item 4)

The detail is as follows:

| TABLE 4 (IN € THOUSAND) | 31-12-2014 | 31-12-2013 |
|---|------------------|------------------|
| 4.1. Investment property | 12,590 | 12,999 |
| 4.2 Equity investments in subsidiaries, associates and joint ventures | 7,776 | 7,570 |
| 4.3 Investments held to maturity | 1,691,001 | 1,705,067 |
| 4.4 Loans and receivables | 4,638,310 | 3,019,824 |
| 4.6 Financial assets at fair value through profit or loss | 703,458 | 2,066,768 |
| Total | 7,053,135 | 6,812,228 |

4.1 Investment property

Investment Property (Item 4.1) includes assets defined and regulated by IAS 40. In particular it refers to property leased to third parties by the subsidiary SACE BT. The market value of each asset, taken together, is higher than the amount entered in the consolidated financial statements. The assessments are in line with the provisions of Title III of ISVAP Regulation No. 22. Further details are set forth in the Annex "Detail of Property, Plant and Equipment and Intangible Assets".

4.2 Equity investments in subsidiaries, associates and joint ventures

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

4.3 Investments held to maturity

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

TABLE 5 (IN € THOUSAND)

| HELD-TO-MATURITY INVESTMENTS | Amount |
|------------------------------|------------------|
| Opening balances | 1,705,067 |
| Increases during the year: | 41,316 |
| Reductions during the year: | 55,382 |
| Total | 1,691,001 |

The reduction during the year reflects reimbursements made.

4.4 Loans and receivables

Loans and receivables (Item 4.4) include loans (IAS 39.9) regulated by IAS 39, excluding trade receivables as defined by IAS 32 AG4 (a). This item also includes non-sight deposits at banks and reinsurers' deposits with ceding companies. It also includes the amount of € 1,276,953 thousand for receivables from debtors arising from factoring contracts signed before the year end and Notes of € 821,846 thousand.

All items of this category of financial instruments are carried at amortised cost.

4.6 Financial assets at fair value through profit or loss

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

The information pursuant to IFRS7.27B(a) concerning classification according to fair value hierarchy levels provided for by IFRS7.27 is provided in Annex 9 "Detail of financial assets and liabilities by level". Level 1 includes financial instruments listed on regulated markets, level 2 includes securities and OTC derivatives whose valuation is determined by observation of variables available in the market, level 3 securities and financial instruments whose valuation was made using valuation techniques that rely to a significant extent on variables that are not observable in the market.

5. Sundry receivables (Item 5)

TABLE 6 (IN € THOUSAND)

| SUNDRY RECEIVABLES | 31-12-2014 | 31-12-2013 |
|--|-------------------|-------------------|
| 5.1 Receivables arising out of direct insurance business | 1,300,592 | 1,029,824 |
| 5.2 Receivables arising out of reinsurance business | 1,825 | 12,356 |
| 5.3 Other receivables | 52,042 | 56,465 |
| Total | 1,354,459 | 1,098,645 |

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

Receivables arising out of direct insurance business

This item mainly refers to subrogation receivables from sovereign debtors of € 1,109,748 thousand.

Amounts receivable arising out of reinsurance operations

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

Other receivables

Other receivables are detailed below.

TABLE 7 (IN € THOUSAND)

| OTHER RECEIVABLES | 31-12-2014 | 31-12-2013 |
|--|-------------------|-------------------|
| Receivables from tax authorities | 6,602 | 7,702 |
| Receivables from invoices to be issued | 201 | 3 |
| Premiums on options | 525 | |
| Sundry receivables | 44,714 | 48,760 |
| Total | 52,042 | 56,465 |

Sundry receivables include mainly (€ 38,005 thousand) receivables from policyholders in relation to their exposure. The aforesaid receivables are similar, as far as their related terms and conditions of repayment are concerned, to the receivables payable by foreign countries due directly to SACE.

6. Other assets (Item 6)

TABLE 8 (IN € THOUSAND)

| OTHER ASSETS | 31-12-2014 | 31-12-2013 |
|--|-------------------|-------------------|
| 6.1 Non-current assets or of a disposal group available-for-sale | | |
| 6.2. Deferred acquisition costs | | |
| 6.3. Deferred tax assets | 140,254 | 208,406 |
| 6.4. Current tax assets | 224,899 | 237,533 |
| 6.5 Other assets | 11,618 | 15,883 |
| Total | 376,771 | 461,822 |

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

7. Cash and cash equivalents (Item 7)

TABLE 9 (IN € THOUSAND)

| CASH AND CASH EQUIVALENTS | 31-12-2014 | 31-12-2013 |
|--------------------------------------|-------------------|-------------------|
| Bank and Post Office demand deposits | 100,196 | 155,604 |
| Cash | 9 | 8 |
| Total | 100,205 | 155,612 |

This heading includes the financial assets defined by IAS 7.6.

8. Shareholders' equity

At 31 December 2014, shareholders' equity totalled € 5,538,828 thousand and comprises:

TABLE 10 (IN € THOUSAND)

| SHAREHOLDERS' EQUITY | 31-12-2014 | 31-12-2013 |
|---|-------------------|-------------------|
| Group interest | 5,538,828 | 5,320,744 |
| Share capital | 4,340,054 | 4,340,054 |
| Retained earnings and other equity reserves | 728,207 | 634,922 |
| Other gains (losses) taken directly to equity | 43 | 516 |
| Group interest in the profit (loss) for the year | 470,524 | 345,252 |
| Minority interest | | |
| Minority interest in the profit (loss) for the year | | |

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

9. Provisions

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

TABLE 11 (IN € THOUSAND)

| DESCRIPTION | 31-12-2014 | 31-12-2013 |
|---|---------------|---------------|
| Provisions for amounts due to policyholders | 8,277 | 7,748 |
| Provision for legal disputes | 3,194 | 3,178 |
| Provision for payments to agents | 1,266 | 1,132 |
| Other provisions | 25,178 | 23,120 |
| Total | 37,915 | 35,178 |

Movements on this account during 2014 are detailed below:

TABLE 12 (IN € THOUSAND)

| DESCRIPTION | Amount |
|-------------------------|---------------|
| Initial value | 35,178 |
| Allocations in the year | 3,937 |
| Uses in the year | 1,200 |
| Final value | 37,915 |

10. Technical provisions

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

TABLE 13 (IN € THOUSAND)

| DESCRIPTION | 31-12-2014 | 31-12-2013 |
|--|------------------|------------------|
| Provision for unearned premiums - non-life business | 1,711,241 | 1,728,343 |
| Provision for claims outstanding - non-life business | 646,199 | 790,073 |
| Other provisions | 916 | 1,059 |
| Total | 2,358,356 | 2,519,475 |

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

11. Financial liabilities

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

TABLE 14 (IN € THOUSAND)

| FINANCIAL LIABILITIES | 31-12-2014 | 31-12-2013 |
|--|----------------|----------------|
| 4.1 Financial liabilities at fair value through profit or loss | 48,655 | 31,010 |
| 4.2 Other financial liabilities | 684,490 | 263,136 |
| Total | 733,145 | 294,146 |

Financial liabilities at fair value through profit or loss reflect the value of financial instruments in the portfolio. Financial instruments are used for hedging or efficient management purposes; hedge accounting has not been applied for these instruments. The fair value of derivatives is determined on the basis of market parameters at the reporting date. The Other financial liabilities item includes loans granted by banks and financial institutions to SACE Fct S.p.A. Other financial liabilities mainly include payables to assignors for factoring contracts. Further details of this item are provided in the Annex "Detail of financial liabilities".

12. Accounts payable

TABLE 15 (IN € THOUSAND)

| ACCOUNTS PAYABLE | 31-12-2014 | 31-12-2013 |
|---|-------------------|-------------------|
| 5.1 Accounts payable arising out of direct insurance business | 34,634 | 28,064 |
| 5.2 Accounts payable arising out of reinsurance business | 23,915 | 11,940 |
| 5.3 Other accounts payable | 81,315 | 90,694 |
| Total | 139,864 | 130,698 |

This heading includes trade payables as per IAS 32 AG.

Payables arising out of direct insurance business mainly include payables for amounts due to policyholders for deductibles on amounts recovered equal to € 24,532 thousand.

Other accounts payable include:

TABLE 16 (IN € THOUSAND)

| DESCRIPTION | 31-12-2014 | 31-12-2013 |
|------------------------------------|-------------------|-------------------|
| Amounts due to suppliers | 11,680 | 12,542 |
| Provision for termination benefits | 6,959 | 6,334 |
| Sundry creditors | 62,676 | 71,818 |
| Total | 81,315 | 90,694 |

Sundry creditors includes costs accruing for personnel (€ 13,511 thousand), collections received from debtors relating to factoring activities awaiting processing (€ 26,182 thousand).

13. Other liabilities

This heading is detailed as follows:

TABLE 17 (IN € THOUSAND)

| OTHER LIABILITIES | 31-12-2014 | 31-12-2013 |
|---|-------------------|-------------------|
| 6.1 Liability of a disposal group held for sale | | |
| 6.2 Deferred tax liabilities | 153,546 | 105,101 |
| 6.3 Current tax liabilities | 92,813 | 282,937 |
| 6.4 Other liabilities | 4,601 | 12,961 |
| Total | 250,960 | 400,999 |

INFORMATION ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

14. Net premiums

This heading includes the premiums earned relating to insurance contracts under IFRS 4.2, net of amounts ceded to reinsurers. Gross premiums written amounted to € 390,432 thousand; indications regarding premium income in 2014 segment by segment are provided in the Directors' Report. Further details can be found in the Annex "Detail of insurance technical items".

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

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

16. Income from other financial instruments and investment property

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

Interest income

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

Other income

This item reflects income from rentals on investment property.

17. Other income

This heading mainly comprises the exchange differences taken to profit and loss as per IAS 21 amounting to € 643,983 thousand (€ 532,596 thousand at 31 December 2013).

18. Net claims incurred

This heading includes (gross of payment costs and amounts ceded to reinsurers) the amount of claims paid totalling € 407,893 thousand. The Directors' Report provides information on trends in claims by business line in 2014. Further details can be found in the Annex "Detail of insurance technical items".

19. Expense relating to other financial instruments and investment property

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

Interest expense

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

Other expense

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

20. Management costs

Commissions and other acquisition expenses

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

Investment management charges

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

Other administrative expenses

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

21. Other expense

This heading includes:

- other technical charges relating to insurance contracts (€ 4,104 thousand)
- write-downs and additional provisions accrued during the year (€ 1,602 thousand)
- exchange differences recognised in profit and loss, as set forth in IAS 21 (€ 132,388 thousand)
- realised losses, depreciation of property, plant and equipment, not otherwise allocated to other items of cost, and amortisation of intangible assets (€ 4,640 thousand).

22. Tax

Tax recognised in the Consolidated Profit and Loss Account is as follows:

TABLE 18 (IN € THOUSAND)

| INCOME TAX- Through profit or loss | 2014 | 2013 |
|--|----------------|----------------|
| Current tax | | |
| Expense (income) for current tax | 86,528 | 280,811 |
| Adjustments to prior year current tax | -952 | -18,899 |
| Deferred tax | 122,758 | -29,026 |
| Expense (income) due to recognition and elimination of temporary differences | | |
| Expense (income) due to changes in tax rates or new taxes | | |
| Expense (income) recognised arising from tax losses | | |
| Charges (income) relating to write-downs or write-backs of deferred tax assets | | |
| TOTAL INCOME TAX | 208,334 | 232,886 |

The reconciliation between the tax liability stated in the 2014 consolidated financial statements and the theoretical tax liability, determined according to theoretical tax rates adopted in Italy, is as follows:

TABLE 19 (IN PERCENTAGE)

| RECONCILIATION BETWEEN AVERAGE ACTUAL AND THEORETICAL TAX RATES - DETAIL | 2014 | 2013 |
|---|---------------|---------------|
| Ordinary rate applicable | 34.32% | 34.32% |
| Effect of increases/decreases | (3.63%) | 5.96% |
| Tax rate on profit before tax | 30.69% | 40.28% |

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

TABLE 20 (IN € THOUSAND)

| DEFERRED TAX ASSETS AND LIABILITIES | Assets | | Liabilities | | Net | |
|---|----------------|----------------|--------------------|----------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Intangible assets | | | | | | |
| Unrealised revaluation | 683 | 683 | | | 683 | 800 |
| Financial assets | 800 | 800 | | | 800 | 800 |
| Investment property | | | | | | |
| Equalisation and catastrophe provision | | | 47,896 | 35,387 | -47,896 | -35,387 |
| Employee benefits | | | 30 | 200 | -30 | -200 |
| Valuation of assets at fair value | | | 22,613 | 42,999 | -22,613 | -42,999 |
| Other items | 139,571 | 207,723 | 83,007 | 26,516 | 56,564 | 181,208 |
| Amount of tax relating to taxable losses | | | | | | |
| Total gross deferred tax | 140,254 | 208,406 | 153,546 | 105,102 | -13,292 | 103,421 |
| Tax equalisation | | | | | | |
| Total net tax (assets)/liabilities | 140,254 | 208,406 | 153,546 | 105,102 | -13,292 | 103,421 |

OTHER INFORMATION

Intercompany transactions and transactions with related parties

As part of their business, SACE and its subsidiaries were not party to any atypical transactions extraneous to their usual business conduct. Intercompany transactions, settled on an arm's length basis, are carried out through reinsurance relationships, the provision of services under specific outsourcing agreements (activities entrusted by the subsidiary SACE BT and by SACE Fct to the Parent Company SACE for activities not part of company core business - ITC, communication, personnel management and internal auditing). Leasing contracts for the premises at the headquarters of the Parent Company regulated at market prices, as well as leasing contracts between subsidiaries are also in place. These services made it possible to rationalise operating functions and improve the standard of service. During the year, insurance transactions were carried out with companies controlled by Cassa Depositi e Prestiti, also settled at arm's length.

SACE's financial investment portfolio contains 3 bonds with a total nominal value of € 104 million issued by the parent Cassa Depositi e Prestiti and acquired by SACE before the change of the controlling shareholder. Furthermore, on 31 December 2014 there were € 2,285 million as time deposits and € 11.8 million as demand deposits at the parent company Cassa Depositi e Prestiti.

Fees paid to senior managers with strategic responsibility

Fees were paid in 2014 for € 821 thousand.

Fees due to external auditors

Pursuant to Legislative Decree 39 of 27 January 2010, below are the fees due to PricewaterhouseCoopers S.p.A. for 2014 for auditing the consolidated financial statements.

| TABLE 21 (IN € THOUSAND) | 2014 |
|--------------------------|------------|
| Auditing - SACE S.p.A. | 89 |
| Auditing - Subsidiaries | 185 |
| Total | 274 |

Events after the end of the year

Reference should be made to the Directors' Report.

annexes

TO THE NOTES

(ISVAP Regulation No. 7/2007, as amended)

(IN € THOUSAND)

| ANNEX 1. DETAIL OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS | Valued at cost | At recalculated value or fair value | Total carrying value |
|---|-----------------------|--|---------------------------------|
| Investment property | 12,590 | | 12,590 |
| Other properties | 73,324 | | 73,324 |
| Other property, plant and equipment | 2,123 | | 2,123 |
| Other intangible assets | 6,728 | | 6,728 |

(IN € THOUSAND)

| ANNEX 2. DETAIL OF REINSURERS' SHARE OF TECHNICAL PROVISIONS | Direct business | | Indirect business | | Total carrying value | |
|--|------------------------|-----------------|--------------------------|-----------------|-----------------------------|-----------------|
| | 31-12-14 | 31-12-13 | 31-12-14 | 31-12-13 | 31-12-14 | 31-12-13 |
| Non-life provisions | 83,202 | 81,569 | 1,467 | 616 | 84,669 | 82,185 |
| Provision for unearned premiums | 37,772 | 30,698 | 779 | 359 | 38,551 | 31,057 |
| Provision for claims outstanding | 45,233 | 50,513 | 688 | 257 | 45,921 | 50,770 |
| Other provisions | 197 | 358 | | | 197 | 358 |
| Life provisions | | | | | | |
| Provision for sums to be paid | | | | | | |
| Provisions for policy liabilities | | | | | | |
| Technical provisions where the investments risk is borne by the policyholders and provisions relating to the administration of pension funds | | | | | | |
| Other provisions | | | | | | |
| Total reinsurers' share of technical provisions | 83,202 | 81,569 | 1,467 | 616 | 84,669 | 82,185 |

(IN € THOUSAND)

**ANNEX 3.
DETAIL OF FINANCIAL ASSETS**

| | Held-to-maturity investments | | Loans and receivables | | Available-for-sale financial assets | | Financial assets at fair value through profit or loss | | Total carrying value |
|---|------------------------------|------------------|-----------------------|------------------|-------------------------------------|------------------|---|------------------|----------------------|
| | 31-12-14 | 31-12-13 | 31-12-14 | 31-12-13 | 31-12-14 | 31-12-13 | 31-12-14 | 31-12-13 | |
| Equity instruments and derivatives valued at cost | | | | | | | | | |
| Equity instruments at fair value | | | | | | | | | |
| - of which listed | | | | | | | | | |
| Debt securities | 1,691,001 | 1,705,067 | | | | | 39,553 | 69,313 | |
| - of which listed | 1,691,001 | 1,705,067 | | | | | 37,593 | 68,149 | |
| Shares of collective investment funds | | | | | | | 86,118 | 1,270,165 | |
| Loans and receivables with insured banks | | | | | | | 86,118 | 1,270,165 | |
| Interbank loans and receivables | | | 504 | 295 | | | 558,573 | 717,887 | |
| Deposits with ceding companies | | | | | | | | 504 | |
| Financial asset components of insurance policies | | | 26 | 23 | | | | 26 | |
| Other loans and receivables | | | 4,637,780 | 3,019,505 | | | | 4,637,780 | |
| Non-hedge derivatives | | | | | | | 19,213 | 9,403 | |
| Hedging derivatives | | | | | | | | | |
| Other financial investments | | | | | | | | | |
| Total | 1,691,001 | 1,705,067 | 4,638,310 | 3,019,824 | 703,458 | 2,066,768 | 7,032,769 | 6,791,659 | |

(IN € THOUSAND)

| ANNEX 4. DETAIL OF TECHNICAL PROVISIONS | Direct business | | Indirect business | | Total carrying value | |
|--|------------------|------------------|-------------------|---------------|----------------------|------------------|
| | 31-12-14 | 31-12-13 | 31-12-14 | 31-12-13 | 31-12-14 | 31-12-13 |
| Non-life provisions | 2,285,379 | 2,475,062 | 72,977 | 44,415 | 2,358,356 | 2,519,477 |
| Provision for unearned premiums | 1,646,400 | 1,697,010 | 64,841 | 31,334 | 1,711,241 | 1,728,344 |
| Provision for claims outstanding | 638,063 | 776,993 | 8,136 | 13,081 | 646,199 | 790,074 |
| Other provisions | 916 | 1,059 | | | 916 | 1,059 |
| <i>of which provisions made following liability adequacy tests</i> | | | | | | |
| Life provisions | | | | | | |
| Provision for sums to be paid | | | | | | |
| Provisions for policy liabilities | | | | | | |
| Technical provisions where the investments risk is borne by the policyholders and provisions relating to the administration of pension funds | | | | | | |
| Other provisions | | | | | | |
| <i>of which provisions made following liability adequacy tests</i> | | | | | | |
| <i>of which deferred liabilities to policyholders</i> | | | | | | |
| Total Technical Provisions | 2,285,379 | 2,475,062 | 72,977 | 44,415 | 2,358,356 | 2,519,477 |

(IN € THOUSAND)

| ANNEX 5. DETAIL OF FINANCIAL LIABILITIES | Financial liabilities at fair value through profit or loss through profit or loss | | | | Other financial liabilities | | Total carrying value | |
|--|---|---------------|---|----------|-----------------------------|----------------|----------------------|----------------|
| | Financial liabilities held for trading | | Financial liabilities designated at fair value through profit or loss | | | | | |
| | 31-12-14 | 31-12-13 | 31-12-14 | 31-12-13 | 31-12-14 | 31-12-13 | 31-12-14 | 31-12-13 |
| Participating financial instruments | | | | | | | | |
| Subordinated liabilities | | | | | | | | |
| Liabilities from financial contracts arising from: | | | | | | | | |
| - policies where the investment risk is borne by policyholders | | | | | | | | |
| - the administration of pension funds | | | | | | | | |
| - other policies | | | | | | | | |
| Deposits received from reinsurers | | | | | 17,816 | 18,389 | 17,816 | 18,389 |
| Financial liability components of insurance policies | | | | | | | | |
| Debt securities issued | | | | | | | | |
| Payables to insured banks | | | | | 198,265 | 92,607 | 198,265 | 92,607 |
| Interbank liabilities | | | | | | | | |
| Other loans obtained | | | | | 460,000 | 150,000 | 460,000 | 150,000 |
| Non-hedging derivatives and forward contracts | 48,655 | 31,010 | | | | | 48,655 | 31,010 |
| Hedging derivatives | | | | | | | | |
| Other financial liabilities | | | | | 8,409 | 2,140 | 8,409 | 2,140 |
| Total | 48,655 | 31,010 | | | 684,490 | 263,136 | 733,145 | 294,146 |

(IN € THOUSAND)

| ANNEX 6. DETAIL OF TECHNICAL INSURANCE ITEMS | 2014 | | | 2013 | | |
|---|----------------|----------------------|----------------|----------------|----------------------|----------------|
| | Gross amount | reinsurers' share | Net amount | Gross amount | reinsurers' share | Net amount |
| Net premiums | 407,536 | -22,353 | 385,182 | 501,511 | -31,731 | 469,779 |
| a Premiums written | 390,432 | -29,605 | 360,827 | 398,671 | -21,700 | 376,971 |
| b Change in the provision for unearned premiums | 17,103 | 7,252 | 24,355 | 102,840 | -10,031 | 92,809 |
| Net claims incurred | -55,603 | -22,606 | -78,209 | 264,830 | -19,856 | 244,974 |
| a Claims paid | 407,893 | -29,610 | 378,283 | 401,945 | -35,302 | 366,644 |
| b Change in the provision for claims outstanding | -144,115 | 4,847 | -139,268 | 32,721 | 13,982 | 46,703 |
| c Change in recoveries | -319,238 | 1,997 | -317,241 | -169,877 | 1,515 | -168,362 |
| d Change in other technical provisions | -143 | 160 | 17 | 41 | -51 | -10 |
| Life business | | | | | | |
| Net premiums | | | | | | |
| Net claims incurred | | | | | | |
| a Claims paid | | | | | | |
| b Change in the provision for claims outstanding | | | | | | |
| c Change in provisions for policy liabilities | | | | | | |
| d Change in technical provisions where the investments risk is borne by the policyholders and relating to the administration of pension funds | | | | | | |
| e Change in other technical provisions | | | | | | |

(IN € THOUSAND)

**ANNEX 7. FINANCIAL
AND INVESTMENT INCOME
AND EXPENSE**

| | Interest | Other income | Other expense | Realised gains | Realised losses | Total realised income and expense | Valuation gains | | Valuation losses | | Total non- realised income and expense | Total income and expense |
|---|----------------|-----------------|------------------|-------------------|--------------------|--|--------------------|-------------------------|---------------------|-----------------------|---|--------------------------|
| | | | | | | | Valuation gains | Restoration of value | Valuation losses | Reduction in value | | |
| Investment income (expense) | 197,573 | 2,447 | (469) | 90,489 | (288,454) | 1,585 | 58,115 | (269,520) | (4,564) | (215,969) | (214,383) | 161,825 |
| a On investment property | | 1,035 | (469) | 7 | | 573 | | (89) | (89) | (89) | 484 | 385 |
| b Relating to equity investments in subsidiaries, associates and joint ventures | | | | | | | 16,947 | (16,741) | | 206 | 206 | 82 |
| c On held-to-maturity investments | 74,845 | | | 3 | | 74,848 | | | | | 74,848 | 62,211 |
| d On loans and receivables | 113,847 | 140 | | | (3,209) | 110,778 | 9,982 | (7,598) | | 2,384 | 113,162 | 183,331 |
| e On available-for-sale financial assets | | | | | | | | | | | | |
| f On held-for-trading financial assets | 8,881 | 1,272 | | 90,479 | (285,245) | (184,614) | 31,186 | (245,181) | (4,475) | (218,469) | (403,083) | (84,184) |
| g On financial assets designated at fair value through profit or loss | | | | | | | | | | | | |
| Other receivables - income (expense) | 3,855 | | | | | 3,855 | | | | | 3,855 | 3,124 |
| Cash and cash equivalents - income (expense) | 19,667 | | | | | 19,667 | | | | | 19,667 | 21,526 |
| Financial liabilities - income (expense) | (2,109) | 1 | | | | (2,107) | | | | | (2,107) | (564) |
| a On held-for-trading financial liabilities | | | | | | | | | | | | |
| b On financial liabilities designated at fair value through profit or loss | | | | | | | | | | | | |
| c On other financial liabilities | (2,109) | 1 | | | | (2,107) | | | | | (2,107) | (564) |
| Indebtedness | (176) | | | | | (176) | | | | | (176) | (459) |
| Total | 218,810 | 2,448 | (469) | 90,489 | (288,454) | 22,824 | 58,115 | (269,520) | (4,564) | (215,969) | (193,145) | 185,453 |

(IN € THOUSAND)

| ANNEX 8. DETAIL OF INSURANCE BUSINESS COSTS | Non-life business | | Life business | |
|--|--------------------------|-----------------|----------------------|-----------------|
| | 31-12-14 | 31-12-13 | 31-12-14 | 31-12-13 |
| Gross commissions and other acquisition expense | 44,107 | 43,388 | | |
| a Acquisition commissions | 12,776 | 13,972 | | |
| b Other acquisition costs | 29,063 | 28,399 | | |
| c Change in deferred acquisition costs | | | | |
| d Collecting commissions | 2,268 | 1,017 | | |
| Reinsurance commissions and profit-sharing | -2,786 | -7,267 | | |
| Investment management charges | 3,981 | 4,328 | | |
| Other administrative expenses | 56,386 | 54,892 | | |
| Total | 101,688 | 95,341 | | |

(IN € THOUSAND)

ANNEX 9. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING AND NON-RECURRING BASIS: BREAKDOWN BY FAIR VALUE LEVEL

| | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|---------------|---------------|----------------|
| | 31-12-14 | 31-12-14 | 31-12-14 | 31-12-14 |
| | 31-12-13 | 31-12-13 | 31-12-13 | 31-12-13 |
| Assets and liabilities measured at fair value on a recurring basis | | | | |
| Available-for-sale financial assets | | | | |
| Financial assets at fair value through profit or loss | 679,767 | 23,691 | | 703,458 |
| Financial assets held for trading | 2,052,959 | 13,809 | | 2,066,768 |
| Financial assets measured at fair value through profit and loss | | | | |
| Investment property | | | | |
| Tangible assets | | | | |
| Intangible assets | | | | |
| Total assets measured at fair value on a recurring basis | 679,767 | 23,691 | 13,809 | 703,458 |
| Financial liabilities at fair value through profit or loss | | | | |
| Financial liabilities held for trading | | | | |
| Financial liabilities designated at fair value through profit or loss | | | | |
| Total liabilities measured at fair value on a recurring basis | | | | |
| Assets and liabilities measured at fair value on a non-recurring basis | | | | |
| Non-current assets or of a disposal group held for sale | | | | |
| Liabilities of a disposal group held for sale | | | | |

(IN € THOUSAND)

**ANNEX 10. ASSETS AND LIABILITIES
NOT MEASURED AT FAIR VALUE:
BREAKDOWN BY FAIR VALUE LEVEL**

| | Carrying value | | Fair value | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|----------------|----------------|------------------|------------------|
| | 31-12-14 | 31-12-13 | Level 1 | Level 2 | Level 3 | Total | | | |
| | 31-12-14 | 31-12-13 | 31-12-14 | 31-12-13 | 31-12-14 | 31-12-13 | | | |
| Assets | | | | | | | | | |
| Held-to-maturity investments | 1,691,001 | 1,705,067 | 1,880,536 | 1,750,677 | 24 | 38 | 1,880,560 | 1,750,715 | |
| Loans and receivables | 4,638,310 | 3,019,824 | | 3,816,464 | 2,211,444 | 821,846 | 808,380 | 4,638,310 | 3,019,824 |
| Equity investments in subsidiaries, associates and joint ventures | 7,776 | 7,570 | | 7,776 | 7,570 | | | 7,776 | 7,570 |
| Investment property | 12,590 | 12,999 | | 12,590 | 12,999 | | | 12,590 | 12,999 |
| Tangible assets | 75,447 | 76,165 | | 75,447 | 76,165 | | | 75,447 | 76,165 |
| Total assets | 6,425,124 | 4,821,625 | 1,880,536 | 3,912,277 | 2,308,178 | 821,870 | 808,418 | 6,614,683 | 4,867,273 |
| Liabilities | | | | | | | | | |
| Other financial liabilities | 684,490 | 263,136 | | 684,490 | 263,136 | | | 684,490 | 263,136 |

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

The legal representatives of the company (*)

Alessandro Castellano (**)

The Statutory Auditors

Marcello Cosconati

Alessandra Rosa

Giuliano Segre

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

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

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

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS pursuant to article 13, para. 10.8 of the corporate bylaws of SACE S.p.A.

We the undersigned, Alessandro Castellano, in my capacity as CEO and Roberto Taricco, in my capacity as executive officer responsible for preparing the corporate accounts of Sace S.p.A., hereby certify:

- the adequacy in relation to the characteristics of the company and
 - the effective application
- of the administrative and accounting procedures used to prepare the consolidated financial statements for the year ended at 31 December 2014.

The adequacy of the administrative and accounting procedures used to prepare the consolidated financial statements for the year ended at 31 December 2014 was assessed on the basis of a process defined by SACE in accordance with generally recognised international standards.

We hereby also certify that:

- the consolidated financial statements at 31 December 2014:
 - correspond to the results of company records and accounting entries;
 - were drawn up according to the International Financial Reporting Standards adopted by the European Union pursuant to Regulation (EC) 1606/2002, the provisions of Legislative Decree 38/2005, the Italian Civil Code, Legislative Decree 209 of 7 September 2005 and the applicable ISVAP regulations and circulars and that to the best of our knowledge they give a true and fair view of the state of affairs, the financial standing and the operating result of the company and the group of companies included in the scope of consolidation.
- the report on operations includes a fair review of the operating performance and result and the situation of the company and all the consolidated companies, together with a description of the main risks and uncertainties to which they are exposed.

Rome, 19 March 2015

CEO
Alessandro Castellano

Executive Officer
Roberto Taricco

report

OF THE BOARD OF STATUTORY AUDITORS

REPORT OF THE BOARD OF STATUTORY AUDITORS on the consolidated financial statements at December 31, 2014

Dear Shareholders,

As stated in the Notes, the scope of consolidation of SACE S.p.A. includes:

- SACE S.p.A., which directs and coordinates its direct subsidiaries
- SACE Fct S.p.A., wholly owned
- SACE BT S.p.A., wholly owned
- SACE SRV S.r.l., wholly-owned through SACE BT S.p.A.
- SACE do Brasil Representações Ltda, 99.91% directly owned and 0.9% indirectly owned through SACE SRV S.r.l.

The consolidated financial statements at 31 December 2014 of SACE S.p.A. have been prepared, based on the provisions of Legislative Decree no. 38 of 28 February 2005, in accordance with IAS/IFRS International Accounting Standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Union and in the technical formats required under IVASS Regulation No. 7/2007.

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

Together with the consolidated financial statements, the Directors of SACE S.p.A. provided us with the reporting package at 31 December 2014, prepared for the purposes of preparing the consolidated financial statements of the parent company Cassa Depositi e Prestiti and prepared based on the instructions issued by the Bank of Italy, as well as those of the Shareholder.

The consolidated financial statements were also subject to statutory audit by the Independent Auditors PricewaterhouseCoopers S.p.A. For those financial statements of companies subject to consolidation, we have not carried out any direct control since this is the responsibility of the individual controlling bodies. We acknowledge that the reports issued by the latter, concerning the part for which they are responsible, do not reveal any anomalous situations, findings, criticisms or reservations.

Acting within the scope of our supervisory authority, we have ascertained the following:

- compliance with valuation criteria, consolidation principles and other legal requirements, especially those concerning the formation of the scope of consolidation, the date of reference of data and rules of consolidation
- the adequacy of the detailed information contained in the Directors' Report and in the Notes and consistency with the information provided in the consolidated financial statements.

We acknowledge that, in their report, the independent auditors, PricewaterhouseCoopers S.p.A., have certified that the 2014 consolidated financial statements have been drawn up clearly and provide a true and fair view of the state of affairs, financial standing, operating result, changes in shareholders' equity and cash flows of SACE S.p. A. and its subsidiaries.

For all our other findings and comments on the consolidated financial statements at 31 December 2014 under our responsibility, reference should be made to the Report on the financial statements of SACE S.p.A., which underlines the key aspects of the financial statements of the same, whose operations continued to have significant repercussions on the consolidated financial statements throughout 2014.

In our opinion, based on that stated above, the consolidated financial statements for the year ended at 31 December 2014 – recording net profits of € 470,524 thousand, total assets of € 9,059,069 thousand, total liabilities of € 3,520,241 thousand and consolidated shareholders' equity of € 5, 538,828 thousand – which are the result of financial statements that generated no exceptions, recommendations, criticisms or reservations, give a correct view of the state of affairs, financial standing and operating result of SACE S.p.A. and its subsidiaries, in accordance with the aforesaid laws governing consolidated financial statements.

Rome, 07 April 2015

The board of statutory auditors

Mr. Marcello Cosconati (Chairman)
Ms. Alessandra Rosa (Standing Auditor)
Mr. Giuliano Segre (Standing Auditor)



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

To the Shareholder of
SACE SpA

- 1 We have audited the consolidated financial statements of SACE SpA and its subsidiaries ("SACE Group") as of 31 December 2014, which comprise the balance sheet, the profit and loss account, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and related notes. The directors of SACE SpA are responsible for the preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- 2 We conducted our audit in accordance with the standards on auditing issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by CONSOB, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 8 April 2014.
- 3 In our opinion, the consolidated financial statements of SACE SpA as of 31 December 2014 comply with International Financial Reporting Standards as adopted by the European Union; accordingly, they have been prepared clearly and give a true and fair view of the financial position, results of operations and cash flows of the SACE Group for the year then ended.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: Ancona 60131 Via Sandro Totti 1 Tel. 0712132311 - Bari 70122 Via Abate Gimma 72 Tel. 0805640211 - Bologna 40126 Via Angelo Finelli 8 Tel. 0516186211 - Brescia 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - Catania 95129 Corso Italia 302 Tel. 0957532311 - Firenze 50121 Viale Gramsci 15 Tel. 0552482811 - Genova 16121 Piazza Piccapietra 9 Tel. 01029041 - Napoli 80121 Piazza dei Martiri 58 Tel. 08136181 - Padova 35138 Via Vicenza 4 Tel. 049873481 - Palermo 90141 Via Marchese Ugo 60 Tel. 091349737 - Parma 43100 Viale Tanara 20/A Tel. 0521275911 - Roma 00154 Largo Fochetti 29 Tel. 06570251 - Torino 10122 Corso Palestro 10 Tel. 011556771 - Trento 38122 Via Grazioli 73 Tel. 0461237004 - Treviso 31100 Viale Felissent 90 Tel. 0422696911 - Trieste 34125 Via Cesare Battisti 18 Tel. 0403480781 - Udine 33100 Via Poscolle 43 Tel. 043225789 - Verona 37135 Via Francia 21/C Tel. 0458263001

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- 4 The directors of SACE SpA are responsible for the preparation of a report on operations in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Italian Accounting Profession and recommended by CONSOB. In our opinion the report on operations is consistent with the consolidated financial statements of SACE SpA as of 31 December 2014.

Rome, 2 April 2015

PricewaterhouseCoopers SpA

Signed by

Antonio Dogliotti
(Partner)

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

Design & Layouts

19novanta communication & partners

