2015 ANNUAL REPORT

IT'S TIME TO EXPORT

SACE

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SACE

Great enterprises are born from the desire to overcome limits.
We have always known this. Again in 2015, internationalisation has proven to be a winning strategy for the whole “Made in Italy” production and SACE has been alongside companies, promoting their excellence and increasing their competitiveness. In this annual report we wish to review the year just ended, with analyses, data and stories of companies that knew how to seize the opportunities offered by international markets. And with an invitation: always aim for new goals, look towards the horizon and go beyond traditional export destinations.
It’s time to move and export!

2015 HIGHLIGHTS

310
NET PROFIT
€ mln

560
GROSS PREMIUMS
€ mln

285
CLAIMS PAID
€ mln

723

723
EMPLOYEES

2,884.7

2,885 TECHNICAL RESERVES € mln

4,770 SHAREHOLDER'S EQUITY € mln

81,164 OUTSTANDING COMMITMENTS € mln

25,000 CORPORATE CUSTOMERS


ALWAYS O
MOVE
SACE

N THE

Bangkok,
THAILAND

Giovanni Castellaneta

Chairman

2015 was a year marked by the worsening of the global scenario, renewed political violence and persistent market volatility. Nevertheless, Italian companies exporting and investing in the world were able to keep up. Exports recorded a growth of 3.7%, proving to be a key driver of the national economy. They resisted the decline of once priority destinations and the slowdown of main emerging countries, intercepting the new potential offered by the United States and Europe, as well as a diverse set of markets where the demand for Made in Italy products continues to grow.

Competition now takes place on shaky ground, characterised by complex risk profiles, where reliance on financial insurance solutions is often decisive

Alessandro
Castellano

Chief Executive Officer

in developing business in the medium to long term. For this reason we have offered our strategic support to small, medium and large Italian enterprises competing internationally: in 2015, the portfolio of SACE transactions reached 81 billion euro, the highest level in our history, 40.7 billion euro of which related to export and internationalisation transactions, an increase of 11.6% compared to 2014. The risks assumed are not merely on paper, but include machinery, ships, and the consumer goods of our 25 thousand customers, mainly SMEs, in the 198 countries we operate in worldwide.

SACE: the reference point for internationalisation

It is now forty years that we have been working with businesses focusing on international markets.
This is an important milestone in our history that has seen our DNA change several times to better meet the needs of our customers.
This track record has been greatly accelerated over the past decade, during which SACE reconfigured its services and introduced innovative solutions to offer supply chain financing tools for the entire internationalisation value chain.
If in the past SACE only had export credit products – guaranteeing loans to foreign companies for the purchase of Italian goods or insuring export companies against the risk of non-payment – today it offers Italian companies much more to address the challenges of growth.
With SACE companies are able to access loans or issue bonds to fund their own international development plans, protect foreign investments against political risks, benefit from specific advice for structuring complex transactions in new markets, obtain the guarantees required to participate in tenders or execute contracts, and convert receivables into cash.
Credit insurance, surety and construction risk protection activities have reached 40 billion euro in portfolio transactions, while factoring recorded total receivables of nearly 2 billion.
On a consolidated level, gross premiums amounted to 559.8 million euro, an increase of 43% compared to the previous year, consolidated claims settled amounted to 285.4 million euro and net profit stood at 309.8 million euro. These positive results confirm the validity of a business model based on risk management skills and market knowledge, however with room for improvement.

Innovation, a priority for all

In a fast-changing world, innovation and the search for new solutions must be a priority for all. For a country like Italy where exports are a main strength, embracing the challenge of digitalisation is a prerequisite for competition.
E-commerce platforms are allowing start-ups, established companies and billions of people throughout the world to access once unthinkable markets. World trade, now more than ever, is a challenge within the reach of companies of all sizes that are capable of transforming innovation into a new competitive advantage. This will imply for all – SACE included – a rethinking in terms of products, structures and process organisation. Today SACE offers companies and banks a wide range of online products and services, but we know we have to do more. For this reason we are evaluating a series of innovations in the digital arena that will allow us to simplify interaction with companies, modify products and create new ones meeting and even anticipating the needs of businesses.
New proposals emerge from financial technology, fintech, which in 2015 led to a real boom in revolutionary solutions launched on the market. From simple payments to asset management, from peer-to-peer funding to crowdfunding, there is now already a new generation of companies successfully exploring a market worth an estimated 47 billion dollars. Also at SACE, we have set ourselves the goal of becoming 2.0 pioneers in the interest of Italian companies. In 2015, we took a first step in this direction through our partnership with Workinvoice, the first digital start-up serving as a marketplace for invoicing.
But this is just the beginning.

Risk aversion, an obstacle to overcome

In a context where global risks are increasing but coexist with important opportunities for companies that know how to aim abroad, Italy and Europe are still limited by unparalleled risk aversion: an obstacle to growth that must be overcome by relying on all the tools and expertise available.

Internationalised businesses that manage to successfully compete in a complex scenario such as the current one are strong, prepared and innovative: drivers of growth in a country where the export of Made in Italy products is not only a symbol, but also a major attraction for foreign investors. The goal is to work closely together to create a diversified asset class that is attractive for investors, made up of many valuable SMEs that can guarantee adequate returns. And we strongly believe that by accelerating exports and internationalisation, and therefore the growth of our businesses, this process will be made easier.

It is necessary to analyse and focus on the great phenomena that are changing global balances and to understand where the new opportunities to seize will be.

The Chinese "crisis", for example, will not reduce the demand of the Asian giant but will create a new demand: more goods and services, less industrial technology.

The same goes for certain oil-driven markets, especially in the Middle East, which are currently diversifying and changing growth models, focusing on urban development, infrastructure and consumables.

In the meantime, new players are emerging on the global scene (or returning with new credentials): just think of the opening of markets such as Cuba and Iran, with large-scale geo-economic impacts and significant opportunities on the horizon for Italian companies.

Looking at the future

In this context of major change SACE has further expanded its branch network, bringing the number of Italian and international offices to 23, in order to strengthen its proximity to businesses and markets.

In particular, in 2016 we will enter global markets from an additional international office in Dubai, and another opening soon in Teheran. These choices are a sign of the times, taking us to the hub of a rapidly evolving area where key challenges will unfold, even for Italy.

Along with the Board of Directors, we would like to thank the women and men at SACE, who with their professionalism and daily efforts have enabled the company to achieve consistently positive results; we wish to continue this path of growth, knowledge and innovation together with them and our customers, to enhance the great entrepreneurial heritage of this country.

Giovanni Castellaneta
Chairman

Alessandro Castellano
Chief Executive Officer

FAST NEWS 2015

INCREASINGLY DIGITAL

SACE launches a new APP making it possible to always have information about countries for exports and investments on hand. It receives the 2015 Webranking Award for best corporate website in Italy, among unlisted companies. An agreement is signed with the start-up Workinvoice, the first Italian fintech platform for trading commercial loans to support companies in the search for alternative sources of liquidity.

PRESENCE EXTENDED EVEN FURTHER

SACE opens two new offices in Palermo and Dubai to be even closer to businesses, especially SMEs, and support their competitiveness in Italy and abroad.

EXPO MILANO 2015

SACE participates as *Official Partner for Italy's International Growth* at the Made in Italy flagship event, creating for the occasion a series of discussions and webinars on the most attractive sectors and markets for Italian exports.

NEW MARKETS ON THE HORIZON

SACE offers all of its expertise to support businesses in Iran and Cuba, two new markets with great potential that recently opened to Italian investments.

AWARD FOR EXCELLENCE

SACE wins as best export credit company in Europe and the Middle East at the Awards for Excellence promoted by Trade Finance Magazine.

SUPPLY CHAIN EXPORTS

SACE enhances its Advisory Service, leading groups of Italian SMEs to export turnkey projects – 100% Made in Italy – to frontier countries.

NEW SOLUTIONS

SACE guarantees the first bond underwriting of the Fondo Sviluppo Export; it launches BT Facile Pmi, the new product for micro-enterprises, a debt collection service in Italy and abroad, and 2i per l'Impresa, the program that finances innovation and internationalisation projects.

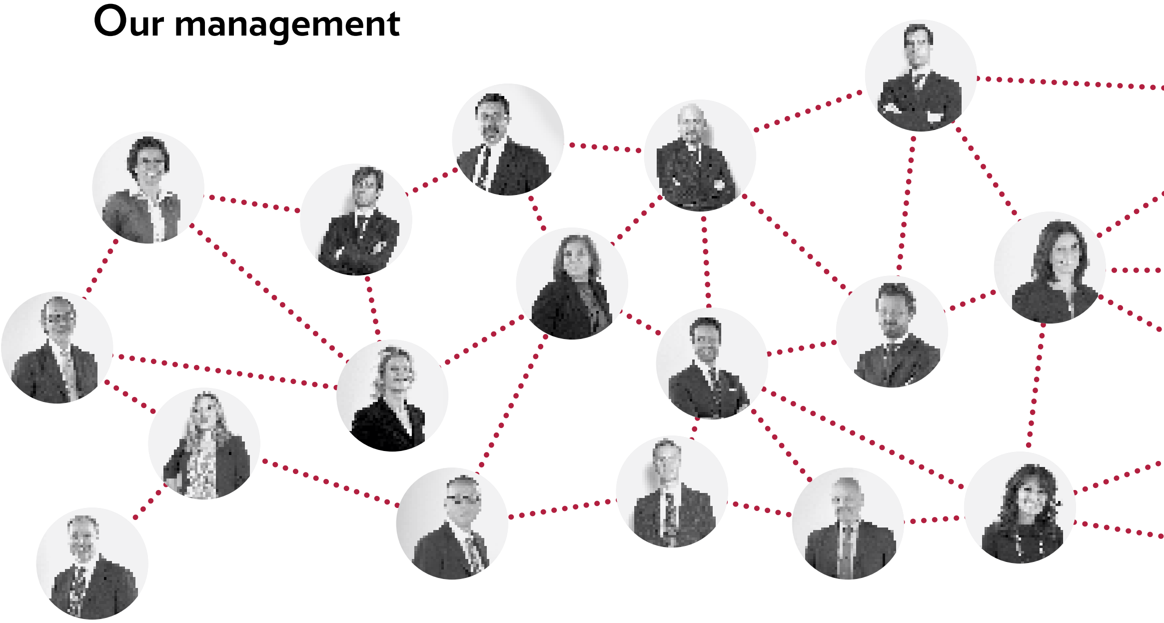
DISCOVERING MARKETS AND SECTORS

SACE opens its road show with RE-Start, the launch event of the Export Report hosted by the Italian Stock Exchange, which identifies the markets with the greatest potential for exports in the next 3 years. The novelties of the year include an Export Map, the first map of opportunities for Italian exports worldwide.

OUR MADE IN ITALY TEAM

Italian talent is extraordinary and deserves to be exported. Every day we enter the playing field alongside companies with a team of professionals who are committed to leading Italian exports to new heights with energy and passion. SACE's experience, developed over forty years of operating in foreign markets, allows us to recognise opportunities and assess risks even in highly complex situations. Over 25,000 companies have chosen us to protect and develop their businesses. We support them throughout the internationalisation process – because now is the time to export!

Our management



OVERCOMING CHALLENGES ON INTERNATIONAL MARKETS

TOGETHER TOWARDS NEW HORIZON

Focusing on new regions, finding potential customers, diversifying asset portfolios. In one word: export. If the crisis has taught us one lesson, it is that the best opportunities are found abroad. But internationalisation, an essential strategic tool for companies, cannot be improvised. It is important to know how to move on foreign markets, carefully assessing all related risks because while entailing benefits, each growth project also conceals many pitfalls.
SACE shares all of its experience on international markets with businesses.

Those who rely on SACE benefit from a team of economists dedicated to the study of 198 countries and specialised in the analysis of Italian industry trends. Over the years, we have developed operational tools to support business strategies, such as Country Risk Updates, the Export Report, the Country Risk Map and the Export Map. The content of the same is available online at sace.it or on the dedicated APP and is now a point of reference for entrepreneurs, universities, research institutes and the media. In recent years, we focused particular attention on identifying new frontiers for exports, emerging markets and destinations that – still not fully saturated – offer Italian businesses the best growth margins. This gave rise to the Frontier Markets Program, developed primarily for the needs of SMEs, to accompany them towards countries with high potential but not easily accessible, such as in Sub-Saharan Africa and East Asia. SACE's knowledge of foreign markets is further enhanced by a growing international network, which oversees the markets with the greatest potential for Italian exports, namely Brazil, China, India, Mexico, Romania, Russia, South Africa, Turkey and, from this year, the United Arab Emirates.
Field presence allows SACE to consolidate strategic relationships and partnerships with banks, counterparties and institutions in favour of Italian companies.

SACE

JOHANNESBURG | MOSCOW | MUMBAI | SÃO PAULO

BUCHAREST | MEXICO CITY | DUBAI | ISTANBUL | HONG KONG

WE HELP SMALL COMPANIES THINK BIG

The smaller the enterprise, the more going overseas seems an impossible mission. The support that SACE offers in new and often unfamiliar regions can truly make the difference. It helps companies become more competitive, assists in managing the risks related to internationalisation and accompanies them through the growth process step by step. For this reason, at SACE our offer is translated into simple and flexible solutions, in order to customise them for SMEs and to find the most suitable way to provide support during international development.

Our customers and their needs are the starting point for each of our strategies. Every day we strive to improve the quality of our services.

We work closely with businesses, especially SMEs, to overcome the challenges of foreign markets. We support their entrepreneurship by facilitating access to credit and protecting them from the risk of non-payment.
The first contact between companies and our services is through the website sace.it, which won as the best corporate website in Italy (among unlisted companies) in the 2015 Webranking Awards. Featuring interactive multimedia content and success stories of those who have promoted Italian products worldwide, it offers a direct channel to SACE products and services.
We promote an integrated approach to our offer, maximising the advantages for our customers. Each company that turns to SACE can rely on a dedicated account that follows each phase of the internationalisation process, identifying the most suitable tools, together, from time to time. Our office network was strengthened this year with the opening of the Palermo office, a reference point for exports by Sicilian companies. In addition to the SACE network, agencies and brokers across Italy meet the needs of customers, providing precise and specific responses in a timely manner.

OUR ITALIAN NETWORK IS CONSTANTLY GROWING TO BE EVEN CLOSER TO BUSINESSES AND THEIR NEEDS.

Left page, from the left:
Edoardo Li Castri, Ignazio Bucalo, Giulia Santaniello, Mario Buratti, Enrica Delgrosso, Cosimo Matarazzo.
Right page, from the left:
Rossella Zurlo, Martin Biffi, Mauro Pasqualucci, Roberta Gioda, Gianmario Mengozzi, Costantino Coco.

OUR OFFER TAKES YOU FAR

The export and internationalisation needs of Italian enterprises have changed over the years. From the simple protection of export credit, they have evolved into requests for increasingly complex insurance and financial instruments. The SACE offer has followed – and in some cases anticipated – these requirements, supplementing the range of dedicated services to cover most needs of Italian companies selling and investing abroad: from the search for business opportunities in new markets, to supporting participation in tenders, raising financial resources for investment in research and development and factoring. In 2015, the SACE offer was enriched with new services catering for the entire value chain of exporters. The Advisory Service, which guides business towards unfamiliar destinations, was improved; it offers businesses new opportunities with an innovative approach involving supply chain exports, envisaging the supply of turnkey projects – 100% Made in Italy – created by groups of SMEs. A new training program for entrepreneurs, the Executive Export Program, was also developed, allowing participants to acquire a set of strategic and operating skills that are essential for successful internationalisation and strengthening presence on foreign markets.

BT Facile Pmi is the new credit insurance product designed to offer the simplicity and speed required by micro and small enterprises wishing to protect themselves against the risk of non-payment.
A new debt collection service completes the offer, previously proposed only to customers but from this year also available to all companies wishing to collect amounts due in Italy and abroad. There are many initiatives for customers expanding the sources of financing for businesses.
The "2i per l'Impresa – Innovazione&Internazionalizzazione" program was launched in cooperation with the European Investment Fund and Cassa depositi e prestiti, which allows SMEs to access resources made available by the Juncker Plan for internationalisation and research and development investments. Finally, numerous conventions and agreements concluded with Confindustria, trade associations and banks help amplify SACE's scope of action, facilitating the internationalisation process for enterprises.

WITH SACE YOU CAN

STRENGTHEN YOUR EXPORTS

We insure your exports against the risk of non-payment.
We guarantee loans granted to foreign companies for the purchase of goods and services from your business.

INSURE AND MONETISE YOUR RECEIVABLES

We provide your business with solutions to insure your sales in Italy and abroad, as well as a wide range of debt collection and factoring services to transform your receivables into cash.

FINANCE YOUR INTERNATIONAL GROWTH

We improve your access to credit, guaranteeing the loans granted to your business for international development projects. We facilitate entry into the capital market and insure your foreign investments against political risks.

OBTAIN GUARANTEES FOR TENDERS AND CONTRACTS

We offer your company the guarantees required to participate in tenders and win contracts around the world, to settle payment commitments and insure sites against all construction risks.

DISCOVER CUSTOMERS AND MARKETS

We provide extensive experience in risk assessment and management acquired in over forty years of activity. We offer customised solutions, specialised training and industry studies prepared by our team of economists.

SUSTAINABILITY & TRANSPARENCY FOR ITALIAN GROWTH

Listening to needs, including those of all SACE stakeholders, is at the basis of our CSR activities.
Our commitment to stakeholders is summarised in the Sustainability Report, which represents our focus on transparency and underlines our desire to integrate business principles with social responsibility.
This report, certified by the independent entity TÜV Italia and prepared in accordance with the main international guidelines[1], highlights the impacts generated by the company from an economic, environmental and social standpoint.
In 2015, SACE took an additional step in its reporting process, also introducing stakeholder mapping and the definition of a materiality matrix.
On the first point, we conducted a survey to identify all of our stakeholders in detail. This is a key step to starting a process of engagement and dialogue with them, better responding to needs and expectations and measuring satisfaction.
Stakeholder mapping is a preparatory activity for the materiality analysis: a tool that identifies and orders by priority the aspects that may significantly influence our ability to create value in the short, medium and long term.

[1] The international guidelines followed for the preparation of the Sustainability Report are the Global Reporting Initiative, G4 edition, the AA1000APS (Accountability Principles Standard) and AA100SES (Stakeholder Engagement Standard).

The results of the materiality analysis are summarised in a matrix that highlights important matters for both SACE and our stakeholders: protection of the stability and financial health of SACE; export and internationalisation support activities; rigorous business conduct; quality of corporate life; management and adequate supervision of business risks; development of partnerships to promote the national economy; employee enhancement and customer focus.
At SACE we believe that virtuous behaviour can make a real difference. In light of this, every day we strive to do our job the best way possible, in Italy and around the world. We also pay great attention to the environmental impact of the projects we support, adapting to OECD standards and drawing on international best practices in order to generate added value for the welfare and development of the countries we operate in.

Our stakeholders

People

Employees
Unions

Suppliers

Suppliers of consultancy
Suppliers of goods and services

Customers

Small and medium enterprises
Large enterprises
Public enterprises
Banks
Insurance and reinsurance companies
Third party beneficiaries

Community

Media
NGOs
Environmental groups
Non-profit world
Students and academia

Institutions

National and international institutions
Local authorities
Supervisory and control authorities

Partners

Export credit companies
Financial institutions
Shareholders intermediary network

Shareholders

Cassa depositi e prestiti
Other investors

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HEADED

WORLD AND BUSINESS

SACE

E ARE

Jodhpur,
INDIA

EXPORTS STILL PLAY A LEADING ROLE

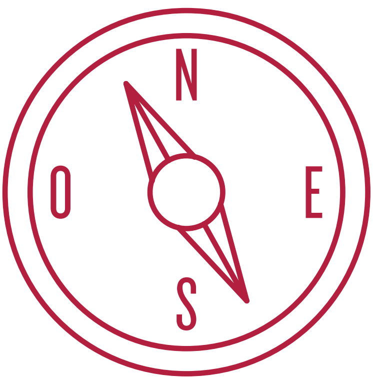
Raw materials at historical lows, increasing debt in emerging markets, global political uncertainty: the world for those exporting and investing abroad is changing.

In a 2015 marked by profound upheavals, Italian exports recorded a growth of 3.7%, reaching a total of 414 billion euro and proving to be a key driver of the national economy. They addressed the decline of what used to be priority destinations and the difficulties of the main emerging countries, intercepting the new potential offered by the United States, Europe, and a diversified group of markets where the demand for Made in Italy products continues to grow. This demand for "Italian quality" may lead our exports to reach new records.

The new manufacturing excellence (mechatronics, automation, brand development and corporate identity), efficiency generated by energy savings (recovery of energy and processed goods, rechargeable batteries, LED) and the protection of common resources (water treatment, reclamation, desalination) are three business areas with great potential that, in the medium to long term, may leave Italy's mark on the global scene.

Today, however, while advanced markets show signs of timid recovery, new threats require maximum caution, especially when operating in emerging markets where opportunities coexist with increasingly high risks.

Which is the right direction?

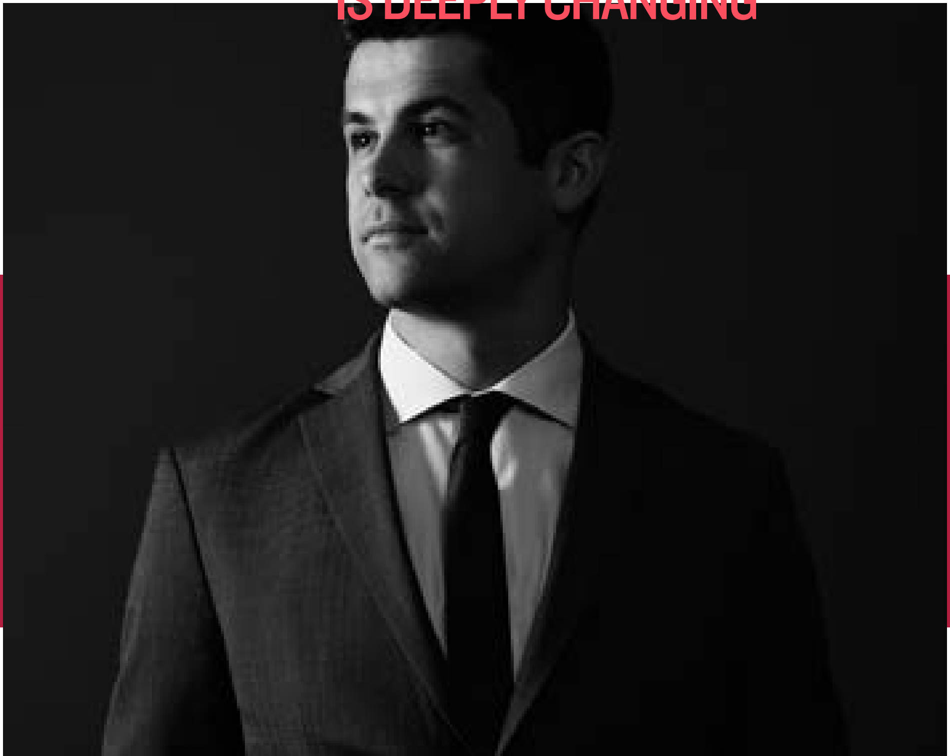


And what means of protection are there?
For the many outstanding Italian businesses whose turnover is driven by exports, information and knowledge are essential for meeting the challenges of internationalisation where risk management becomes a crucial issue.
Many exporting companies focus their attention on markets considered to be safe with levels of maturity – and, typically, competition – that are higher. We can define these advanced markets as the “main road” for exports: motorways where sales continue to pass even when trade is reduced and the demand slows. Since the beginning of the financial crisis, 85% of new exports have been directed towards Europe and the United States.
Even companies that choose to focus on these more traditional destinations are not always safe from delayed or failed collection, in addition to experiencing greater pressure on prices due to the many competitors, old and new. These markets remain the most liquid, where the commercial offer is still mainly characterised by after-sales services, creative engineering solutions and customer loyalty.
Loyalty, creativity and customer service may also be applied to financial solutions that immediately provide liquidity without recourse to exporting companies in order to pay suppliers and allow buyers greater ease, by extending payment terms and letting an accredited and recognised third party take care of collection.
There is also an alternative route that leads to countries where there are greater risks, increased difficulties, but more attractive margins.
Companies supplying industrial machinery are more likely

“THE WORLD, FOR THOSE EXPORTING AND INVESTING ABROAD, IS DEEPLY CHANGING”

Luca Moneta

Economic analysis & research



In Latin America with

GMM

SACE insured the supply of a stone-cutting machine by the Piedmont-based company GMM in Latin America, amounting to one million euro. Thanks to the Trade Finance service, the company has monetised receivables due from its foreign customer.

1.1 MILLION

to take this "back road" that pushes the export frontier towards new emerging markets: in fact, only 30% of exported machinery remains in the Eurozone, with an additional 9% to the United States.

Over the last 18 months, emerging economies took a downturn overall. The amount of debt incurred by companies in these areas has increased fivefold compared to 2005, due to the greater availability of international capital, and today exceeds that of companies in advanced countries.

In 2015, difficulties in generating cash flows to repay debts caused an increase in the number of defaults, in particular on hard currency positions – also due to the difficulty in converting local currency to euro and dollars outside the country. The fall in foreign currency revenues mainly concerned countries that are reliant on raw material exports for more than 60%: indeed, 42 commodities out of 46 lost value in 2015. Not just oil (-50%), but also coal, iron, copper, gas and foodstuffs. In these more volatile and risky markets, SACE assumes a central advisory role for the structuring of loans and risk cover.

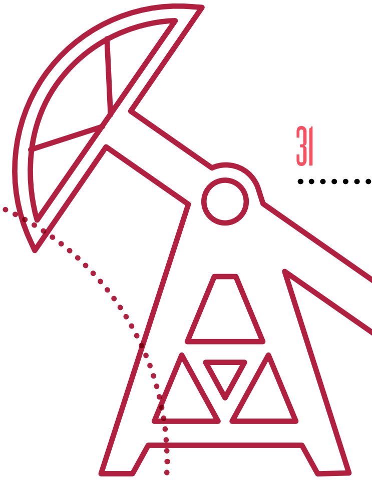
The 15 markets where exports decreased most rely on the export of raw materials for more than 60%. At the same time, low commodity prices contributed to a 12 billion euro increase in exports in 2015 alone. The top 15 in terms of growth in demand included net importers of hydrocarbons (Bangladesh, Belgium, Cuba, India, Mexico, South Korea, Spain), countries undergoing energy conversion (Ecuador, Oman, Peru, United Arab Emirates, United States) and certain traditional exporters (Azerbaijan, Canada).

Reliance on commodities: how Italian exports changed (2015)

The bottom 15* (Countries relying on commodities)		The top 15 * (Countries that are less reliant on commodities)	
Angola	-35.3%	Peru	53.8%
Congo	-34.4%	Oman	52.0%
Libya	-34.3%	Bangladesh	51.2%
Mozambique	-30.5%	Cuba	46.7%
Dem. Rep. Congo	-30.5%	Ecuador	21.9%
Venezuela	-30.4%	Usa	21.2%
Russia	-25.9%	Canada	18.8%
Nigeria	-20.5%	Azerbaijan	17.5%
Brazil	-15.7%	United Arab Emirates	16.4%
Indonesia	-10.7%	Mexico	14.8%
Colombia	-10.7%	India	12.0%
Bahrein	-10.2%	Belgium	11.8%
Papua New Guinea	-8.6%	Spain	10.0%
Tunisia	-6.4%	Chile	9.7%
Algeria	-5.4%	South Korea	9.2%
Total decrease in exports	**4.8 mld €**	**Total new exports**	**12 mld €**

***Percentage change in Italian exports 2014/2015 among selected countries based on the amount of hydrocarbon imports or reliance on commodity exports**

OIL AND RAW MATERIALS



3.5 MILLION

Worldwide with CLAN

SACE insured sales of the Lombard company CLAN against non-payment risk for a value of three and a half million euro. The company manufactures men's, women's and children's beachwear for the brands Zeybra, Allen Cox, Byblos, Scuba, Navigare, Scuola nautica italiana and Johnny Brasco.

56

MILLION

In Turkey with BOTTERO

SACE guaranteed the supply of machinery for hollow glass processing worth over 56 million euro, destined for an integrated plant in Turkey.
The machinery is manufactured by Bottero, a Piedmont-based company specialised in glass processing.

SACE

43

MILLION

In Russia with

THE ITALIAN SEA GROUP

SACE guaranteed three bonds worth a total of 43 million euro for the construction of five luxury yachts destined for foreign markets, by the Tuscan company The Italian Sea Group.

RUSSIA

Over the next 4 years, Italian companies may reach 31 billion euro in new exports, thanks to opportunities that will arise from a diversified basket of countries such as Algeria, Chile, China, India, Iran, Kenya, Malaysia, Mexico, Morocco, Peru, the Philippines, Poland, Spain, Turkey and United Arab Emirates: markets that are far from risk-free, and that in most cases are on the export "back road".

It is therefore important not to be discouraged or avoid pursuing new opportunities when the road gets tough. Insurance is no longer an option.

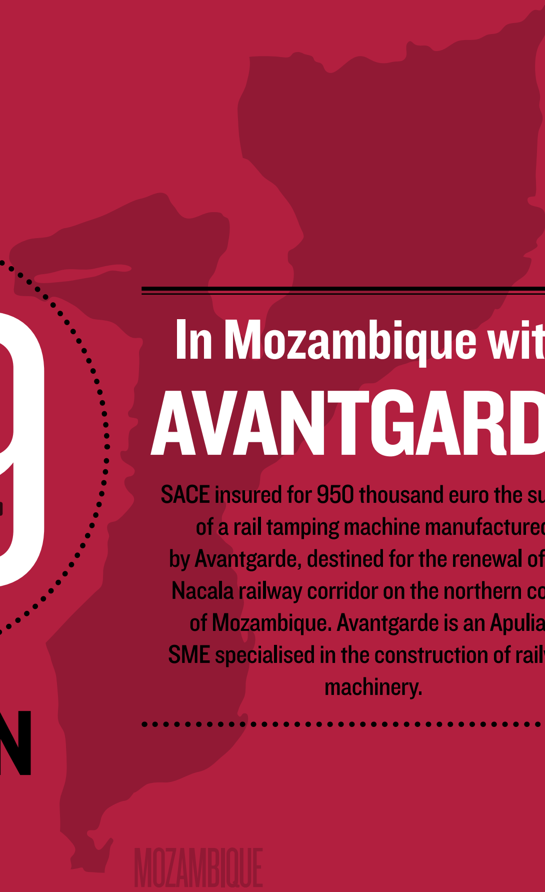
It is here that SACE comes into play with a wide range of financial insurance services, able to meet the needs of small, medium and large companies. SACE's credit insurance instruments serve as business facilitators, making the offer of Italian exports more competitive with extended payment terms for foreign customers, as well as fulfilling the typical functions of protection against non-payment risk. Thus Italian exporters are accompanied on foreign markets throughout all stages of the contract, from negotiations to possible debt collection. In more complex transactions, which require the structuring of medium to long-term lines of credit, SACE also acts on behalf of Italian enterprises by guaranteeing loans granted to foreign principals for the purchase of the goods or services commissioned. SACE, through its product company SACE BT, is also able to offer solutions that allow companies to protect individual commercial transactions or overall turnover generated in Italy and abroad against the risk of non-payment.

In 2015, SACE insured credit amounting to 17.4 billion euro in Italy and abroad (-6% compared to 2014). Activities supporting exports represent 64% of the total. The guarantees issued by SACE to support Italian exports amounted to 7.7 billion euro, an increase of 3% compared to the previous year. The Middle East and North Africa area represents 35% of the volumes insured, followed by non-EU European countries and the Commonwealth of Independent States (25.4%) and the European Union (16.2%). Sub-Saharan Africa was particularly dynamic, accounting for 12.6% of the volumes insured, a significant increase compared to 4.4% in the previous year. The most active sector the chemical and petrochemical one (24.6%), followed by the electrical sector (18%), infrastructure and construction (15.7%) and the cruise industry (15.4%). In terms of the number of transactions, mechanical engineering remained the leading sector, accounting for 34% of the transactions guaranteed.

"OUR SERVICES MAKE THE OFFER OF ITALIAN BUSINESSES MORE COMPETITIVE"

Fabrizio Quintiliani

Risks



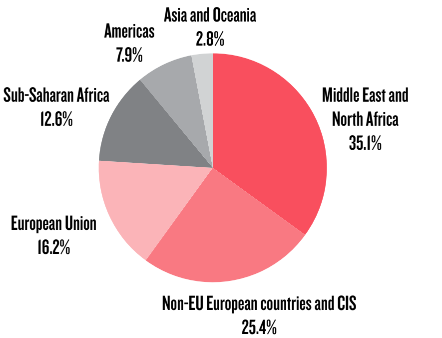
0.9 MILLION

In Mozambique with AVANTGARDE

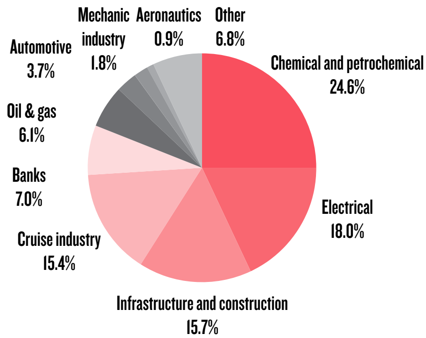
SACE insured for 950 thousand euro the supply of a rail tamping machine manufactured by Avantgarde, destined for the renewal of the Nacala railway corridor on the northern coast of Mozambique. Avantgarde is an Apulian SME specialised in the construction of railway machinery.

Credits insured during the year by SACE BT amounted to 9.8 billion euro, of which 36% covering the export turnover of Italian companies. Wholesale accounted for 17.6% of the total, followed by the metallurgical industry (11.9%) and the food industry (8.5%).

Volumes insured to support Italian exports by geo-economic area (2015)



Volumes insured to support Italian exports by sector (2015)

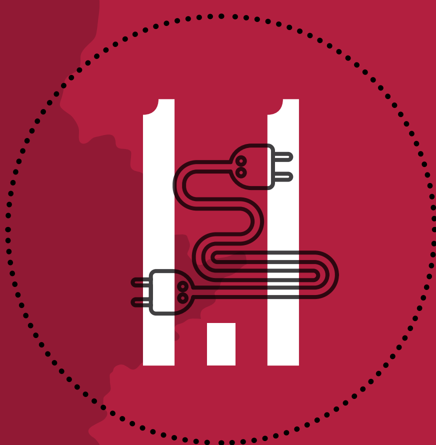


ALTERNATIVE MARKETS TO FOCUS ON

2015 brought with it momentous challenges for Italian exporters and investors. Political violence and sanctions made it necessary to review certain destinations that were once priority for Italy, and formulas considered winning until a few years ago (such as “BRIC”) were questioned in light of the slowdown in major emerging markets. Today the global market environment has to be observed with caution in order to identify risk factors and trends generating future opportunities, with the awareness that knowing and managing the risks related to internationalisation

In Myanmar with LAE LUGHESE

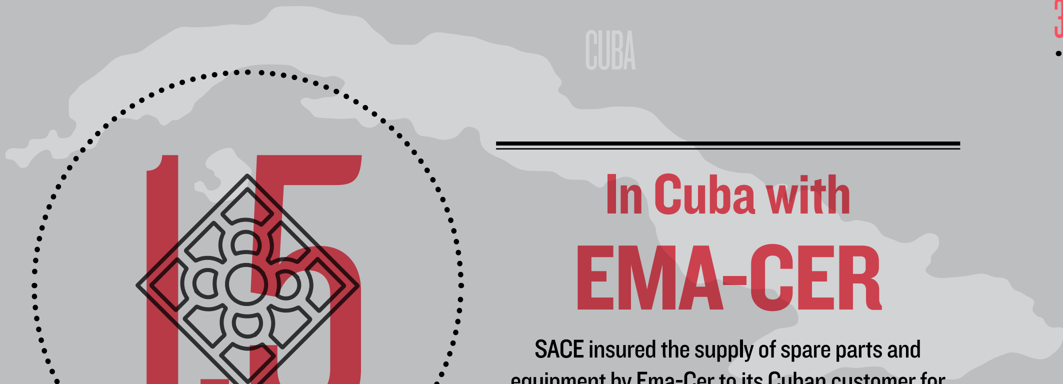
SACE insured the supply of two lines for the production of electrical transformers in Myanmar worth over one million euro, manufactured by the Romagna-based company LAE Lughese. The company operates in the manufacturing of machinery for the electrical industry.



MILLION

MYANMAR

SACE



1,5

MILLION

In Cuba with

EMA-CER

SACE insured the supply of spare parts and equipment by Ema-Cer to its Cuban customer for a total value of one and a half million euro. Ema-Cer is an Emilian SME active in the development and installation of equipment and spare parts for machinery used in ceramics and construction.

must be an integral part of business development strategies. Low commodity prices, fragile public finances of the main emerging markets and increased political instability are the three main risk factors that affected global performance last year.

The drop in commodity prices mainly impacted poorly diversified economies concentrated in the export of raw materials. Globally, the fundamentals of nine national economies, accounting for 7% of Italian exports, worsened especially in terms of the current commodity cycle. These included known exporters such as Algeria, Saudi Arabia and Venezuela. At the same time, seven countries, which account for just under twice our exports (13.7%), may take advantage of the current conditions: importing economies (China, Egypt as well as Poland and Spain), sufficiently diversified systems (Kenya, Turkey) and markets that finally seem close to unleashing their full potential (India).

The fewer resources derived from raw materials, the Chinese slowdown and the end of quantitative easing have raised the “debt issue” in emerging countries.

In Sub-Saharan Africa, for example, these factors have had a negative impact on the ability to repay debt and on social aspects in various countries. After the surge in the debt of advanced economies resulting from the financial crisis, in recent years expansionary fiscal policies have contributed to an increase in the stock of (domestic and foreign) debt, also in emerging countries. Their total debt went from 150% of GDP in 2009 to approximately 195% today[1].

While for some countries (such as Peru, China and Saudi Arabia) the debt position is not critical, in other emerging economies repaying foreign debt has become more difficult, particularly where the depreciation of local currency has made debt in hard currency even more burdensome: this is the case in Turkey, Indonesia and Zambia,

1 *The never-ending story.* The Economist, 14 November 2015

which together represent 2.7% of Italian exports.
In one year, the currencies of these three countries weakened by 24%, 10% and 72%, respectively, in relation to the dollar.
These geographies may experience cuts in current spending and a slowdown or rescheduling of capital expenditure (public investments in large projects, strategic infrastructure, etc.). For Italian operators (exporters, lenders, investors, builders) this will result in fewer business opportunities or the postponement of negotiations already underway. Where it is not practicable to implement restrictive fiscal policies, or where the sustainability of debt is already partially compromised, it is reasonable to expect even more problematic situations, with increased risk of delayed payment, if payment is received at all. Countries with the greatest erosion of creditworthiness include Brazil, Mongolia and Ghana.
The increase in political instability is a significant factor of uncertainty for company prospects. 2015 saw an increase in war theatres throughout the world: the role of international terrorism as a source of instability grew progressively. There are geopolitical tensions in many regions: conflicts of Islamic origin are present in the Middle East (Libya, Egypt, Iraq) as well as in isolated countries characterised by strong internal conflicts (Nigeria and Yemen); territorial issues and "frozen conflicts" are rife in the former Soviet Union (Russia, Ukraine); social protests related to economic recession, finally, affect Latin America (Brazil, Venezuela).

"WE PROVIDE ADVISORY SUPPORT FOR INTERNATIONAL GROWTH STRATEGIES"

Diletta D'Addario

Collections

The repercussions of political instability translate into the loss of opportunities for exporting companies. In addition to creating a more risky operational context, the increase in political violence has a negative effect on many variables, such as consumption and private investments, and causes great uncertainty in the management of public investments, often interrupted or postponed.

Although the overall situation is complex, there is a silver lining. New actors are emerging on the global scene (or returning with new credentials) with far reaching geo-economic impacts and there are important opportunities on the horizon. Just think of the "historic" opening of markets such as Cuba and Iran, as well as the new popularity of Italian products in countries with great margins for growth such as the Philippines in Asia, Peru in Latin America and Kenya in Africa: choosing these as export destinations requires an expert, informed and selective approach.

SACE's Advisory service offers companies a team of specialists able to provide managerial and advisory support for the definition and implementation of market-specific international growth strategies, identifying business opportunities in high-potential countries and proposing financial and insurance solutions suited to company needs.

SACE has also developed a training program dedicated to entrepreneurs, the Executive Export Program, which allows participants to acquire a set of strategic and operational skills essential for successful internationalisation or strengthening presence on foreign markets.

0.3 MILLION

In Peru with TECHNOGEL

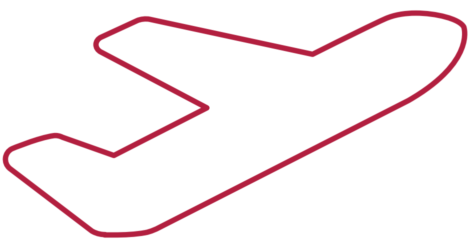
SACE insured the supply of machinery for ice cream production in Peru worth 300 thousand euro by Technogel, a Lombard company specialised in innovative solutions for the needs of both artisan and industrial producers.

REDISCOVERING THE COURAGE TO INVEST ABROAD

2015 highlighted the role of international terrorism as a main source of geopolitical uncertainty, no longer confined to national borders and isolated incidents but as a global phenomenon affecting various parts of the world.

The main aspect of instability is linked to the Islamic State (IS), whose influence is extended throughout the Middle East all the way to North Africa, exerting territorial claims over parts of Iran and Syria with the potential infiltration of Islamic extremism in politically unstable countries (such as Egypt, Tunisia and Libya). Sub-Saharan Africa, despite the stabilisation efforts in recent years, also has a high level of uncertainty, related to both aspects of Islamic origin (Mali, Nigeria and Yemen) as well as conflicts between rival political factions (South Sudan and Somalia).

The wave of terrorism results in a tangible loss for the global economy. The Institute for Economics and Peace estimates that the phenomenon has caused damage (destruction of assets, reduction of trade, higher transaction costs) exceeding 64 billion dollars[1]: an amount equal to the GDP of Kenya or Luxembourg. According to the Institute, individuals, private properties



[1] *Institute for Economics and Peace*, "Global Peace Index 2015".

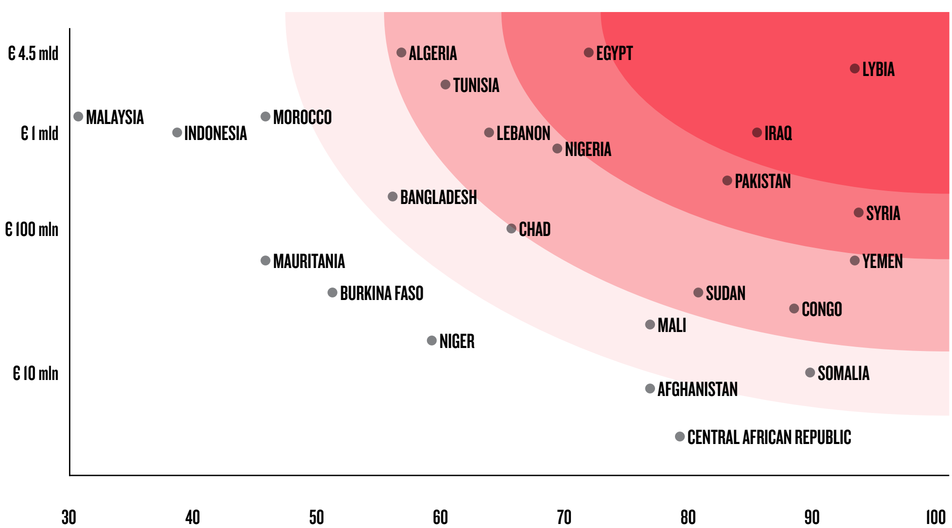
and commercial assets suffer the most damage (target of around 40% of terrorist acts).

This also has great impact on Italian companies exporting and investing overseas, which are particular exposed to the increase in the risk of political violence, considering the effects of instability on trade and financial flows with their foreign customers. The consequences are twofold: on the one hand, the risks connected to sales or investments with counterparties in critical countries (destruction, loss of assets, etc.) increase; on the other hand, local economic activity deteriorates, reducing the potential of their business.

If we take the example of the countries at greatest risk of terrorist attacks, we can see how Italian exports to these markets are mainly located within a medium to high category of political violence (between 65 and 95 average points out of a possible 100, compared to the SACE political risk indicator, see figure 1). Alongside destinations that are now safer (Malaysia, Morocco), there is a group of countries (between 65 and 75 points) that account for an important share of our exports and maintain high levels of political violence.

COUNTRIES AT RISK

Countries at greatest risk of terrorist attacks by risk of political violence (2014)

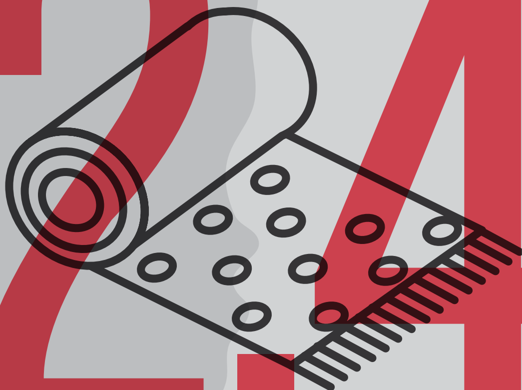


Horizontal axis: 0 minimum, 100 maximum - Vertical axis: value of Italian exports

For a complete understanding of the political risk that companies exporting and investing abroad are exposed to, it is necessary to consider two other aspects: transfer risk and expropriation risk.
Transfer risk consists of the possibility of exporters not receiving payment for goods or being unable to repatriate the proceeds of investments from the foreign country due to foreign exchange restrictions adopted by local authorities. In 2015, this risk increased in emerging markets. In fact, today there is a higher risk of financial transfers in hard currency (international payments as well as the repatriation of capital and dividends) experiencing restriction or delays in countries where foreign currency is in short supply. The reduced financial resources of commodity exporting countries has led some governments (Nigeria, Ghana, Tajikistan) to make access to hard currency more difficult for local operators, through more burdensome documentary procedures or longer conversion and transfer times. In other countries such as Ethiopia and Argentina, despite the lack of regulatory changes, average currency exchange and transfer times increased during the year. Instead Countries such as Angola, Greece, Egypt and Ukraine introduced or exacerbated restrictive measures on payments due to the persistent shortage of hard currency, limiting the amount obtainable from operators – companies and banks – and the possibility to transfer the same abroad.
The risk of expropriation, namely the actions undertaken by the local government that deprive entrepreneurs of the ownership or control of their investments, has remained stable in recent years. While the risk of nationalisation increased during the years of the commodity boom, when the strong performance of raw materials led many countries to change industry regulations to their own benefit, the current weakness of the sector and overall geopolitical uncertainty have contributed to stabilising the risk of States intervening with acts of expropriation and nationalisation in strategic sectors. This risk nevertheless remains high in countries characterised by strong political interference in economic activities, such as Kazakhstan, Libya, Argentina and Venezuela, whereas the attitude towards foreign investors has improved in countries requiring the presence of foreign operators to boost strategic sectors (Bangladesh, Zambia, Romania).
Political risks are a strong deterrent for investments in emerging or developing countries. In highly uncertain scenarios companies generally have a stronger aversion

TERRORISM GENERATES A TANGIBLE LOSS FOR THE ECONOMY

2.4



MILLION

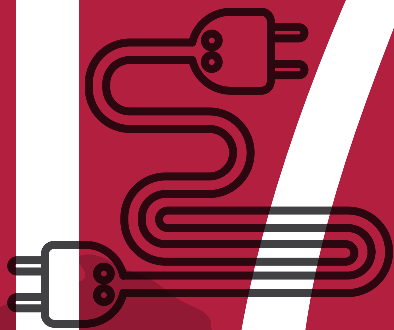
In Tunisia with

MARZOTTO

SACE insured the political risks on an intercompany loan worth 2.4 million euro granted by the company Linificio e Canapificio Nazionale, belonging to the Marzotto group, to the Tunisian subsidiary Filature De Lin Filin.
Marzotto is a leading group in the high-end textile industry and has been operating on the market for over 150 years.

TUNISIA

1.7



MILLION

In Turkmenistan with

AUSONIA

SACE secured bonds in the interest of the Sicilian company Ausonia for the supply of generating sets for a total value of one million 750 thousand euro, intended for a plant in Turkmenistan.
Ausonia is an enterprise specialising in the design and manufacture of power generation systems.

SACE

Claudia
Falavolti

Large business

"BY PROTECTING THEIR BUSINESS FROM POLITICAL RISKS, COMPANIES MAY CONTINUE INVESTING ABROAD"

to risk, suspending or cancelling investments abroad and losing important opportunities for growth through market presence.

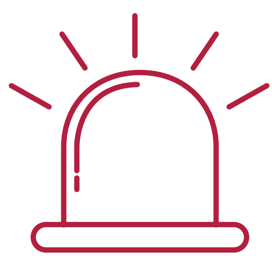
The unpredictability of these types of events makes it increasingly necessary for companies undertaking internationalisation or continuing expansion in foreign markets to have insurance that covers investments or exports in case of political violence, non-transfer of profits, expropriation or breach of contract.

SACE's Investments Policy is the ideal solution for companies that do not want to give up overseas investments in case of strong instability: it frees them from political risk, making it possible to focus on business activities and development. The policy protects both equity abroad and loans to foreign subsidiaries; it allows for the limitation or offsetting of losses or the non-transfer of amounts related to investments (for example, dividends, profits, repayments of shareholder's loans) as a result of war or civil disturbance, currency restrictions, direct or indirect expropriation, revocation of contracts concluded with local public counterparties.

In 2015, many companies chose the Investments Policy to support their business activities abroad. Insured volumes reached over 58 million euro, mainly for investments in Kazakhstan, Peru and Russia.

NEW SOURCES FOR BOOSTING GROWTH

"When you walk through the fire, you either come out dust or you come out stronger" says a Persian proverb.
After many years of declining credit for enterprises, in 2015 the first signs of recovery were seen.
The strengthening of the Italian economy and the decision of the European Central Bank to adopt an unconventional expansionary monetary policy favoured such result.
This improvement was more pronounced in the manufacturing sector, a key player in Italian exports, in which the loan dynamics returned positive in May, and to a lesser extent in the services sector.
Companies benefitted from the recovery of internal demand and the increased request for Italian products abroad. These factors contributed to the improvement of company balance sheets and growth prospects, resulting in a wave of optimism reflected in the increase in investments and a new awareness by entrepreneurs regarding the importance of the presence on foreign markets.
Low interest rates and increasing needs for fixed investments, inventories and working capital led to an expansion in the demand for loans. Furthermore, the economic and financial structure of businesses also improved, with an increase in solvent companies. All of these factors point towards a positive reaction by banks for the granting of loans.
Banking institutions have eased the criteria for issuing loans. Thanks to greater competition between banks, lower perceived counterparty risks and lower funding costs, the volume of loans granted or anticipated increased, as well as the relative terms. Although solid, the accounts of Italian banks are still impacted by the high percentage of non-performing and impaired loans accumulated during the crisis, which limit the expansionary capacity of the same: both in terms of the risks to be assumed and the amounts to be granted. The slow recovery of the economy is impacted by these non-performing loans, which have exceeded 200 billion euro (more than a tenth of overall loans disbursed). 80% of overall impairment regards business loans. Pending the activation of an Italian market for non-performing loans, for companies it is essential to know how to use the banking and market instruments available.



The crisis has taught us that the diversification of financial instruments is a viable path for obtaining the resources required for investment. Italian companies are still strongly reliant on bank loans, but are beginning to consider alternative methods for obtaining liquidity, such as bond issues or invoice discounting. What is the best way to choose between the different solutions available? Businesses, SMEs in particular, have to be able to rely on a single operator that offers a complete range of solutions for supporting growth and internationalisation. Over the years, SACE has expanded and completed the range of insurance and financial products offered to companies both to support the provision of bank loans and to facilitate access to alternative instruments to the banking channel.

The financial guarantees issued by SACE improve access to credit for businesses, including SMEs. SACE secures loans that support working capital or that are destined for

"THE FIRST SIGNS OF RECOVERY WERE SEEN IN 2015"

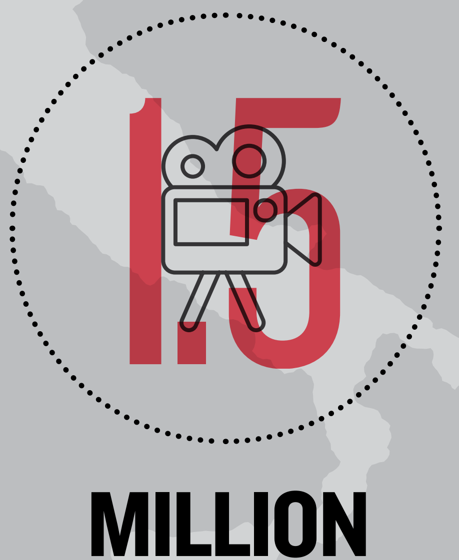
Yulia Chuykova

Credits

ITALY

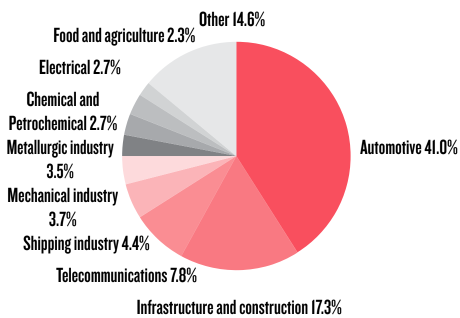
In Italy with
BiBi FILM

SACE guaranteed a loan of one and a half million euro granted to the SME BiBi Film, a film and television company based in Rome, to support the costs of distribution on European markets and, in particular, the production and foreign distribution of the film "The Confessions" directed by Roberto Andò.



a broad range of internationalisation activities: from direct investments abroad – such as acquisitions, mergers or joint ventures – to investments in Italy for research and development, expenses for the purchase or renewal of machinery and equipment, and marketing activities.
In 2015, SACE guaranteed loans amounting to 1.3 billion euro, mainly in the automotive industry (41%), infrastructure and construction sector (17.3%), telecommunications (7.8%) and the shipping industry (4.4%).
Cooperation with the European Investment Bank (EIB) continued in support of Italian companies investing in infrastructure, energy supply, environmental sustainability and research & development. In 2015, SACE guarantees permitted the EIB to grant loans to Italian companies amounting to a total of 800 million euro.
The Export Development Fund is another instrument available to enterprises looking for an alternative to bank loans. The fund, founded by a SACE initiative and managed by Amundi Sgr, with a capacity of 350 million euro, is dedicated to small and medium Italian exporters that, by issuing bond, receive financial resources to invest in their growth projects abroad. In 2015, SACE guaranteed a bond issue of 10 million euro by SCM, a leading Romagna-based industrial group specialised in the production of machinery for wood, plastic, marble, glass and metal processing.

New guarantees for internationalisation activities by sector (2015)

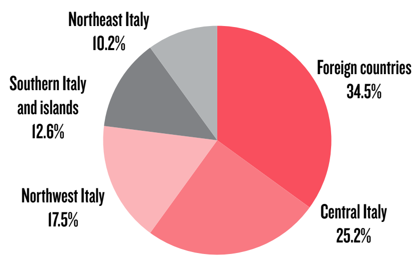


Finally, the factoring solutions offered by SACE through the product company SACE Fct allow companies to generate liquidity through the transfer of receivables with or without recourse due from Italian or foreign, private or public counterparties. Alongside traditional factoring activities, SACE offers companies two innovative instruments:

- Trade finance, which combines the advantages of credit insurance with those typical of factoring, allowing exporters to immediately collect secured loans granted to foreign counterparties.
- Reverse factoring dedicated to large Italian industries and its suppliers to support the production supply chain, optimising payment flows and at the same time making it possible to benefit from further extensions of the established contractual terms.

In 2015, SACE Fct discounted receivables for approximately 3.2 billion euro (+20.7% compared to 2014) for a total of 3,165 debtors. The business is growing and confirms the interest of Italian companies in factoring solutions, in particular for the factoring of foreign invoices, which went from representing 13% of turnover in 2014 to 34.5% in 2015.

Turnover by geographic distribution of debtors (2015)



MILLION

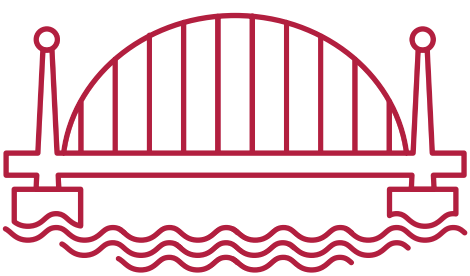
In Italy with EUTOURIST NEW

SACE allowed the Turin-based company Eutourist New to monetise receivables for a total of 15 million euro on a revolving basis, due from the Municipality of Turin in relation to the serving of meals to primary education institutions in the city.

ITALY

INFRASTRUCTURE OPPORTUNITIES WORLDWIDE

Regardless of the growing geopolitical instability at a global level, Italian companies operating in the infrastructure and construction industry continue to reinforce their international presence. This is demonstrated by turnover figures in the sector, which show an increasing gap between foreign and domestic activities: for six years now overseas business has represented over 50% of the total. In 2014, it peaked at 64.1%, distributed among no less than 85 countries.
Despite the potential offered by emerging countries, advanced markets still dominate the internationalisation decisions of the companies operating in the industry. In fact, 40% of the value of new contracts and 30% of the overall amounts of contracts relate to the OECD area.
Over 660 contracts abroad are currently entrusted to Italian companies, for a value of approximately 73 billion euro[1]. These numbers confirm the ability and experience of Italian enterprises in implementing and managing complex infrastructure systems: highways, railways, ports, airports, hydraulic works, energy and water generation and distribution plants, real estate complexes, advanced medical facilities, environmental cycles and restoration. Network infrastructure (railways, highways, underground transport, oil and gas pipelines, electrical and water networks) represent 70% of the project portfolios of Italian companies.



1. ANCE, Report 2015 on the worldwide presence of Italian construction companies

88

MILLION

In Costa Rica with

GHELLA

SACE insured construction risks for Ghella, a Roman company operating worldwide in the sector of large infrastructure projects, involved in the construction of the hydroelectric plant Los Negros II in Costa Rica valued at 88 million dollars.

COSTA RICA

Out of these, works related to the railway sector are those most frequently carried out by Italian companies on foreign markets (28.5% of total contract values), followed by road works (22%). Russia, Algeria, Libya, Australia, Colombia and Turkey are the countries where Italian companies have won the most contracts in the rail and road sectors.
Hydraulic works also represent a core business for Italian companies, accounting for approximately 18% of the foreign works portfolio. These are mainly located in South Africa, Argentina, the United States, Colombia, the United Arab Emirates, Malaysia and Venezuela.
In the future, emerging markets will increasingly boost growth in the sector, thanks to the many initiatives and investment plans programmed and implemented by a number of governments to support urban growth and development in the medium to long term. The rationalisation of energy resources and the reduction of environmental impacts is a priority for various countries, especially China. The Chinese government has included the reduction of carbon dioxide emissions as a primary objective in its 13th five-year plan: by 2020, 15% of energy produced in China must be generated from renewable sources: this entails the development of infrastructure using solar and wind energy (for example, the Jiuquan Wind Power Base). This is a unique business opportunity for companies offering technology and know-how in the field.
The improvement of infrastructure for transport and connectivity is another key priority for rapidly growing countries and cities: São Paulo in Brazil is investing in the construction of its sixth underground line and Moscow in the construction of a ring road around the urban area. Beijing is investing in the development of heavy traffic roads and the rail network, both within the city (underground lines and light rail) and outside (connecting cities with over 200 thousand inhabitants). China has allocated several billion dollars to build the longest high-speed network in the world in less than ten years. It is also focusing much attention on the development of ports: the Yangshan Deepwater Port, near Shanghai, will be the largest in the world in terms of container traffic by 2020 (expected year of completion), decongesting the port of Hong Kong and offering an alternative to Singapore and South Korea.

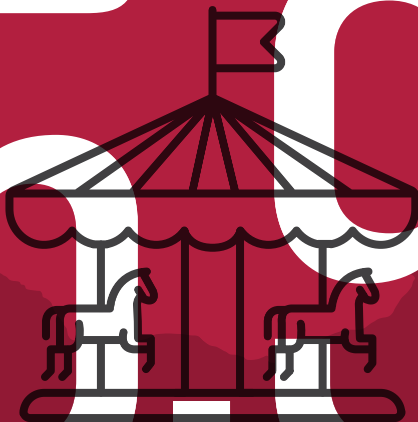
"WITH THE RIGHT GUARANTEES, EXPORTERS CAN WIN TENDERS AND CONTRACTS"

Pier Giorgio Mengarelli

Large business

SACE

5.9



MILLION

In China with

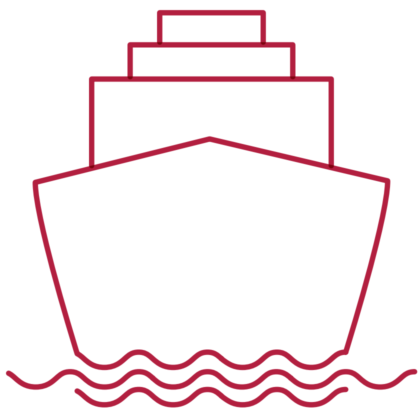
ANTONIO ZAMPERLA

SACE secured an advance payment bond and a performance bond in the interest of Antonio Zamperla, allowing the Veneto company to build and sell rides for a value of 5.9 million euro to the Wuxi Wanda theme park in China.

CHINA

India, through the national agency Invest in India, is also set to focus on infrastructure, attracting foreign investments with an ambitious and complex program. The recently approved 2016-2017 national budget for the infrastructure sector increased by 15%, with 17.6 billion dollars allocated to railways. In particular, the state of Gujarat will become a high-tech centre with highly developed connection and transport systems, thanks to the
“Gujarat International Finance Tec-City” project worth approximately 20 billion dollars.
Transnational investment projects are also worthy of mention. Among these, the “new silk road” project: an 8,400 km trade corridor will lead from China to Western Europe, passing through Kazakhstan and Russia.
Even more strategic are the infrastructural programs of internal countries in Sub-Saharan Africa, where the creation of a transport network is necessary to ensure economic development and encourage exchange.
Because of the lack of infrastructure, it is difficult to export goods and the impact of logistics on the final cost of products is 84% greater than it is for goods in coastal countries, decreasing the competitiveness of the offer. Overcoming this limit is the primary objective of the Mombasa-Kigali Railway project, worth approximately 14 billion dollars, which will connect the Kenyan port of Mombasa with Tanzania, Rwanda, and South Sudan and facilitate the export of goods such as tea, coffee and other agricultural and mineral products.

In this context of high operational complexity, construction companies must be ready to compete at best in order to grasp every new opportunity for growth.
Having the right guarantees when presenting to clients is a crucial factor for participating in tenders or winning contracts in Italy and aboard. SACE and its product company SACE BT back companies by issuing, directly or in cooperation with the banking and insurance system, contractual guarantees and sureties meeting legal requirements. The offer of SACE BT also includes typical sector-specific products able to protect companies against the risks related to the construction of plants and civil works in Italy and overseas.
More than 18 thousand companies have chosen the surety and insurance products offered by SACE in relation to construction risks, receiving support throughout all phases of the contract: from participation in tenders to insurance following the completion of works.
In 2015, SACE issued more than 40 thousand sureties and products protecting against construction risks, guaranteeing a total of 2.6 billion euro.



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MILLION

In Saudi Arabia with

PILOSIO

SACE insured the supply of construction materials of the Friuli-based company Pilosio to its Saudi counterpart for a total value of over 15 million euro. The materials will be used for extension works on the Medina mosque.

SAUDI ARABIA

WHERE W ARRIVED

STRATEGY AND RESULTS

E HAVE

Dubai,
UNITED ARAB EMIRATES

PERFORMANCE

Our strategy

In the context of the redefinition of global balances, characterised by the fall in commodity prices, the slowdown of growth in emerging countries and the slight improvement of advanced economies, SACE reinforced its support for the international competitiveness of Italian companies, exceeding all targets set in the Business Plan.
Italian companies, especially SMEs, their needs and support for their internationalisation plans were the focus of SACE's strategy in 2015. The range of financial insurance instruments made available to companies was expanded, with the aim of covering the entire internationalisation value chain. With this in mind, products such as BT Facile Pmi, the policy protecting the credit of micro and small enterprises; Trade Finance, the instrument allowing exporters to quickly collect insured receivables; Fondo Sviluppo Export, the fund founded by SACE to support bond issues by Italian companies wishing to grow abroad; 2i per l'Impresa, an initiative launched jointly with CDP and EIF (EIB Group) allowing Italian SMEs to access resources made available by the Juncker plan to finance internationalisation and innovation projects, were launched. The Advisory Service was also enhanced, focusing on "supply chain" exports to emerging countries with high potential and the Credit Recovery service, active in Italy and abroad.
Much attention was also given to digitalisation.
Online sales give every company – even the smallest – export potential, opening up a range of new opportunities for Made in Italy products. For this reason, SACE studied 2.0 initiatives to facilitate the internationalisation of Italian companies, taking advantage of increasingly innovative technology. One example is the collaboration launched in 2015 with the digital start-up Workinvoice – the first Italian fintech platform for trading receivables – developed to support businesses searching for alternative sources of liquidity.

Our approach for 2016

The new Business Plan of the Cassa depositi e prestiti Group will offer Italian companies 63 billion euro between 2016 and 2020 for export and internationalisation initiatives. The Plan envisages the creation of a single reference point at SACE for supporting Italian businesses around the world.
A one door solution to enhance the skills and synergies within the CDP Group in terms of internationalisation, optimising contact between SACE and SIMEST and providing an integrated approach and offer, all to the advantage of exporters. SACE will pursue these objectives by developing multiple strategic lines. Synergies between SACE and its product companies shall be further strengthened so that companies, especially SMEs, may benefit from an increasingly international offer. Furthermore, domestic and international presence will be reinforced. In addition to the office in Dubai, inaugurated at the beginning of 2016, the opening of an office in Tehran is scheduled, both strategic hubs for Italian business. Cooperation with leading Italian banks, Confindustria and other industry associations will be extended to support companies in their projects for foreign expansion and investments in innovation and development. Finally, the digital transformation of SACE will represent the most important lever for improving the customer experience and simplifying access to products.

“ITALIAN COMPANIES ARE AT THE HEART OF OUR STRATEGY”

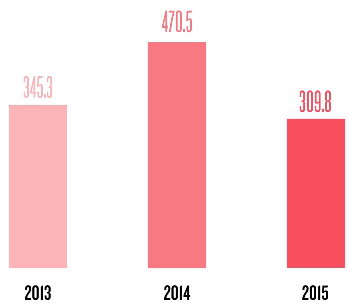
Giuseppe Puccio

Strategy & planning

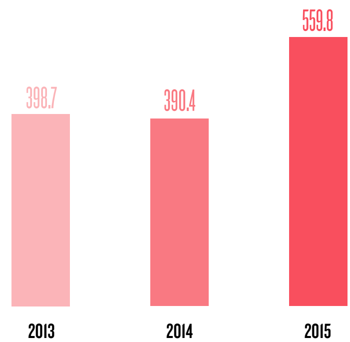
Operating results

On a consolidated level, in 2015 SACE recorded a net profit of 309.8 million euro, down 34.1% compared to 470.5 million euro in 2014. Instead, profit for the year amounted to 406.7 million euro, an increase of 6.2%.
SACE BT ended the year with a loss of 6.6 million euro, attributable to the extraordinary items recorded during the period. SACE BT result consolidates the positive contribution of SACE SRV, which recorded a net profit of 427 thousand euro, an increase of 20.1% compared to 2014.
SACE Fct ended the period with a profit of 9 million euro, a decrease of 43.1% compared to 2014. The reduction of margins was mainly due to changes to the regulatory framework that made the public administration business more appealing, thus attracting other market players in the sector.

Consolidated net profit (€ million)



Gross consolidated premiums (€ million)



Revenues

Overall revenues amounted to 583.6 million euro and 95.9% of revenues were generated by the insurance business and the remaining 4.1% by the factoring business.
Consolidated gross premiums amounted to 559.8 million euro, a significant increase compared to the previous year (+43.4%), of which 529.7 million from direct business and 30.1 million from indirect business (active reinsurance).
Activities supporting exports and internationalisation generated 483.8 million euro in gross premiums, recording a 54.7% growth compared to 2014. The products that contributed the most to the generation of premiums were the Buyer Credit policy (67.9%), Financial Guarantees (17.1%) and products of the Surety line (5.3%).
Assets managed by the product company SACE BT generated 77 million euro in gross premiums, a slight decrease compared to 79 million 2014, consistent with the adoption of prudent risk taking and risk management policies. Surety business contributed the most to the formation of premiums, with 31.4 million euro collected, in addition to premiums for the Credit business, equal to 28.1 million euro and the Other Property Damage business, equal to 16.3 million euro. The remaining 1.1 million euro related to basic classes, a marginal part of SACE BT's business.
Factoring managed by SACE Fct recorded gross operating income amounting to 23.8 million euro, a decrease compared to 35.2 million euro recorded in the previous year. 67% of this amount consisted of net interest income and the remaining 33% of net commissions.

Volumes

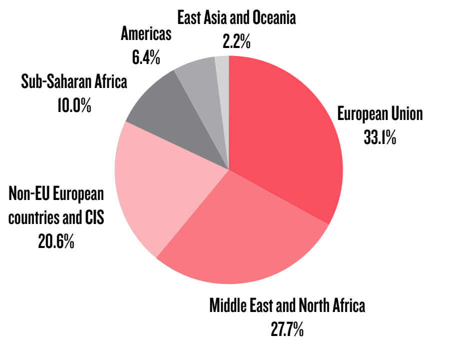
New guarantees approved by SACE amounted to 9.7 billion euro, a decrease of 10.9% compared to the figures recorded in 2014. The new commitments refer primarily to the European Union (33%), the Middle East and North Africa (27.7%) and non-EU European countries and CIS (20.6%). The most important industrial sector was the petrochemical industry, which represents 20.1% of the new guarantees approved, followed by the infrastructure and construction (15.9%), electrical (15.1%) and the cruise and shipbuilding sectors (14.2%). Mechanical engineering, flagship of the Made in Italy brand worldwide, ranks first among the sectors supported, in terms of the number of transactions insured and guaranteed.

The Credit business managed by SACE BT insured 9.8 billion euro, a decrease of 12.2% compared to the previous year. Of this amount, 64% was generated in Italy, while the remaining 36% abroad. The greatest areas of activity for this business were wholesale, which generated 17.6% of the volumes, metallurgy (11.9%), food and agriculture (8.5%), and retail (8.2%). The transactions insured by SACE BT in the Surety business, instead amounted to 1.9 billion euro, a decrease of 4.1%.

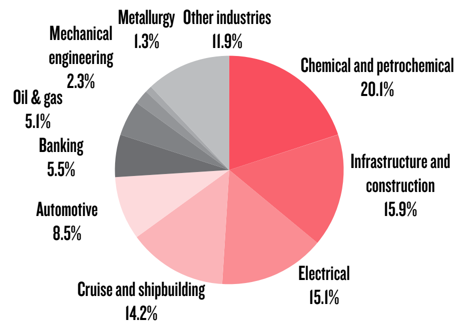
Turnover generated by SACE Fct amounted to 3.2 billion euro, an increase of 20.7%. Factoring transactions without recourse represented 87.7% of the total. The factoring of receivables mainly concerned the construction (26.2%), services (18.6%) and energy (16.7%) sectors.

With regard to debtors, private counterparties represented 58% of the total, exceeding Public Administration for the first time (42%).

New guarantees approved by SACE by geo-economic area (2015)

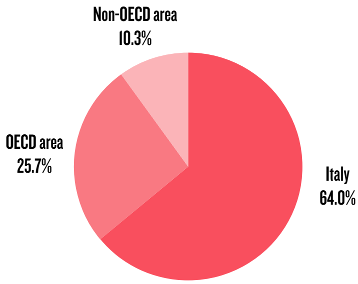


New guarantees approved by SACE by sector (2015)

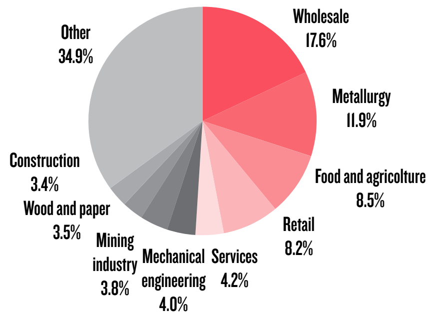


NEW GUARANTEES

Volumes insured by SACE BT in the Credit business by geo-economic area (2015)



Volumes insured by SACE BT in the Credit business by sector (2015)

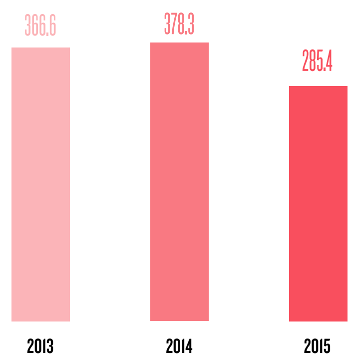


Claims

Compensation paid in 2015, net of reinsurance, amounted to 285.4 million euro on a consolidated level, a decrease compared to 378.3 million euro recorded in 2014.
SACE settled claims amounting to 258.7 million euro, a decrease compared to 339.1 million euro in 2014, mainly related to transactions insured in Iran following difficulties experienced by local counterparties in making payments due to sanctions imposed by the UN and the EU. Commercial claims were concentrated in the iron and steel and mechanical sectors, and were mainly related to Ukrainian, Polish, Russian and Iranian debtors.
SACE BT settled claims amounting to 39.6 million euro, a decrease of 30%. The Credit business recorded a 39% decrease in the burden of claims compared to the previous year, seen in the number of non-collection complaints (-43%). The Surety business showed a 36% decrease in the burden of claims, with a 4% reduction in complaints; the considerable decrease is attributable to the lower number of major claims. In the Other Property Damage business there was a significant increase (+72%) in the burden of claims, accompanied by a higher number of complaints (309%) attributable to the hail portfolio.

CLAIMS SETTLED

Consolidated claims settled (€ million)



Recoveries

Collection recorded by SACE for political recoveries amounted to 169.3 million euro, in line with previous years, and referred primarily to receivables due from Egypt, Iraq, Ecuador, Cuba and Argentina. Trade recoveries amounted to 29.8 million euro, an increase compared to 21.6 million euro recorded in the previous year.
Recoveries collected by SACE BT net of legal expenses, instead amounted to 7.1 million, a 23% increase.

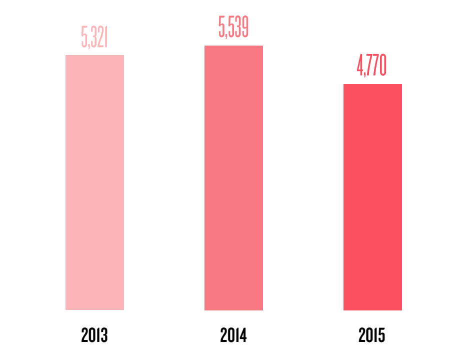
Reinsurance

SACE and SACE BT make use of reinsurance coverage consistently with market standards and best practices, aimed at protecting the portfolio and achieving strategic objectives, all counterparties being international market operators with high ratings. In 2015, SACE reinsured a significant portion of its guarantees portfolio amounting to over 6 billion euro, most of which with the Ministry of Economy and Finance as a result of a reinsurance agreement between the parties, while the remaining amount was placed with Lloyd's of London and other international insurance companies.
With regard to relationships with other ECAs, it should be noted that SACE has 26 outstanding insurance agreements with other export credit agencies.
In particular, in 2015 SACE updated its reinsurance agreement with the Chinese ECA Sinosure, expanding the range of products subject to the agreement.
The renewal of SACE BT reinsurance treaties in 2015 was characterised by the strong availability of capital dedicated to the Credit, Surety and Other Property Damage businesses. The improved technical result favoured the consensus of market operators with regard to the 2015 reinsurance program.

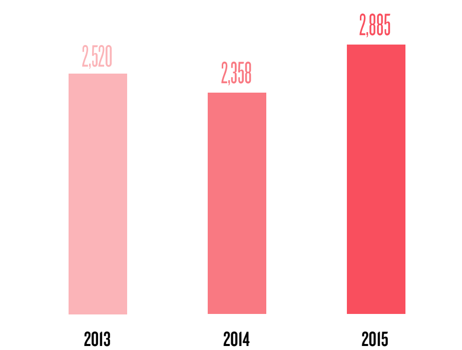
Equity and technical reserves

Group equity at 31 December 2015 amounted to 4.8 billion euro, a decrease compared to 5.5 billion in the previous year. Share capital, fully paid in, amounted to 3.5 billion euro. Technical reserves, consisting of premiums and claims reserves, totalled 2.9 billion euro (+20%).
In December 2015, SACE BT issued a bond loan worth 14.5 million euro.

Equity
(€ million)



Technical reserves
(€ million)



“GROSS PREMIUMS GREW SIGNIFICANTLY COMPARED TO 2014”

Maria Cristina Pilia

Administration & accounting

Financial investments

Consolidated financial investments at the end of 2015 amounted to 6.4 billion euro, substantially in line with 2014 (+1.7%).

The portfolio consists of bonds for 37%, shares in UCITs (Undertakings for Collective Investment in Transferable Securities) mainly containing bonds and equities for 9%, shares for 0.6% and monetary instruments for the remaining 53.4%.

Financial management has the aim of optimising the capital structure, improving the asset balance, balancing the risks assumed through the insurance business and contributing to the achievement of the corporate objectives.

Financial investments (€ million)

Type of investment	2015	2014	Change
Monetary investments	3,413.9	3,088.4	10.5%
Bonds	2,367.5	2,599.0	-8.9%
UCIT investments	575.7	558.6	3.1%
Securities	35.7	39.6	-9.8%
Total	**6,392.8**	**6,285.6**	**1.7%**

FINANCIAL INVESTMENTS

Consolidated balance sheet (€ thousands)

Assets	**2015**	**2014**	**2013**
Intangible assets	15,193	14,383	14,585
Tangible assets	73,260	75,447	76,165
Technical reserves attributable to reinsurers	465,015	84,669	82,185
Investments	7,446,515	7,053,135	6,812,228
Sundry receivables	1,402,619	1,354,459	1,098,645
Other assets	369,777	376,771	461,822
Cash and cash equivalents	181,990	100,205	155,612
Total assets	**9,954,369**	**9,059,069**	**8,701,242**
Liabilities	**2015**	**2014**	**2013**
Equity	4,769,739	5,538,828	5,320,744
Provisions	93,108	37,915	35,178
Technical reserves	2,884,745	2,358,356	2,519,477
Financial liabilities	1,528,307	733,145	294,146
Payables	252,420	139,864	130,698
Other liabilities	426,050	250,960	400,999
Total equity and liabilities	**9,954,369**	**9,059,069**	**8,701,242**

BALANCE SHEET

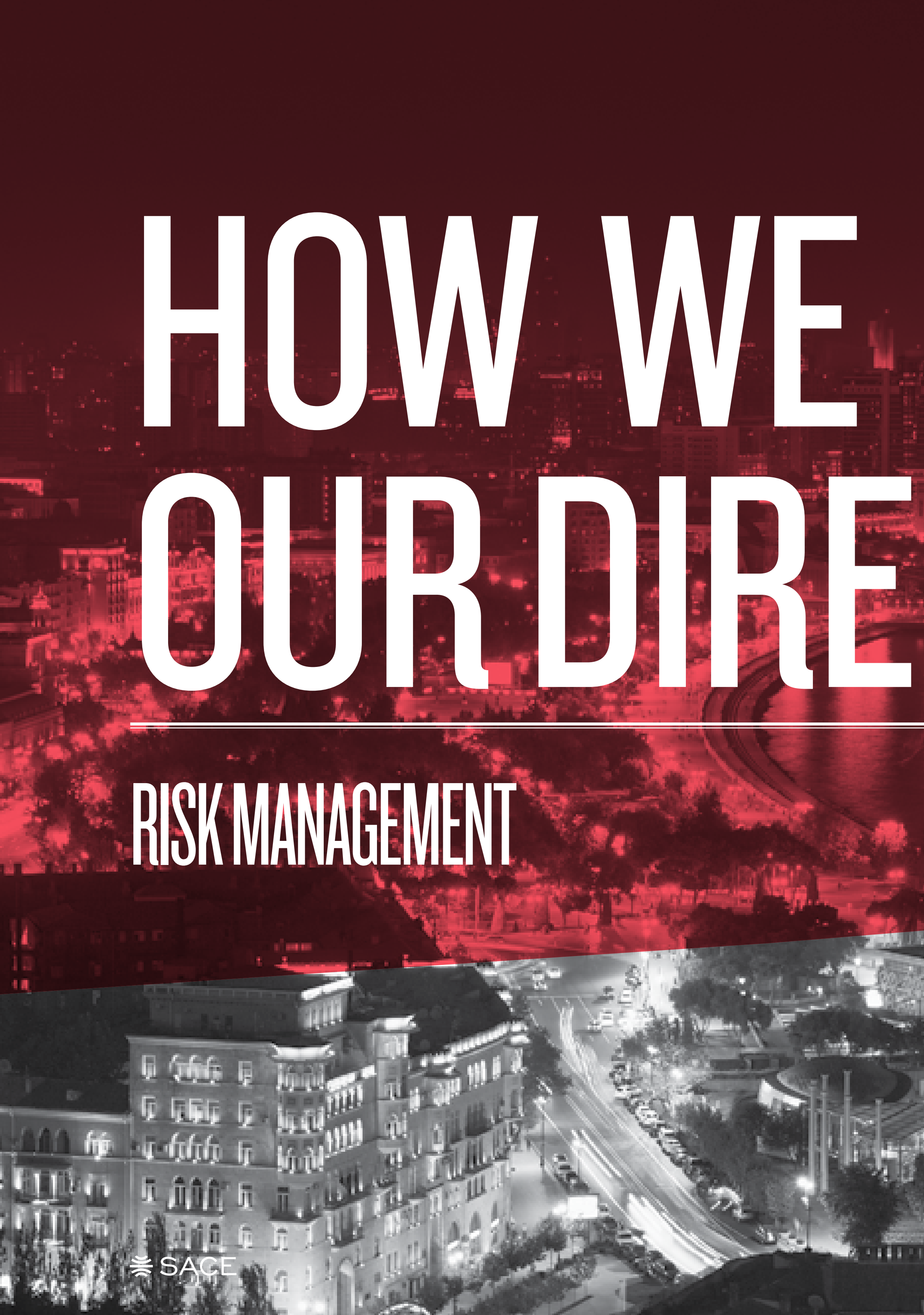
Consolidated income statement (€ thousands)

	2015	**2014**	**2013**
Gross premiums	559,832	390,432	398,671
Change in premium reserve	-463,297	17,103	102,838
Outward reinsurance premiums	23,414	-22,353	-31,730
Net earned premiums	**119,949**	**385,182**	**469,779**
Commission income	8,553	11,067	10,745
Gains and losses on financial instruments at fair value	445,771	-402,738	-84,071
Income from other financial instruments and investment property	165,864	223,241	276,949
Other revenues	205,346	667,575	531,695
Total revenues and income	**945,484**	**884,327**	**1,205,097**
Claims settled and changes in technical reserves	223,878	-55,603	264,829
Claims borne by reinsurers	-9,211	-22,606	-19,855
Net claims expenses	**214,667**	**-78,209**	**244,974**
Commission expenses	799	642	360
Expenses from other financial instruments and investment property	27,040	13,649	7,426
Operating expenses	89,865	111,302	102,484
Other costs	107,311	158,085	271,715
Total costs and expenses	**439,683**	**205,469**	**626,959**
Profit for the year before taxes	**505,801**	**678,858**	**578,138**
Taxes	196,028	208,334	232,886
Profit for the year after taxes	**309,773**	**470,524**	**345,252**

INCOME STATEMENT

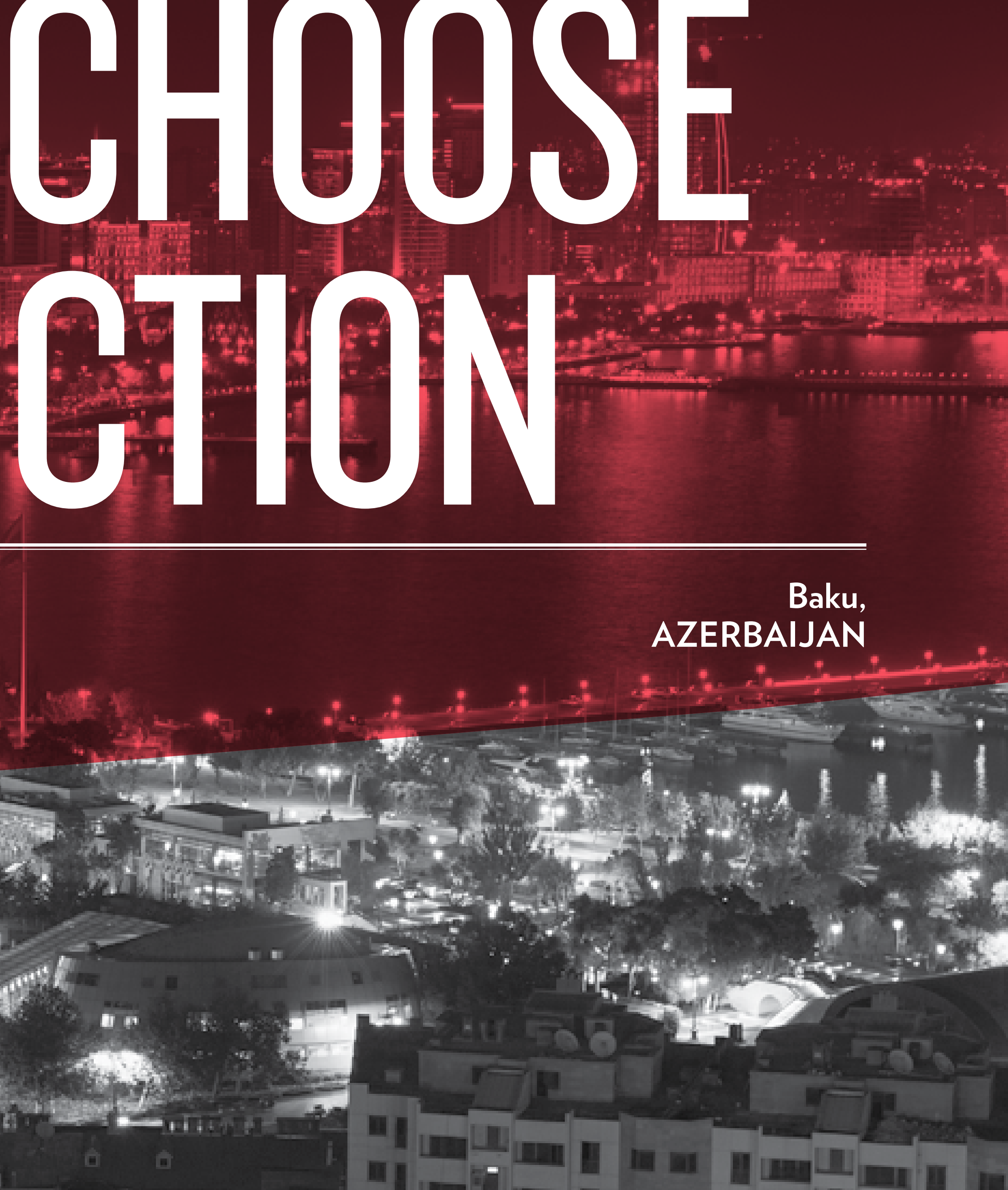
HOW WE
OUR DIRE

RISK MANAGEMENT



CHOOSE CTION

Baku,
AZERBAIJAN



RISK MANAGEMENT

Risk management policies

Risk identification, measurement, control and management: these are the phases that characterise risk management activities, which are essential for the joint assessment of company assets and liabilities, carried out according to the best ALM techniques. Integrating risk management in corporate decision-making processes improves the risk-adjusted performance of the same.
The risk management processes are defined taking into consideration the specific features of the various lines of business, in accordance with the reference regulations. The latter provide for three pillars:

→ Pillar I introduces a capital requirement for covering the typical risks of insurance and financial business (technical, counterparty, market, operational);

→ Pillar II requires SACE and its product companies to adopt a strategy and process to control capital adequacy.

→ Pillar III introduces disclosure requirements regarding capital adequacy, risk exposure and the general characteristics of the relative management and control systems.

Each year, SACE defines the risk appetite framework (RAF), which explains the set of metrics, processes and systems supporting the proper management of the level and types of risk that SACE is willing to assume in line with its own strategic objectives. The RAF is a key instrument for SACE operations, guaranteeing sustainable development in the medium to long term and avoiding options that maximise short-term profits associated with an excessive level of risk.
The most material risks managed by SACE and its product companies fall under the following types:

→ Technical risk, understood as underwriting risk and credit risk. The first case, related to the insurance portfolio, refers to the risk of incurring economic losses arising from an unfavourable trend in claims compared to that expected or from differences between the cost of claims and provisions to reserves; the second case refers to the risk of defaultand deterioration of the counterparty's creditworthiness. Both are governed through prudent pricing and reserving policies, underwriting policies, monitoring techniques and active portfolio management;

→ Market risk, generated by transactions on the market with respect to financial instruments, currencies and commodities, managed using ALM techniques and maintained within predetermined levels through asset allocation guidelines and quantitative risk measurement models (Market VaR);

→ Operational risk: the risk of incurring losses arising from inadequate or failed internal processes, human resources and internal systems or due to external events.
All companies regularly perform qualitative assessment of potential risk factors (risk self-assessments), detecting and logging effective operating losses through the loss data collection process. This data forms the input of the operational risk measurement and management process in line with market best practices;

→ Liquidity risk: the risk of the company being unable to realise investments and other assets to settle its financial obligations when due. For insurance portfolios, there are no significant liquidity risks because – in addition to technical underwriting methods that allow the staggered settlement of claims – the investment policy is strictly consistent with liquidity needs. All instruments in the trading portfolios covering technical provisions are related to securities traded on regulated markets, and the short average life of overall investments ensures rapid rotation. Liquidity risk is instead material for factoring activities, essentially in the form of funding liquidity risk. In particular, it is related to the difficulty in efficiently coping with current and future cash outflows, in meeting operational business commitments for the closing of outstanding loans, and in raising funds on the market without incurring capital losses or excessive borrowing costs;

→ Concentration risk, arising from exposure to counterparties, groups of related counterparties and counterparties operating in the same economic sector, carrying out the same business or belonging to the same geographic area;

→ Interest rate risk, specific for factoring transactions and referring to assets other than those allocated in the trading portfolio. It represents the exposure of the financial position of the company to unfavourable changes in interest rates.

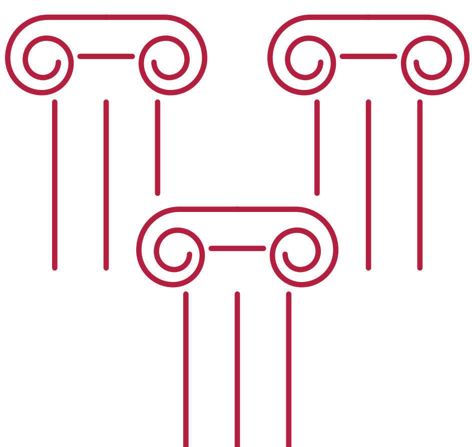
We also identify the following risks, measuring and mitigating the same with suitable management processes:

→ Reputation risk: the risk of the corporate image deteriorating and conflict with customers increasing, due to the poor quality of the services offered, placement of unsuitable products or the conduct of the sales network. This risk is strongly mitigated by internal control, compliance and risk management measures, as well as internal procedures governing the operations of SACE and its product companies;

→ Group risk ("contagion risk"), related to the possibility that issues at SACE or associated companies propagate with negative effects on the solvency of companies in the SACE consolidation scope. This type of risk also includes the risk of conflict of interest;

→ Risk of non-compliance with regulations, arising in the event of legal or administrative sanctions, losses or damage to reputation as a result of non-compliance with laws, regulations, supervisory authority measures or self-regulations (articles of association, codes of conduct, corporate governance codes); also, the risk arising from unfavourable changes to the regulatory framework or court decisions.

RISK IDENTIFICATION MEASUREMENT CONTROL & MANAGEMENT



The role of Risk management

Risk management and monitoring activities are carried out by a single organisational structure that, with an integrated process, contributes to strategic decisions and the operational and equity balance of SACE and its product companies. The structure also defines methods and tools for risk identification, measurement and control, verifying that the procedures are suited to the risk profile of each company.

The Risk Management department:

→ Proposes methods, develops models and integrated risk measurement and control systems, monitors the best allocation of capital, in compliance with corporate guidelines and regulations;

→ Defines the risk appetite framework and its operational limits; it monitors compliance with the same throughout the year;

→ Defines, develops and regularly reviews measurement and control systems regarding the risk/return ratio and the value creation of the individual risk-taking units;

→ Calculates current and future internal capital in light of the relevant risks, ensuring the measurement and integrated control of risks based on overall exposure;

→ Prepares suitable detection, assessment, monitoring and reporting procedures also through scenario analyses and stress tests;

→ Oversees the levels of technical reserves in cooperation with the other departments concerned;

→ Monitors operations aimed at optimising capital structure, reserve management and liquidity (ALM).

Reinsurance

Reinsurance is an important instrument in the integrated control and management system for corporate risks. SACE's insurance activities rely on reinsurance coverage in line with market standards and export credit best practices.

The main purposes of reinsurance are to:

→ Improve the balance of the portfolio;

→ Strengthen the financial soundness of the company;

→ Share risk with reliable insurance counterparties;

→ Stabilise economic results;

→ Increase the underwriting capacity.

During the year, the Risk Management department set up a structure dedicated to Reinsurance, with the mandate of managing the operation and monitoring the risks associated with the use of reinsurance for SACE SpA, verifying consistency between the disposal plan and the reinsurance strategy approved by the Board of Directors.

"RISK ASSESSMENT IS AN ESSENTIAL ASPECT OF SACE'S BUSINESS"

Luigi Loico

Credit risk analysis

Alessandro
Fiore
Risk management

"RISK MANAGEMENT CONTRIBUTES TO STRATEGIC DECISIONS AND BALANCED MANAGEMENT"

Credit and guarantee portfolio

SACE's private portfolio contains more than 2,600 counterparties at risk; 830 of these are shared with SACE BT, which follows over 93 thousand names in the Credit and Surety business. 92% of shared counterparties are Italian, mainly operating in the mechanic, metallurgical, and food and agricultural industries. Exposure analysis shows that the main sectors at risk are infrastructure and construction, oil & gas, aeronautics, chemical and petrochemical, as well as metallurgy. SACE Fct is exposed to more than 3,200 counterparties, of which 316 in common with SACE BT and 42 shared with SACE SpA. 74% of the counterparties shared by SACE Fct and SACE BT are Italian companies: 86% are private companies (53% in wholesale and retail); the remaining 11% are local public administration authorities (79% of which are municipalities). 86% of counterparties shared between SACE Fct and SACE are foreign (97% of which are involved in trade finance transactions), primarily active in the mechanical engineering or infrastructure and construction sectors. 18 counterparties are shared between all three companies of the SACE Group, mainly operating in the infrastructure and construction, electrical and mechanical engineering sectors.

SACE risk portfolio

The total exposure of SACE, calculated as the sum of outstanding credits and guarantees in terms of principal and interest, amounts to 42.0 billion euro, an increase of 11.3% compared to the end of 2014. The growth trend already recorded in 2014 and 2013 continues, despite the slowdown in 2012, mainly as a result of the guarantee portfolio representing 97.0% of overall exposure.

SACE total exposure (€ million)

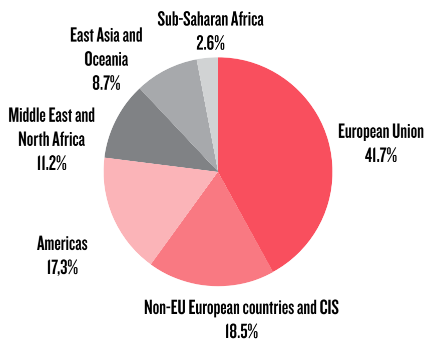
PORTFOLIO

Portfolio	2015	2014	Var.
Outstanding guarantees	40,715.0	36,494.3	11.6%
-Principal	35,063.4	31,439.8	11.5%
-Interest	5,651.6	5,054.5	11.8%
Credits	1,255.7	1,205.5	4.2%
Total exposure	**41,970.7**	**37,699.8**	**11.3%**

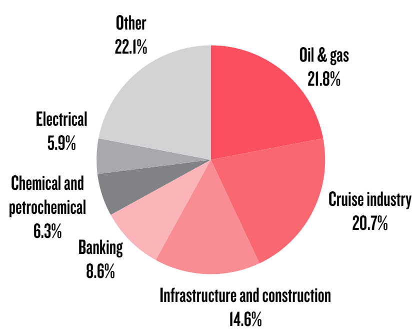
Analysis by geo-economic area shows greater exposure in the European Union (41.7% compared to 41.4% in 2014) and especially in Italy, which remains in first place in terms of concentration (20.6%).
The level of concentration slightly decreased in non-EU European countries and CIS countries (from 20.1% to 18.5%); in East Asia and Oceania (from 9.2% to 8.7%); in the Middle East and North Africa (from 13.2% to 11.2%); while it increased in the Americas (from 14.0% to 17.3%), and remained substantially stable in Sub-Saharan Africa (from 2.1% to 2.6%).

The sector analysis continues to record strong levels of concentration, with the first five sectors representing 72.1% of the total private portfolio. Oil & gas remains the leading sector, accounting for 21.8%, a slight decrease compared to 2014 (23.6%), followed by the cruise industry (20.7%), which during the year recorded a very significant increase compared to 2014 (+78.3%).

SACE total exposure by geographic area (at 31/12/2015)

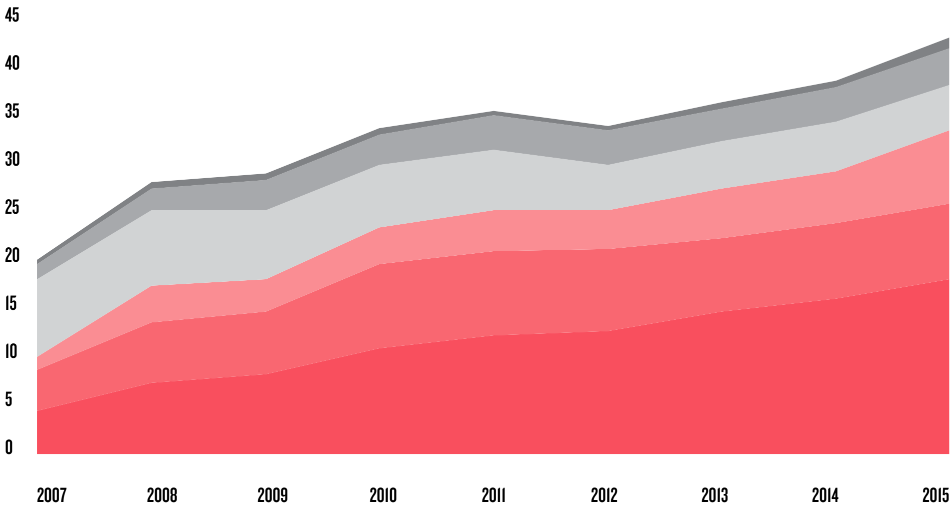


SACE guarantee portfolio by industrial sector (at 31/12/2015)



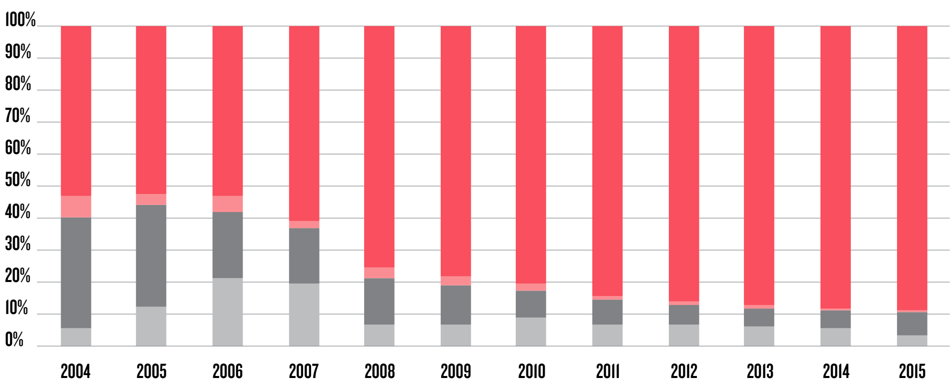
As for the breakdown of the guarantee portfolio by type of risk, there was a strong increase in sovereign risk (38.3%) and a significant reduction of political risk (-34.1%). Private risks accounted for 89.2% of the overall portfolio compared to 88.6% in 2014 (+12.2%). This figure confirms the gradual increase in the incidence of private risk in recent years compared to the significant decline in the weight of political and sovereign risks, which decreased from 43.9% in 2005 to 10.1% in 2015.

Trend of SACE total exposure by geographic area (€ billion)



European Union — Non-EU European countries and CIS — Americas — Middle East and North Africa — East Asia and Oceania — Sub-Saharan Africa

SACE guarantee portfolio trend by type of risk (2004-2015)



Private Risk — Ancillary Risks — Sovereign Risk — Political Risk

EXPOSURE

SACE BT risk portfolio

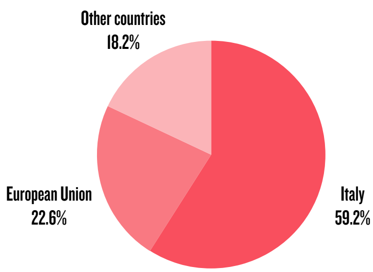
The total exposure of SACE BT at 31 December 2015 amounted to 38.4 billion euro, an increase compared to the end of 2014 (+5.7%).

Sace bt exposure by business (€ million)

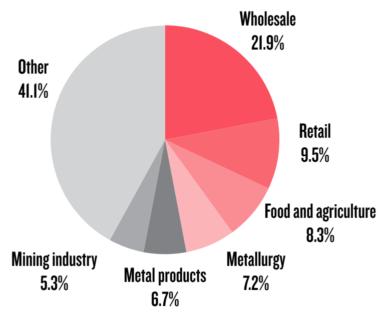
Portfolio	2015	2014	Change
Credit	7,791.5	7,559.8	3.1%
Surety	6,563.9	6,713.2	-2.2%
Other Property Damage	24,073.6	22,086.7	9.0%
Total	**38,429.0**	**36,359.7**	**5.7%**

The exposure of the Credit business, defined taking into consideration the ceilings in place, amounted to 7.8 billion euro, substantially in line (+3.1%) with 2014.
The portfolio is mainly concentrated in EU countries (81.8%), with Italy alone representing 59.2%.
Wholesale, retail and food and agriculture are the first three industrial sectors of the portfolio, accounting for 21.9%, 9.5% and 8.3%, respectively.

SACE BT exposure in the Credit business by geographic area (at 31/12/2015)



SACE BT exposure in the Credit business by industrial sector (at 31/12/2015)



The exposure of the Surety business, i.e. the amount of capital insured, was equal to 6.6 billion euro, a slight decrease (-2.2%) compared to 2014. Guarantees for tenders represented 64.1% of outstanding risks, followed by guarantees on payments (31.2%). The portfolio, consisting of almost 34 thousand contracts, is concentrated in Northern Italy (64.6%) and the Central regions (18.5%). The nominal exposure of the Other Property Damage business amounted to 24.1 billion euro, up 9.0% compared to the previous year (22.1 billion in 2014), of which 21.6 billion euro relating to the Construction portfolio (19.7 billion in 2014) and 2.5 billion euro on policies for Basic classes (1.8 billion in 2014). Effective exposure – defined as net of deductibles, uninsured percentage and compensation limits – amounted to 18.9 billion euro (17.3 billion in 2014). The number of outstanding policies was equal to 7,587 (+5.9% compared to 2014): contracts for Decennial Liability policies represented 45.4% of the portfolio, CAR and EAR policies represented 42.7%, while policies for Basic Classes represented the remaining 11.9%.

SACE Fct risk portfolio

Total receivables of SACE Fct (the total amount of receivables purchased, net of any amounts collected and credit notes) amounted to 1.9 billion euro at the end of 2015, an increase of 28.6% compared to the previous year.

In line with the previous observations, total receivables referred mainly to transactions without recourse, accounting for 90.3% of the total portfolio. Receivables purchased with recourse make up the remaining 9.7%.

RECEIVABLES

Total receivables of SACE Fct by type of product (€ million)

Portfolio	2015	2014	Change
Non-recourse factoring	1,743.5	1,316.4	+32.4%
Recourse factoring	186.2	184.5	+0.9%
Total	**1,929.7**	**1,500.9**	**+28.6%**

The distribution of total receivables by industrial sector of the assignor showed concentration in the energy sector, equal to 27.4%, followed by the construction industry (23.5%) and public entities (11.0%). The portfolio was less concentrated in the first three sectors: in 2014 they represented 67.4% of total receivables, while in the subsequent year they accounted for 61.9%.

The breakdown by geographic area of operation (of the assignor) showed an increase in foreign assignors, currently representing 15.8% of total receivables; instead, concentration in Central Italy decreased, which stopped at 38.9% compared to the previous 49.3%.

Total receivables of SACE Fct by industrial sector of the assignor (at 31/12/2015)

Energy 27.4% — Construction 23.5% — Public entities 11.0%
Services 8.8% — Transport 8.3% — Metallurgy 6.8% — Other 14.2%

Total receivables of SACE Fct by geographic area of the assignor (at 31/12/2015)

Central Italy 38.9% — Northern Italy 37.6%
Southern Italy and Islands 7.7% — Foreign 15.8%

If, on the other hand, we consider the sector of the debtor, total receivables showed a substantial balance between counterparties within the scope of public administration (50.4%, sharply down from 71.7% in 2014) and counterparties in the private sector (49.6% in 2015, sharply up from 28.3% in 2014).

The distribution by geographic area of the debtor showed a significant increase in foreign debtors, which went from 13.1% in 2014 to 35.3% in 2015. Concentration in Central Italy also decreased from 41.4% to 31.0%.

Total receivables of SACE Fct by sector of the debtor (at 31/12/2015)

Companies 49.4% — Central government 25.2% — Regions 9.6%
Municipalities 8.5% — Public entities 6.6% — Provinces 0.5% — Consumer households 0.2%

Total receivables of SACE Fct by geographic area of the debtor (at 31/12/2015)

Central Italy 31.0% — Northern Italy 18.8%
Southern Italy and Islands 14.9% — Foreign 35.3%

WHAT DR US

PEOPLE AND VALUES

SACE

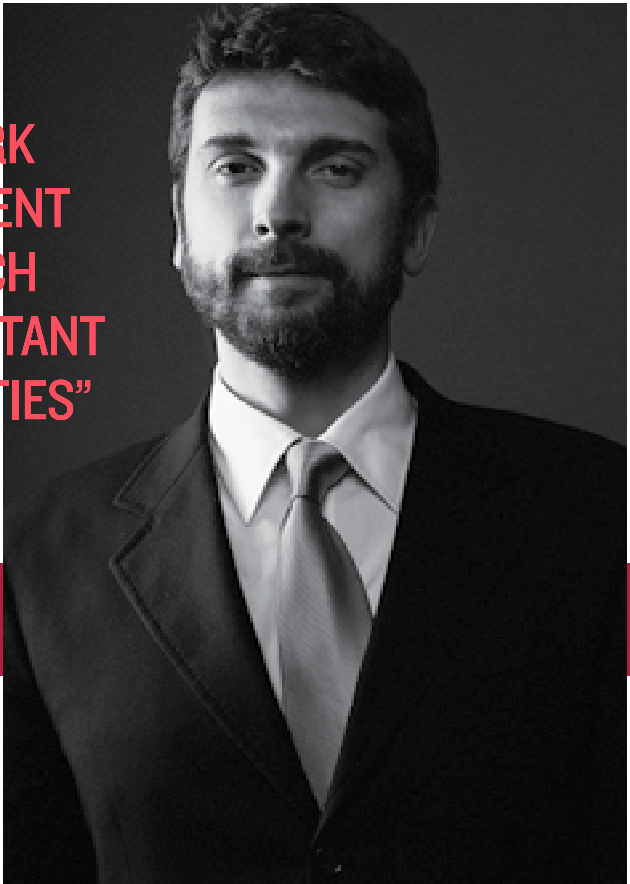
IVES

Santiago,
CHILE

VALUE TO SHARE

Supporting the competitiveness and growth of Italian businesses has been our mission for forty years now. Today the global context presents challenges that are far from easy. Our passion, professionalism and trust in what innovation can do are more necessary than ever.

What is SACE's greatest added value? There is no doubt about it: the people. Valuing our employees is a central objective. Each individual contributes to the strength of the company. We are soul behind the decisive contribution SACE makes to companies that today –



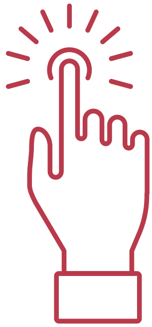
"THE WORK ENVIRONMENT GIVES EACH OF US IMPORTANT OPPORTUNITIES"

Andrea Zippel

Information technology

SACE

with commitment and courage to take advantage of opportunities on the global market – give momentum to the Italian economy. The work environment we have created together gives each of us important opportunities for both professional and personal development.
At SACE, finding a balance between work life and private life is not only a possible goal: as we have proven on the field, it also helps us pursue the company's goals with the utmost efficiency. We promote a corporate culture founded on the values of meritocracy and equal opportunity.
We undertake to fight all forms of discrimination based on sexual orientation, ethnicity, nationality, culture, religion, political beliefs, age or disabilities. We guarantee a work environment that recognises and values diversity as a source of wealth.

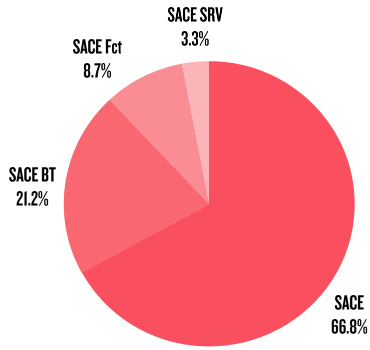


WE VALUE DIVERSITY AS A SOURCE OF WEALTH

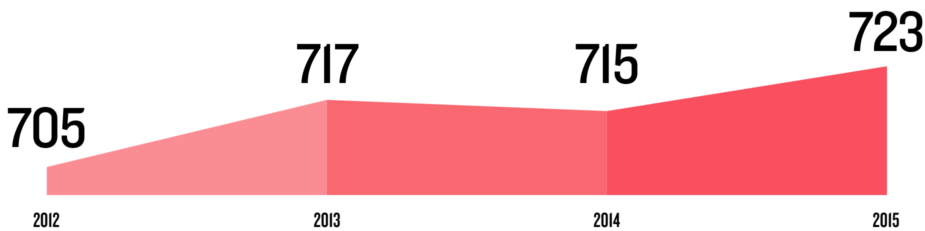
SACE numbers

Overall, 723 employees work within the scope of SACE and its product companies, an increase compared to 2014.
Around 67% of employees work for SACE and the remaining staff for the other companies: 153 for SACE BT, 63 for SACE Fct and 24 for SACE SRV.
72% of our employees work in Rome, 26% in other Italian offices and 2% in foreign offices. 3% are foreign; 49% are aged 40 or under; 74% have university degrees. 348 of our employees are men and 375 women, representing 52% of overall staff and 30% of management. These numbers reflect SACE's commitment to Valore D, the association founded by 12 large companies to promote women's talent.
In 2015, SACE hired 69 new employees. 51 of these are under the age of 36; 32 are women.
Our internships, 69 during the year, offer new graduates an opportunity for professional growth in the work area that interests them most. We hired 36% of the people who completed internships during 2015 with different types of contracts.

Employees by company (2015)



Total of employees by year
(2015)

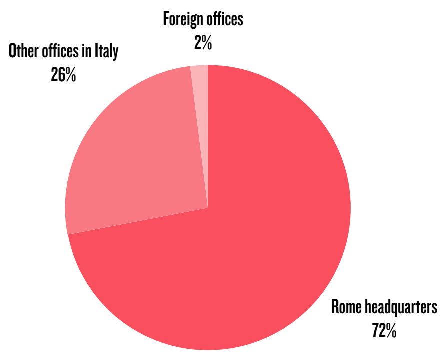


JOB FAIR

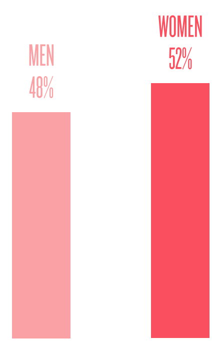
We invest in people

Enthusiasm and skills are decisive in overcoming the challenges of the evolving market.
SACE focuses on young talents with high-level education, strong motivation and excellent knowledge of foreign languages. We participate in the biggest national job fairs and collaborate with top universities, graduate schools and master's degree courses. This ensures the beneficial exchange of skills and helps us select the best employees possible.
Since 2012, SACE has participated in the Bocconi Merit Awards program, sponsoring one of the seventy scholarships granted to the most deserving first-year students of master's degrees.

Employees by SACE office
(2015)



Employees by gender
(2015)



Lifelong learining at SACE

Staying up to date is essential for effective work.
Training and lifelong learning make it possible to stay updated, learn the latest techniques and most innovative approaches, as well as to keep personal qualities such as curiosity and open-mindedness alive.
Each of us can benefit from the training courses that accompany us through professional growth.
A dedicated induction plan facilitates the introduction of newly hired employees into the company. During 2015, considering all the channels made available to staff in the classroom and online, SACE guaranteed an average of 19 hours of training per person, for a total of 13,828 hours.
In addition, technical training seminars counted 1,206 attendances and 1,978 hours, in the classroom and online.
We support the professional development of each individual, planning customised career paths taking into account different personal abilities and potential.
We implement job rotation with conviction, allowing all employees to experience roles different to their own.
This rotation helps the circulation of skills, increases career opportunities and makes the SACE work experience even more rewarding.
But not only: these changes also represent a form of learning-by-doing.
Thanks to job rotation, each individual rapidly gains experience in different areas and sectors.
Finally, SACE offers employees the chance to hold positions in foreign offices: an experience that further enriches career opportunities.

Eva Maranzano

HR management & development

“WE PLAN CUSTOMISED CAREER PATHS”

Work and private life: the right balance

We know that our success depends on the satisfaction of the people who make up our organisation. SACE aims for a work-life balance that allows everyone to find the right balance between realisation in professional and family spheres. This vision translates into a program full of initiatives that make it easier to divide time and energy between work life and private life. The home telework project, active for several years, allows anyone who has the need to work from home a few days a week and for specific periods of time, with a workstation provided by the company. Connection with the office and colleagues is guaranteed by telephone and computer contact.
SACE has a mobility manager: a professional who resolves issues related to mobility and develops solutions that, in addition to reducing the cost and time of travelling to and from the office, mitigate our impact on traffic and the environment.

OUR SUCCESS DEPENDS ON THE SATISFACTION OF OUR PEOPLE

The company also contributes to cover local public transport costs; it offers real-time traffic information and waiting times for public transport; it offers all employees bikes for short journeys through a bike point.
There are two SACE initiatives for the families of employees. On the "Take your kids to work" day, the company opens its doors to the young children of employees, involving them in fun activities to introduce them to their parents' work environment.
The Push To Open program allows the children of employees and their friends, during their 4th and 5th year of high school, to participate in a course that brings them closer to the world of work. The program takes place mainly online, with 5 webcasts and through social networks. Intercompany workshops are also scheduled.
Focus on health is a pillar of corporate welfare. SACE offers its employees insurance coverage, oncology check-ups every two years for those who are 45 years or older and seasonal flu vaccines. In addition, with the aim of promoting a healthy and active lifestyle, everyone at the office can use the company gym featuring all the latest equipment.
Health protection is further supplemented by training courses with nutritionists for the treatment of eating disorders, the organisation of first aid and fire prevention teams and the deployment of medical devices at offices.
In cooperation with the Red Cross, SACE also organises first aid courses dealing with choking in children. Personal wellbeing also depends on mental and physical balance.
In 2015, SACE organised and offered employees a series of lectures on "wellbeing inside and outside the company": psychologists, psychotherapists and psychiatrists held four meetings on performance stress, personal care, parenting and depression.

"WE PROMOTE A CULTURE OF SUSTAINABILITY"

Giusy Faiella

Corporate social responsibility

We create value for the environment and society

Real development is that which improves quality of life in the long term. SACE takes on this huge challenge faced by our economic system and promotes a culture of corporate sustainability with a view to protecting the generations to come. Many initiatives – including the completion of the waste sorting and recycling system at the company, improving energy efficiency and raising awareness about reducing consumption – keep employees focused on respect for the environment and help spread good practices.

SACE encourages all its employees to participate in volunteer work for the community. Since 2008, it has supported the non-profit association Dynamo Camp: a recreational therapy centre that welcomes children suffering from serious diseases free of charge, offering sports and leisure activities in a protected natural environment. Some of us choose to participate personally as volunteers for these activities by dedicating time, commitment and passion to bring a smile to the faces of the young guests.

The company has supported research and preventive health care by collaborating with the SAM Project (*Salute Al Maschile*) for male health by Fondazione Veronesi and the Rosa Varvara project by Komen Italia for the creation of support centres for women suffering from breast cancer. It also contributed to a music therapy rehabilitation program for hearing impaired children organised by Lega del Filo d'Oro.

SACE is a Corporate Golden Donor of the Italian National Trust (*Fondo Ambientale Italiano*, FAI), which protects artistic and natural heritage in Italy.

We believe that small actions of solidarity make the difference: again this year we organised blood donation days during which 100 bags were collected, donated to the Bambino Gesù Children's Hospital in Rome. For many years we have participated in Race for the Cure, a fundraiser that supports the fight against breast cancer; 146 employees and family members participated in the last edition. These acts of solidarity promote at SACE a culture of social responsibility and awareness for sustainable development and integration within the community.

Giovanni Abbadia • Vincenzo Abbate • Clelia Abbonizio • Tiziana Abbruzzese • Cristina Abbruzzese • Andrea Abrate • Claudia Roberta Accardi • Simonetta Acri • Lorenzo Adinolfi • Roberta Airò • Stefano Ala • Maria Maddalena Albarano • Marinella Alberichi • Valerio Alessandrini • Paolo Alfieri • Roberto Allara • Marco Alteri • Mariangela Alvino • Gianluca Amero • Saverio Amoroso • Gautam Amrish Bhansali • Francesca Andreani • Valentina Andreani • Claudio Andreani • Rosina Andreoli • Annalisa Angeletti • Sonia Angelini • Daniela Anniballe • Nazario Antelmo • Robin Kevin April • Giuseppe Arcaro • Francesca Argenti • Sabrina Arnone • Laura Arpini • Fulvia Maria Arrigoni • Raoul Ascari • Giuseppe Ascierto • Anna Maria Asta • Prospero Astarita • Bernardo Attolico • Ambra Auriemma • Gianfranco Avellini • Ruggero Baffari • Massimo Baldini • Cristina Balestra • Fabio Ballerini • Emanuela Ballini • Enrico Barberi • Paola Barchietto • Dario Barigelli • Maria Barilaro • Alessandro Barile • Matteo 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Daphne Honcoop • Angelico Iadanza • Alessia Iannoni Sebastianini •

GRAZIE

GRACIAS

OBRIGADO

Francesco Ioime • Ilia Kalinin • Ann Ulrika Karlsson • Insaida Krosi • Anna La Licata • Sharon Labi • Lucia Marianna Labriola • Gian Marco Lai • Luigi Lammoglia • Francesco Lanzo • Jenaro Laris Vazquez • Giacomo Larocca • Margherita Lasorte • Lavinia Lenti • Angela Leo • Daniele Leone • Leonardo Leso • Mei-Zang Li • Edoardo Li Castri • Patrizia Liberati • Emanuela Liberto • Giovanni Licata • Marco Licciardello • Linda Maria Lippi • Giovanni Lo Faso • Simone Lo Papa • Leandro Lo Presti • Elisa Lodi • Luigi Loico • Marco Lombardo • Carolina Lonetti • Alessia Lordi • Enrico Lucciola • Emanuele Luciani • Thomas Luciow Frossard • Marta Lupi • Alberto Macaluso • Giuseppa Macca • Francesca Maccarrone • Roberto Macchioni • Lucia Macellari • Fulvia Maffi • Alessia Maggio Tummiolo • Carlo Magistrelli • Gianluca Magistri • Marina Magni • Salvatore Maimone • Mattia Maione • Federico Maitino • Angelo Malandrini • Rosanna Malfagia • Matteo Mancini • Rodolfo Mancini • Elsa Manigrasso • Federica 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HOW WE MOVE

CORPORATE GOVERNANCE

SACE

Cape Town, SOUTH AFRICA

CORPORATE GOVERNANCE

Corporate structure

SACE, a joint-stock company fully owned by Cassa Depositi e Prestiti, holds all shares in

➜ SACE Fct, a joint stock company operating in factoring;

➜ SACE BT, a joint stock company operating in the businesses of Credit, Suretyship and Other Damage to Property.

SACE BT wholly owns SACE SRV, a limited liability company specialised in credit recovery and information asset management. The relationships between SACE and its direct and indirect subsidiaries are defined by a set of principles and rules that guarantee the unity of the business vision, as well as cohesive and consistent conduct. In order to ensure sound and prudent management, SACE directly manages and coordinates the subsidiaries, granting them independence in terms of economic management levers.

"OUR GOVERNANCE MODEL IS BASED ON LEGALITY AND TRANSPARENCY"

Flavia Chiappini
Organisation

Legal framework

SACE issues guarantees and insurance coverage in relation to political, catastrophe, economic, commercial and currency risks that national operators are exposed when doing business abroad, in accordance with Legislative Decree 143/1998 and the CIPE Resolutions of reference. In addition, SACE is authorised to issue guarantees and insurance coverage for transactions that are strategically important for the Italian economy in terms of internationalisation, economic security and the activation of production processes pursuant to Law 296/2006, as well as risks regarding the non-collection of receivables due from Public Administrations pursuant to Law Decree 185/2008.
The commitments accepted by SACE during the performance of its activities benefit from the Government's guarantee (Law Decree 269/2003, Article 6, Paragraph 9).
SACE's activities are governed by European Union regulations (including Directive 29/1998) and the Arrangement on Officially Supported Export Credits ("Consensus") signed by the OECD.
SACE respects the principles established by the Berne Union, an international organisation that brings together export credit companies and agencies for the support of investments.
SACE BT, founded in 2004, is authorised to provide insurance and is subject to supervision by IVASS (Italian Insurance Supervisory Authority).
SACE Fct, founded in 2009, is registered in the general list and in the special list of Financial Intermediaries provided for by Articles 106 and 107 of the Consolidated Law on Banking; it is subject to supervision by the Bank of Italy.

Code of ethics and organisational, management and control model

The corporate governance system defines a set of rules and practices that govern the management and control of the company. SACE's governance model is based on the principles of legality and transparency; it adopts a prevention and control system formed by the Code of Ethics and the Organisational, Management and Control Model. The Code of Ethics expresses the values and principles to be observed by directors, statutory auditors, independent auditors, managers, employees, contractors and third parties with which SACE and its subsidiaries have relationships.
The Code of Ethics is a separate document from the model, even though related to the latter, since it is integral part of the prevention system adopted.
Approved by the Board of Directors of SACE pursuant to Law Decree 231/2001, the Model is the result of thorough analysis carried out within the corporate structure and consists of:

- → a general section governing the principles of the Decree, the governance model, the principles of the internal control system, the supervisory board, the disciplinary system, staff training and dissemination of the model inside and outside the company;
- → a specific section that identifies the areas within SACE posing potential risks for the commission of offences and specifies a series of instruments to prevent the same.

The Model intends to:

- optimise the corporate governance system;
- allow the exemption of SACE from administrative liability in case of offenses;
- set up a consistent prevention and control system, so as to reduce the risk of offenses committed in relation to corporate activities;
- spread, among all individuals working in the name and on behalf of SACE, awareness that any offences committed may incur not only personal but also corporate sanctions;
- inform all those working in any capacity in the name, on behalf or in the interest of SACE that the violation of the provisions of the Model shall result in sanctions, including the possible termination of employment;
- reaffirm that the company does not tolerate unlawful behaviour, since it is contrary to the ethical principles upon which it is based;
- actively reprimand any behaviour that violates the Model, through disciplinary or contractual sanctions.

The Model is addressed to directors and anyone holding representation, administration and management positions; to people bound by employment contracts; to third parties linked by subordinate or parasubordinate employment relationships. The Supervisory Board exercises control functions in relation to the Model and the Code of Ethics: it monitors the adequacy, updating and implementation of the former; and verifies, to the extent of its responsibility, any violations of the latter.

“WE ARE AWARE OF OUR ROLES AND OUR RESPONSIBILITIES”

Laura Richardson

Legal affairs

Internal control and risk management system

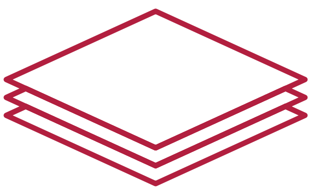
The internal control and risk management system consists of rules, processes, procedures, functions, organisational structures and resources that ensure the proper functioning and good performance of the company.
Its objectives are:

- the implementation of corporate strategies and policies;
- the adequate control of current and future risks and risk mitigation within the limits set out in the framework of reference for the determination of the company's risk appetite;
- respect for the effectiveness and efficiency of business processes;
- the timely reporting of business information;
- the reliability and integrity of accounting and management information as well as the security of information and IT procedures;
- the safeguarding of assets, asset value and protection against losses, also in the medium to long term;
- the compliance of company activities with current laws, policy directives, regulations and internal procedures.

The Board of Directors is ultimately responsible for the system and ensures that it is comprehensive, functional and effective, promoting ethical integrity and a culture of internal control so that the entire workforce is aware of the importance of monitoring. Top Management oversees the proper functioning and overall adequacy of the internal control and risk management system. Furthermore, it ensures that staff members are aware of their roles and responsibilities and are actively engaged in the performance of controls, as an integral part of their business. For this reason, Top Management defines the organisational structure, procedures, powers and responsibilities in detail.

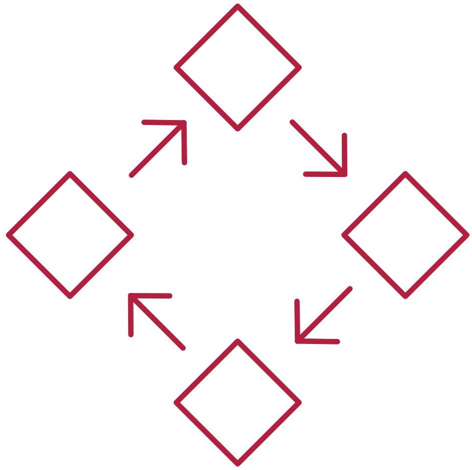
The internal control and risk management system has three levels of control.
First level controls are managed by the operational structures and their managers and involve the identification, assessment, monitoring and mitigation of risks arising from ordinary activities; the structures thus ensure the proper performance of operations and compliance with the operational limits assigned thereto, in line with the risk objectives and procedures of the risk management process. Second level controls are guaranteed by the risk management and compliance functions.
The two functions monitor the proper implementation of the risk management process, observance of the operational limits assigned to the other functions, and the compliance of company operations.
Third level controls are implemented by the Internal auditing function, which monitors and regularly assesses the effectiveness and efficiency of the risk management, control and governance system, in relation to the nature and intensity of risks.

THE SYSTEM HAS THREE LEVELS OF CONTROL



Compliance

The compliance function systematically and continuously monitors regulatory developments; it assesses the impact on internal processes and rules; it indicates the actions to be taken for the proper enforcement of regulations.
It detects non-compliance risk, understood as the risk of incurring legal or administrative sanctions, financial losses or reputational damage as a result of the violation of laws, regulations or self-regulations. It assesses the reputational risk linked to possible losses arising from the negative perception of the company image by stakeholders or possible greater conflict with customers.



COMPLIANCE MONITORS REGULATORY DEVELOPMENTS AND THE IMPACT ON PROCESSES

Internal auditing

The Internal auditing function carries out, for SACE and its subsidiaries, independent and objective internal advisory and assurance activities to improve organisational effectiveness and efficiency.
It supports the company in the pursuit of its objectives with a systematic approach, which generates added value by assessing and improving the risk management, control and governance processes and by identifying sources of inefficiency to improve company performance.
The Internal auditing mandate, approved by the Board of Directors, formalises the objectives, powers, responsibilities and lines of communication to top management regarding the results of activities performed and the annual plan. The plan, approved by the Board of Directors, formalises the priority checks identified according to the strategic objectives of the Company and the assessment of current and future risks in relation to company operations. The annual plan may be reviewed and adjusted in response to significant changes to the operations, programs, systems, activities, risks or control of the organisation.
The Internal auditing function monitors all levels of the internal control system and favours the spread of a control culture, promoted by the Board of Directors.
Activities are carried out in accordance with the external regulations of reference, international standards for internal auditing and the Code of Ethics of the Institute of Internal auditors (IIA).

“INTERNAL AUDITING MONITORS ALL LEVELS OF THE INTERNAL CONTROL SYSTEM”

Marco Licciardello

Internal auditing

Corporate bodies and committees

SACE operates through a traditional management and control model, based on the presence of a management body, the Board of Directors, and a supervisory body, the Board of Statutory Auditors.

The Board of Directors consists of five members and is vested with the broadest responsibilities with regard to the management of the company and all actions necessary to pursue the corporate purpose, in accordance with the law and the Articles of Association. It assesses the suitability of the organisational, administrative and accounting structure of SACE, constantly overseeing its actual performance and examining its strategic, business and financial plans. It is ultimately responsible for the internal control system and plays an essential role in the identification, assessment and control of the most significant risks for the company.

The Board of Statutory Auditors supervises compliance with the law and the Articles of Association, with the principles of proper management as well as the adequacy and proper functioning of the organisational, administrative and accounting structure.

The Chairman of the Board of Directors is the legal representative of SACE. The Chief Executive Officer, in addition to legal representation and signature on behalf of the company in dealings with third parties, is vested with powers for the management of the company in accordance with the responsibilities assigned and the general guidelines established by the Board of Directors.

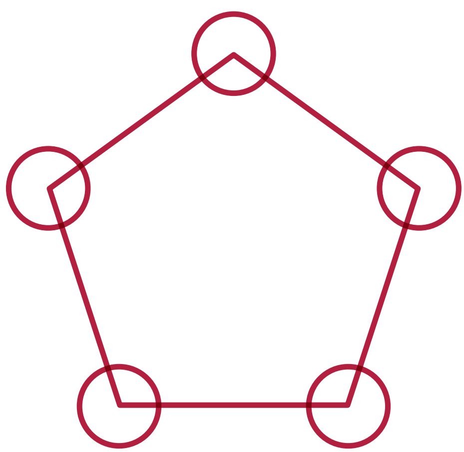
The Remuneration Committee analyses and examines the remuneration criteria and makes assessments on the adequacy of remuneration policies and plans and their impact on risk taking and management.

The Steering Committee examines and shares the strategies and objectives of SACE and its subsidiaries; it assesses and monitors the various aspects of operating and business performance; it examines the operational and management strategy.

The Transactions Committee assesses the proposed transactions delegated to the Board of Directors and examines significant transactions, assessing their viability.

The Investment Committee defines the corporate strategies for investment portfolios, monitoring the management and future trends of investment performance and proposing the updating of the guidelines.

The Commercial Coordination Committee oversees the development of commercial synergies between SACE and its product companies, assessing new business initiatives and examining SACE product portfolios and subsidiaries as well as proposals for new product development.



CORPORATE OFFICES AND CONTROL BODIES

Board of Directors[1]

Giovanni Castellaneta — Chairman

Alessandro Castellano — Chief Executive Officer

Maria Elena Cappello (in office until 30.4.2015)

Carlo Monticelli (in office until 1.11.2015)

Leone Pattofatto (in office until 3.8.2015)

Luigi Chessa (in office until 21.12.2015)

Simonetta Iarlori (in office since 9.9.2015)

Antonella Baldino (in office since 9.2.2016)

Board of Statutory Auditors[1]

Marcello Cosconati — Chairman

Alessandra Rosa

Giuliano Segre

Edoardo Rosati (Alternate auditor)

Maria Enrica Spinardi (Alternate auditor)

Acting representative of the Court of Auditors

Guido Carlino (in office since 17.2.2015)

Independent Auditors[2]

PricewaterhouseCoopers S.p.A.

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[1] Appointed by the Meeting of 2.7.2013; in office for three financial years

[2] Assignment conferred for the 2015/23 period by the Meeting of 23 April 2015

GLOSSARY

ANCILLARY RISKS: risks additional to credit risk, such as those for production, abuse in the calling of bonds and destruction.

APPROVED GUARANTEE: with regard to SACE, insurance policy approved by the relevant bodies.

BANKING RISK: risk relating to transactions backed by bank guarantees.

BASIC CLASSES: guarantees covering damage to persons and/or property as a result of fire, theft or damage relating to third party liability.

CLAIMS RESERVE: technical reserve formed by the total sum of amounts that, based on prudent valuation carried out on objective elements, are considered necessary to cover the payment of claims occurring during the current year or in previous years and not yet paid, as well as settlement costs.

COMPENSATION: amount payable by the insurer as compensation for the loss suffered by the insured as the result of a claim.

COUNTRY CEILING: amount (cumulative and/or for individual products/risks) of commitments that the insurer is willing to assume per country.

EXISTING COMMITMENT (OF SACE): total principal amount of finalised guarantees existing at the relevant date.

EXISTING COMMITMENT (OF SACE BT): for the Credit business, total amount of credit granted net of the policy deductible; for the Suretyship business, sum of capital insured; for the Other Property Damage business, total amount of capital insured and policy limits.

EXISTING COMMITMENT (OF SACE Fct): total receivables, or the amount of loans outstanding on the relevant date.

EXPORT CREDIT INSURANCE: commercial and political credit insurance (or guarantee) connected to payment obbligations in an export deal.

EXPORT CREDIT AGENCY (ECA): export credit agency.

FACTORING: contract whereby a company (the assignor) transfers its trade receivables to a finance company (factor), which becomes owner of the receivables and may provide the assignor receivable management services, financing and guarantees on debtor default.

FINALISED GUARANTEE: with regard to SACE, insurance policy approved by the relevant bodies for which the first premium instalment has been collected.

GROSS PREMIUM: total amount due to the insurer, generated by the finalised guarantee and related to the whole period of coverage.

GUARANTOR: third party that in the insurance contract assumes the obligation to satisfy claims in case of debtor default in favour of the insured.

INWARD REINSURANCE: transaction whereby an insurance company (reinsurer) assumes part of the risks insured by another operator (reinsured).

LOSS RATIO: ratio of the cost of claims and gross earned premiums.

MARKETABLE RISKS: according to OECD regulations, political and commercial risks relating to receivables due within 24 months and from debtors that are established in European Union member states or other first class countries of the OECD area.

NON-MARKETABLE RISKS: according to OECD regulations, political and commercial risks relating to receivables due after 24 months or due from debtors that are not established in European Union member states or other first class countries of the OECD area.

OUTWARD REINSURANCE: transaction whereby an insurer (reinsured) sells part of the risks assumed by an insurance contract to another insurance company (reinsurer).

PERFORMING CREDIT: amounts previously subject to compensation paid on time by the debtor.

PREMIUM RESERVE: technical reserve formed by the amount of gross premiums issued but not attributable to the year in question ("unearned premium reserve") since they refer to risks that continue in the subsequent year, and the additional provisions for any higher charges for unexpired risks ("unexpired risk reserve").

PRIVATE (OR "CORPORATE") RISK: risk relating to transactions with a banking/corporate counterpart.

RECOVERY: amounts of money previously subject to compensation that are totally or partially recovered as a result of collection from the debtor/guarantor.

SOVEREIGN RISK: risk related to transactions backed by sovereign guarantees, i.e. issued by the Ministry of Economy and Finance or other entities in a position to hold the State liable.

TECHNICAL RESERVES: amounts that insurance companies must put aside and recognise in their financial statements in order to meet potential claims for the protection of policyholders.

TOTAL EXPOSURE (OF SACE): sum of outstanding commitments in principal and interest (net of reinsurance and hedging) and performing credits.

TURNOVER (OF SACE Fct): amount of receivables transferred to the factoring company during the period considered.

VALUE AT RISK: maximum potential loss during the timeframe of reference at a certain level of confidence (typically 95-99%).

VOLUMES INSURED (BY SACE): guarantees granted during the period considered.

VOLUMES INSURED (BY SACE BT): volumes insured by the Credit and Suretyship businesses during the period considered.

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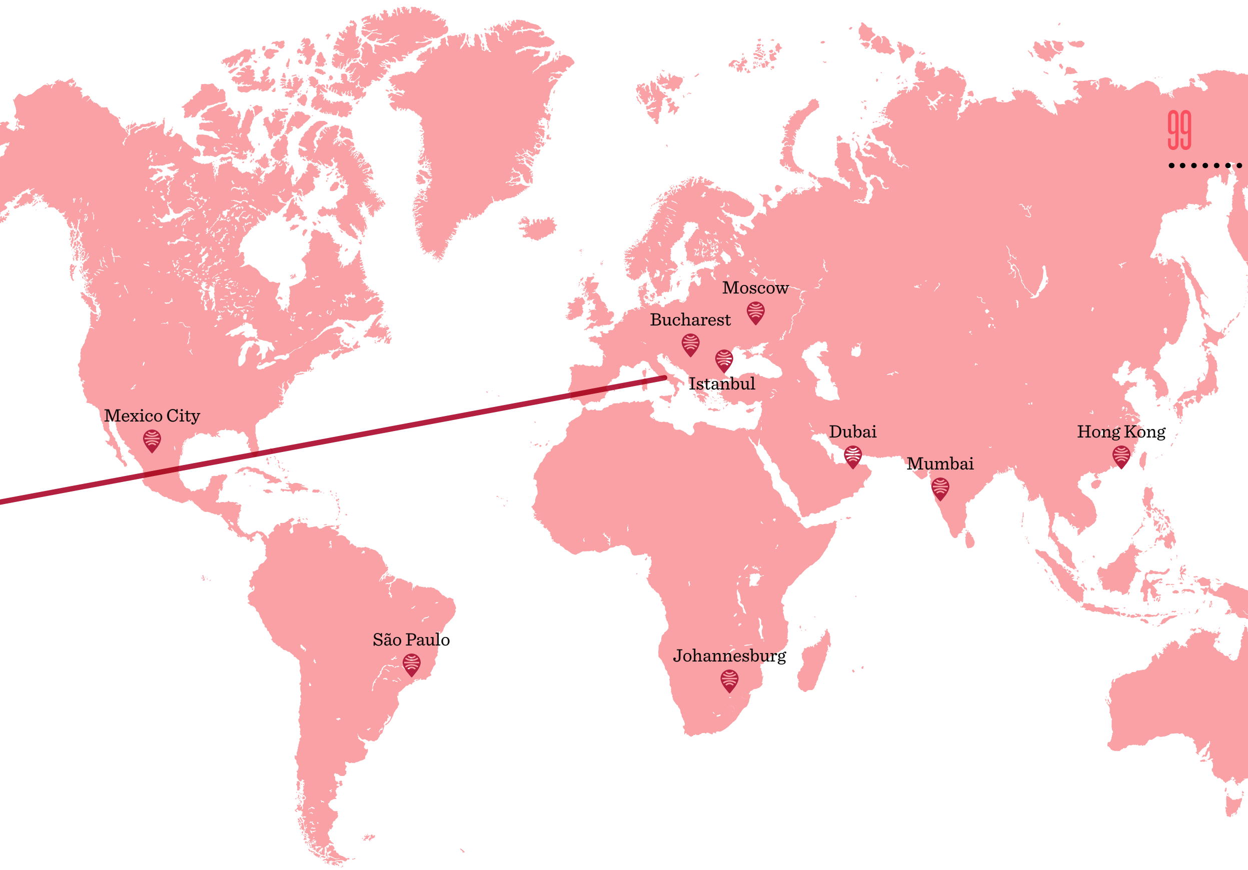

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