2015 FINANCIAL AND CONSOLIDATED STATEMENTS

IT'S TIME TO EXPORT

SACE

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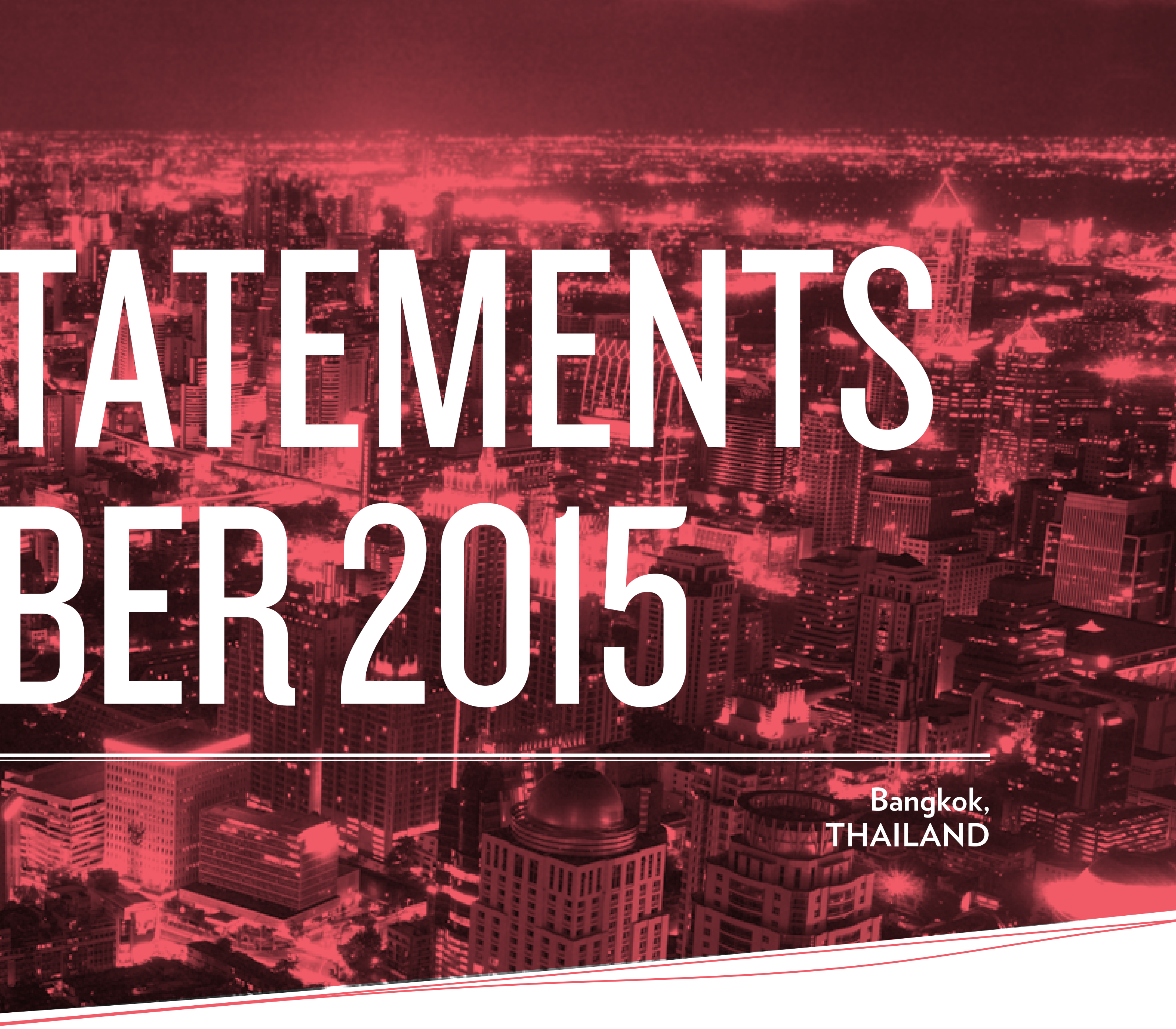
AT 31 DECEM



Meeting of the Board of Directors
of 16 March 2016

SACE

Registered Office and Head Office in Rome

Share capital (fully paid in) € 3,541,128,212

Tax No. and Rome Companies Register

No. 05804521002 – R.E.A. 923591

Sole Shareholder Cassa depositi e prestiti

SACE

COMPANY OFFICERS AND BOARDS

BOARD OF DIRECTORS

Chairman	Giovanni CASTELLANETA
Chief Executive Officer	Alessandro CASTELLANO (*)
Directors	Antonella BALDINO (**)
	Simonetta IARLORI (***)

BOARD OF STATUTORY AUDITORS

Chairman	Marcello COSCONATI
Standing Auditors	Alessandra ROSA
	Giuliano SEGRE
Alternate Auditors	Edoardo ROSATI
	Maria Enrica SPINARDI

STANDING DELEGATE OF THE COURT OF AUDITORS

Guido CARLINO

EXTERNAL AUDITORS (****)

PRICEWATERHOUSECOOPERS

Company Boards appointed by the Shareholders' Meeting on 2 July 2013 and in office for three years.
(*) Appointed CEO by resolution of the Board of Directors on 17 July 2013.
(**) Director co-opted by resolution of the Board of Directors on 9 February 2016.
(***) Director co-opted by resolution of the Board of Directors on 9 September 2015.
(****) Appointed for the period 2015 - 2023 by the Shareholder's Meeting of 23 April 2015.

SACE

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DIRECTORS' REPORT

1. THE ECONOMIC SCENARIO

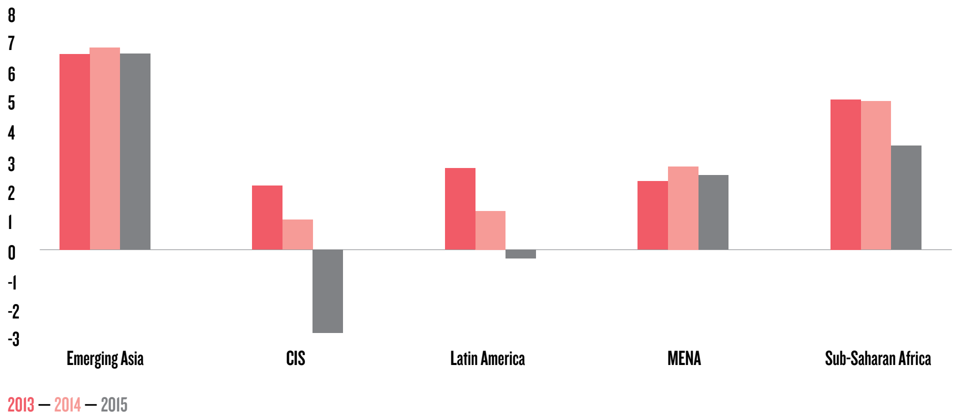
The world economy

In 2015 the global economy was characterized by slowing economic growth in China and lower in commodity prices. Growth in the emerging economies lost steam and exposed underlying structural weaknesses, while the advanced economies returned to growth, albeit at a slow pace. Economic activity continued to expand in the main advanced economies, though at different speeds. Positive performance across the euro area was sustained by the ECB's non-conventional monetary policies, aimed at facilitating lending and raising inflation. In December the FED increased interest rates for the first time since 2006, reflecting the strengthening of the US economy and stronger employment figures.

Growth in emerging Asian countries stood at around 6.5%, owing to a less dynamic Chinese economy. Growth in Sub-Saharan Africa contracted to 3.5%, from 5% in 2014, owing to the fall in commodity prices. The MENA region continued to be affected by instability linked to risks of political violence (Libya, Yemen, Syria) and the drop in crude oil prices. China's slowing demand also had significant repercussions in Latin America, which slipped into recession (-0.3%), also dragged down by Brazil's economic difficulties and the contraction of the Venezuelan economy.

Sanctions against Russia continued, dampening economic activity (-3.7%). Foreign currency reserves were depleted during the year and inflation continued to rise. Bucking this trend, India was buoyed by favourable exchange rates and an increase in consumption and production.

Change in GDP by emerging geographical region (% change)



Source: IMF

There was renewed volatility in international financial markets. Instability on Chinese markets, along with a decrease in global liquidity, triggered a rise in risk aversion and a surge in capital outflows from the emerging markets. This led to a increase in yield spreads between long-term government bonds denominated in dollars issued by those countries and US bond issues. There was also a rise in the number of companies defaulting on their obligations in the emerging countries, where the total level of debt exceeded 18,000 billion dollars.

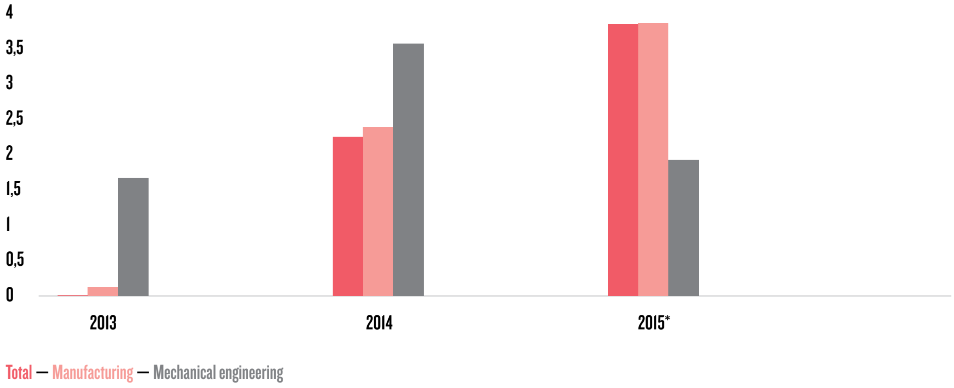
The Italian economy and industrial sectors

The Italian economy emerged from a prolonged recession and grew by 0.6%. Economic activity was buoyed by certain components of domestic demand, especially household spending, mainly for durable goods. Favourable conditions in the manufacturing sector were accompanied by growth in services, while the construction industry continued to face challenges, albeit to a lesser extent than in the past. Industrial production returned to positive growth, increasing by 1% in 2015. Of the main categories, capital goods enjoyed the strongest growth. At sector level, growth was driven by means of transport, refined oil products and pharmaceuticals. The mineral products, textile, leather and metal industries instead reported negative growth. The contraction in industrial production was less marked in the sectors of food and beverages and construction materials. Lending to the non-financial private sector continued to rise in 2015 thanks to easing credit standards and lower interest rates. Lastly, the number of company insolvencies fell for the first time in five years (-7.6%), a factor that was reflected in the performance of internationalization guarantees for SMEs.

Italian exports

The volume of international trade in goods rose by 2.5% in the first 11 months of the year, still well below pre-crisis levels. Disappointing growth in trade with the emerging countries was offset by recovery in the euro area and the United States. Italy recorded a trade surplus of € 39 billion, slightly lower than for the first 11 months of 2014. Exports of goods increased by 3.8%, mainly driven by demand within the EU (+4%). The most dynamic countries were Belgium, Spain, the US and India; sales to Russia, to the ASEAN member states and to the Mercosur countries decreased. For the main sectors, the increase in exports was primarily due to growth in sales of agricultural goods, motor vehicles, electronic devices and furniture; the mechanical engineering sector, the main driver of demand for insurance against the risk of non-payment, recorded below-average growth. Exports of refined, metal and mineral products decreased.

Italy’s total exports and exports of capital goods (% change)



* Growth rates are based on average year-on-year growth for the period from January to October 2015.

Source: Istat

Outlook for 2016

The forecast for 2016 indicates that world GDP will expand by 3.4%, thanks to consolidation of growth in the US economy and in the euro area sustained by the ECB’s expansionary measures. The main emerging economies will continue to face challenges owing to low commodity prices, renewed indebtedness with the worsening of public accounts and new episodes of political violence.

Italy’s GDP will continue the trend of positive growth, driven by domestic demand. Lending to the private sector should gather pace owing to credit supply standards and low interest rates.

2. STRATEGY

In 2015 the markets were characterized by slower growth in China and the drop in commodity prices, especially oil. There is renewed volatility in international financial markets. As for the macroeconomic scenario, in 2015 the Italian economy showed the first positive signs of recovery, after a prolonged period of negative growth. Within this context, SACE continued to sustain exports and the internationalization of Italian business enterprises. Projects undertaken in 2015 were aimed at moving closer to customers, both in Italy and abroad (opening of the new Palermo office, Official Sponsor for Expo Milano 2015), and at diversifying and improving the commercial offering as the Trade Finance product and “Sviluppo Export” Fund became fully operational. Aware of the growing importance of digital technology, SACE also signed a collaboration agreement with the digital start-up Workinvoice, the first Italian fintech platform for trading receivables, developed to support companies looking for alternative sources of liquidity. Lastly, the agreement between SACE and the Italian Ministry of the Economy and Finance (art. 32 of Italian Decree Law 91/2014, converted with amendments into Law No. 116/2014) provides for an additional guarantee to cover peaks of exposure that might present SACE with concentration risks towards specific counterparties/sectors/countries.

On 30 January 2015 SACE successfully placed an issue of perpetual subordinated bonds for a total of € 500 million. The bonds, aimed at institutional investors, will pay an annual coupon of 3.875% for the first ten years and indexed to the ten-year swap rate plus 318.6 basis points for subsequent years. The bonds can be recalled by the issuer after 10 years and following each coupon payment date.

In working to adopt a more customer-focussed business model and meet customers' needs along the entire value chain, SACE will enhance synergies with its product companies: SACE BT, SACE Fct and SACE SRV. The company plans to strengthen its presence in Italy, and enhance its internal capacities to understand and measure country risk, an essential requisite at a time of increased exposure to sovereign risk.

3. REPORT ON OPERATIONS

Share structure and share capital

The shares in SACE are fully held by Cassa depositi e prestiti. At year-end, the share capital amounted to € 3,541,128,212 and consisted of 1,000,000 shares with a par value of € 3,541.1.

SACE has no shares in the parent company, Cassa depositi e prestiti.

Net profit for the year

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

HIGHLIGHTS (IN € MILLION)	2015	2014	Var.
Gross premiums	483.8	312.6	55%
Claims	258.7	339.1	-24%
Technical provisions	3,086.8	2,731.4	13%
Investments (including other assets)	6,555.2	6,414	2%
Shareholders' equity	4,309.8	4,982	-13%
Gross profit	657.9	526.1	25%
Net profit	406.7	383.1	6%
Commitments underwritten	9,749.9	10,937.1	-11%

PROFIT & LOSS ACCOUNT (IN € MILLION)	2015	2014
Gross premiums	483.8	312.6
Outward reinsurance premiums	(81.5)	(8.9)
Change in the provision for unearned premiums	(138.8)	(157.6)
Net premium income	263.5	146.1
Claims incurred	(258.7)	(339.1)
Change in recoveries	144.6	419.3
Change in the provision for claims outstanding	(60.3)	130.3
Claims incurred, net of recoveries	(174.4)	210.4
Change in other technical provisions, net of reinsurance	(5.2)	0
Change in the equalization reserve	(9.6)	(36.4)
Investment return transferred from the non-technical account	183.8	24.6
Premium refunds and profit sharing	(6.0)	(3.5)
Operating expenses	(74.7)	(77.4)
Other technical income and charges	9.6	11.8
Balance on the technical account	**187.0**	**275.7**
Financial and other income	1,734.3	930.2
Investment management and financial charges	(1,093.4)	(650.7)
Investment return transferred to the technical account	(183.8)	(24.6)
Balance on the non-technical account	**457.1**	**254.9**
Income from ordinary operations	**644.0**	**530.6**
Extraordinary income	16.9	1.6
Extraordinary charges	(3.1)	(6.1)
Profit before taxes	**657.9**	**526.1**
Tax	(251.2)	(142.9)
Net profit	**406.7**	**383.1**

In 2015, SACE posted a net profit of € 406.7 million, an increase on the € 383.1 million reported in 2014.
The main components of the result are discussed below:

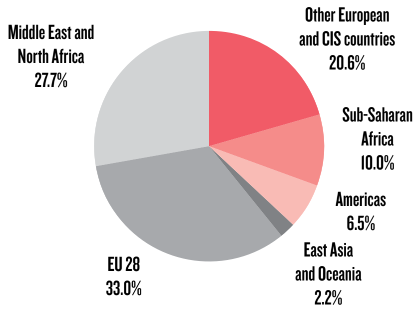
- Gross premiums, for a total of € 483.8 million, increased +55% in comparison to the previous year
- The change in the provision for unearned premiums was negative and amounted to € 138.8 million
- The change in the provision for claims outstanding was negative and amounted to € 60.3 million
- Claims incurred decreased compared to 2014 and amounted to € 258.7 million
- The change in recoveries related to the value of subrogation credits amounting to € 144.6 million includes the component referring to new loans (€ 264.8 million), gains from recoveries during the year (€ 39.1 million) and write-downs and losses on loans due to alignment with the estimated realizable value (€ 158.8 million).

- Operating expenses for the year, net of reinsurers' share of commissions for € 15.8 million, amounted to € 74.7 million. In the comparison with the previous year it should be noted that in the 2015 accounts, provisions for incentives linked to the attainment of annual objectives are stated under other charges on the non-technical account (€ 5.6 million).
- The balance on the non-technical account was positive and amounted to € 457.1 million, reflecting the performance of financial operations.
- Extraordinary operations mainly reflect (for € 10.7 million) interest payable on amounts repaid by the SACE BT subsidiary as a consequence of the ruling of the General Court of the European Union.

Volumes

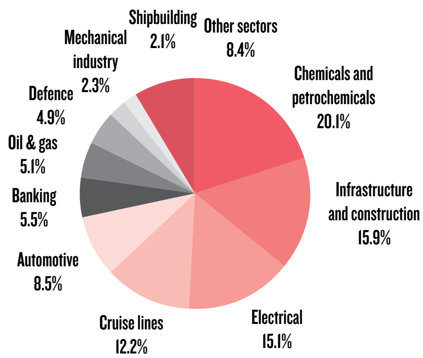
The value of commitments underwritten in 2015 (in terms of principal and interest) amounted to € 9,749.9 million. The new commitments were mainly directed towards the European Union (33.0%), the Middle East and North Africa (27.7%) and other European and CIS countries (20.6%).

Commitments approved in 2015 by geo-economic region



The industrial sectors most affected by SACE's activities were chemicals and petrochemicals (20.1%), infrastructure and construction (15.9%) and electrical engineering (15.1%).

Commitments approved in 2015 by industrial sector



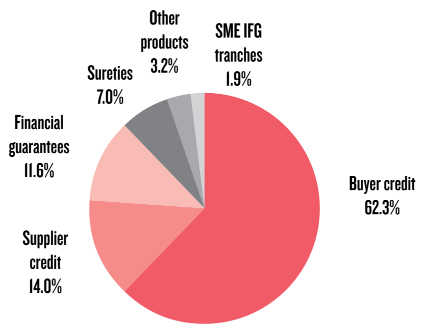
Details of the main transactions worth more than € 20 million approved in 2015 are provided below.

COUNTRY	Geographical region	Sector of Industrial Activity	Commitments approved (€ m)
OMAN	MIDDLE EAST	CHEMICALS/PETROCHEMICALS	1,163.2
RUSSIA (RUSSIAN FEDERATION)	OTHER EUROPEAN AND CIS COUNTRIES	CHEMICALS/PETROCHEMICALS	620.9
UNITED KINGDOM	EUROPEAN UNION	CRUISE LINES	500.4
EGYPT	NORTH AFRICA	ELECTRICITY	452.3
UNITED KINGDOM	EUROPEAN UNION	CRUISE LINES	398.3
ITALY	EUROPEAN UNION	AUTOMOTIVE	345.0
KENYA	SUB-SAHARAN AFRICA	INFRASTRUCTURE AND CONSTRUCTION	313.1
ITALY	EUROPEAN UNION	DEFENCE	248.7
BRAZIL	LATIN AMERICA	OIL & GAS	238.7
EGYPT	NORTH AFRICA	ELECTRICITY	203.5
TURKEY	OTHER EUROPEAN AND CIS COUNTRIES	AUTOMOTIVE	202.3
UNITED KINGDOM	EUROPEAN UNION	CRUISE LINES	202.3
REPUBLIC OF SOUTH AFRICA	SUB-SAHARAN AFRICA	ELECTRICITY	167.5
TURKEY	OTHER EUROPEAN AND CIS COUNTRIES	INFRASTRUCTURE AND CONSTRUCTION	164.5
RUSSIA (RUSSIAN FEDERATION)	OTHER EUROPEAN AND CIS COUNTRIES	BANKING	154.4
ITALY	EUROPEAN UNION	INFRASTRUCTURE AND CONSTRUCTION	115.5
SAUDI ARABIA	MIDDLE EAST	INFRASTRUCTURE AND CONSTRUCTION	113.1
ZAMBIA	SUB-SAHARAN AFRICA	DEFENCE	103.3
ITALY	EUROPEAN UNION	TELECOMMUNICATIONS	101.2
RUSSIA (RUSSIAN FEDERATION)	OTHER EUROPEAN AND CIS COUNTRIES	INFRASTRUCTURE AND CONSTRUCTION	101.1
RUSSIA (RUSSIAN FEDERATION)	OTHER EUROPEAN AND CIS COUNTRIES	BANKS	100.0
ETHIOPIA	SUB-SAHARAN AFRICA	INFRASTRUCTURE AND CONSTRUCTION	100.0
MEXICO	LATIN AMERICA	OIL & GAS	92.3
ETHIOPIA	SUB-SAHARAN AFRICA	INFRASTRUCTURE AND CONSTRUCTION	88.7
ITALY	EUROPEAN UNION	SHIPBUILDING	82.6
RUSSIA (RUSSIAN FEDERATION)	OTHER EUROPEAN AND CIS COUNTRIES	CHEMICALS/PETROCHEMICALS	75.1
QATAR	MIDDLE EAST	INFRASTRUCTURE AND CONSTRUCTION	71.5
RUSSIA (RUSSIAN FEDERATION)	OTHER EUROPEAN AND CIS COUNTRIES	BANKING	66.9
PAKISTAN	ASIA	DEFENCE	65.1
MEXICO	LATIN AMERICA	AUTOMOTIVE	64.8
QATAR	MIDDLE EAST	INFRASTRUCTURE AND CONSTRUCTION	63.7
ETHIOPIA	SUB-SAHARAN AFRICA	INFRASTRUCTURE AND CONSTRUCTION	60.6
HONG KONG	ASIA	ELECTRICITY	54.5
TURKEY	OTHER EUROPEAN AND CIS COUNTRIES	MINERAL PRODUCTS	44.0
ITALY	EUROPEAN UNION	INFRASTRUCTURE AND CONSTRUCTION	43.4
NETHERLANDS	EUROPEAN UNION	AUTOMOTIVE	40.7
ITALY	EUROPEAN UNION	AUTOMOTIVE	40.7
TURKEY	OTHER EUROPEAN AND CIS COUNTRIES	NON-BANKING FINANCIAL SERVICES	40.4
UKRAINE	OTHER EUROPEAN AND CIS COUNTRIES	OIL & GAS	40.4
RUSSIA (RUSSIAN FEDERATION)	OTHER EUROPEAN AND CIS COUNTRIES	OIL & GAS	38.6
NIGERIA	SUB-SAHARAN AFRICA	INFRASTRUCTURE AND CONSTRUCTION	37.2

COUNTRY	Geographical region	Sector of Industrial Activity	Commitments approved (€ m)
PRINCIPALITY OF MONACO	OTHER EUROPEAN AND CIS COUNTRIES	CRUISE LINES	32.3
ITALY	EUROPEAN UNION	SHIPBUILDING	32.2
ITALY	EUROPEAN UNION	INFRASTRUCTURE AND CONSTRUCTION	29.4
ITALY	EUROPEAN UNION	SHIPBUILDING	29.3
ITALY	EUROPEAN UNION	OTHER INDUSTRIES	28.8
ITALY	EUROPEAN UNION	INFRASTRUCTURE AND CONSTRUCTION	27.9
ALGERIA	NORTH AFRICA	METALLURGY	27.9
SURINAME	LATIN AMERICA	NON-FINANCIAL SERVICES	27.5
UNITED KINGDOM	EUROPEAN UNION	CRUISE LINES	27.3
BELARUS	OTHER EUROPEAN AND CIS COUNTRIES	BANKING	26.7
TURKEY	OTHER EUROPEAN AND CIS COUNTRIES	NON-BANKING FINANCIAL SERVICES	26.0
ETHIOPIA	SUB-SAHARAN AFRICA	BANKING	25.3
ITALY	EUROPEAN UNION	DEFENCE	24.1
BELARUS	OTHER EUROPEAN AND CIS COUNTRIES	BANKING	23.9
RUSSIA (RUSSIAN FEDERATION)	OTHER EUROPEAN AND CIS COUNTRIES	OIL & GAS	21.6
ITALY	EUROPEAN UNION	INFRASTRUCTURE AND CONSTRUCTION	21.5
ITALY	EUROPEAN UNION	CHEMICALS AND PETROCHEMICALS	21.3
TOTAL			**8,294.3**

The commitments approved were generated mainly by buyer credit policies (62.3%), supplier credit policies (14.0%) and financial guarantees (11.6%).

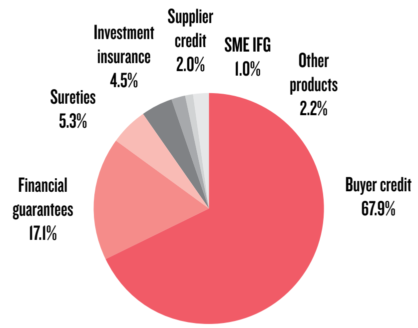
Commitments approved in 2015 by product



Premiums

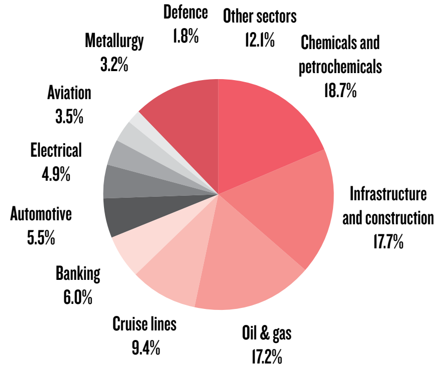
In 2015, gross premiums amounted to € 483.8 million and were generated for € 452.9 million by direct business and for € 30.9 million by indirect business (reinsurance provided). There was a 54.8% increase in gross premiums compared to 2014. The products that contributed most to premiums were the buyer credit policy (67.9%), financial guarantees (17.1%) and the sureties policy (5.3%).

Gross premiums by product



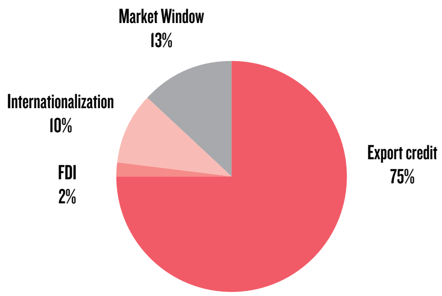
The industrial sectors that accounted for most of the new business premiums were chemicals and petrochemicals (18.7%), infrastructure and construction (17.7%), and oil and gas (17.2%).

Gross premiums by industrial sector



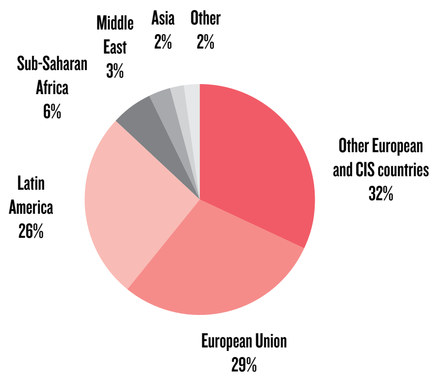
There was no change in the composition of gross premiums by business operations compared to 2014. Export credit continued to account for the highest proportion (75%) of all business operations.

Gross premiums by business operations



The geographical regions with the highest concentrations of premiums are: Other European and CIS countries (32%), the EU (29%) and Latin America (26%).

Gross premiums by geographical region



Claims

Claims paid during 2015 amounted to € 258.7 million, a decrease on the previous year (€ 339.1 million). The amount mainly refers to trade payables due from Ukrainian, Polish and Russian debtors and claims on Iranian policies caused by the difficulties of Iranian counterparties in honouring payments, mainly as a consequence of the sanctions imposed on the country by the UN and the EU. The sectors most affected were the steel, mechanics and aviation industries.

Recoveries

In 2015 SACE collected € 169.3 million in political recoveries, in line with previous years. These reflected repayments of receivables from Egypt (€ 45.0 million), Iraq (€ 32.0 million), Ecuador (€ 23.8 million), Cuba (€ 19.7 million) and Argentina (€ 16.4 million).
As regards commercial recoveries, the total amount collected due to SACE amounted to around € 29.8 million.

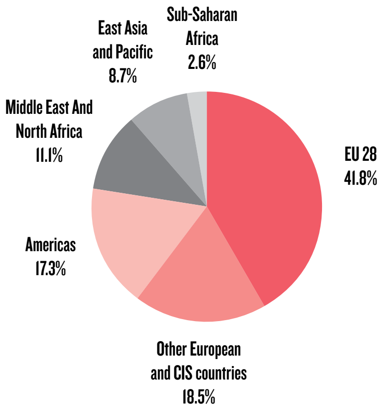
Risk portfolio

Total exposure, calculated as the sum of receivables and outstanding guarantees (principal and interest) amounted to € 41.9 billion, an increase of 11.3% compared to the end of 2014. The positive growth trend thus continued, mainly driven by the guarantees portfolio, which represents 97.2% of total exposure and which saw the conclusion of some large-value operations during the year. The credit portfolio increased by 3.1% compared to the figure for the end of 2014. The increase was largely due to the commercial component which, though only accounting for 9.2% of all credits, increased by 84.9% (from € 57.8 million to € 106.8 million) compared to 2014. The sovereign component, which accounts for 90.8% of the portfolio, remained practically unchanged, decreasing by just 1.3% compared to 2014.

PORTFOLIO	**2015**	**2014**	**Change**
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%*
Receivables	1,167.4	1,132.8	3.1%
Total exposure	**41,882.5**	**37,627.0**	**11.3%**

The analysis by geo-economic region shows that the highest exposure was towards EU countries (41.8% in relation to 41.4% in 2014), which increased by 12.4% compared to 2014. Italy remained in top place in terms of concentration, accounting for 20.6%. This was followed by other European and CIS countries, with an 18.5% share of the portfolio (lower than in 2014, when it was 20.2%). There was only a slight increase of 2.1% to exposure in these countries. The other geo-economic regions together account for 39.7% of the portfolio. Exposure to these regions increased by an average of 18.8% compared to 2014: the Americas +37.7% (the impact on the portfolio rose slightly from 14.0% in 2014 to 17.3% in 2015), the Middle East and North Africa -5.5% (the impact on the portfolio was 11.1% in 2015, slightly lower than in 2014), East Asia and Oceania +4.2% (the impact on the portfolio fell slightly from 9.3% in 2014 to 8.7% in 2015) and lastly Sub-Saharan Africa which increased the most, by +38.8% (the impact on the portfolio increased from 2.1% in 2014 to 2.6% in 2015).

Total exposure by geo-economic region (%)



The analysis of the portfolio of outstanding guarantees shows the amount concentrated in Italy to stand at 21.5%, lower than in 2014 when it was 29.3% (although remaining in first place). The value recorded for the top ten countries, at 68.3%, also decreased with respect to 2014 (when it was 71.9%).

The analysis by type of risk shows a sharp rise in sovereign risk (+38.3%) and a significant decrease in political risk (-34.1%). Exposure to private risk – considering both credit risk and surety bonds - continued to be the highest, with an incidence of 89.2% on the total portfolio (and increasing by 12.2% with respect to 2014).

TYPE OF RISK	2015	2014	Change
Sovereign	2,455.0	1,775.4	38.3%
Political	1,090.7	1,654.6	-34.1%
Private sector risk	31,261.5	27,855.8	12.2%
Ancillary	256.2	154.0	66.4%
Total	**35,063.4**	**31,439.8**	**11.5%**

Within private risk, corporate risk – credit business – increased by 11.9%, while bank risk remained unchanged. Exposure to corporate risk - surety business - contracted by 14%. The secured component of the portfolio increased: structured finance increased by more than 100%, backed corporate by 23.8% and the aviation sector (asset based) by 11.6%. The project finance component remained substantially unchanged (+0.8%).

TYPE OF RISK	2015	2014	Change
Corporate - credit business	13,823.3	12,352.0	11.9%
Banking	2,674.8	2,649.8	0.9%
Aviation (Asset Based)	691.6	619.5	11.6%
Backed corporate	2,429.8	1,962.5	23.8%
Project Finance	5,915.5	5,870.8	0.8%
Structured Finance	2,863.7	1,070.3	167.6%
Corporate - surety business	2,862.9	3,330.9	-14.0%
Total	**31,261.5**	**27,855.8**	**12.2%**

The level of concentration by sector continued to be high, with the largest five sectors accounting for 72.1% of the total private portfolio. The main sector continues to be oil and gas, which accounted for 21.8%, a slight reduction compared to 2014, when it was 23.6%.

Technical provisions

Technical provisions are calculated in order to cover the best estimate for the provision for unearned premiums using the CreditMetrics method (calculating the expected loss of the entire portfolio until its run off). The provision for claims outstanding is determined according to a prudent estimation on the basis of an objective analysis of each claim. A risk margin is also determined to cover non-market-consistent components in the calculation model.
The total value is calculated as the sum of:

- the provision for premium instalments, amounting to €1,603.7 million, calculated as the portion of outstanding risk on the basis of the gross premiums written. The provision is calculated on a *pro rata temporis* basis
- the provision for unexpired risks, equal to € 355 million
- the provision for claims outstanding, amounting to € 596 million
- the equalization provision for credit insurance business, amounting to € 532 million.

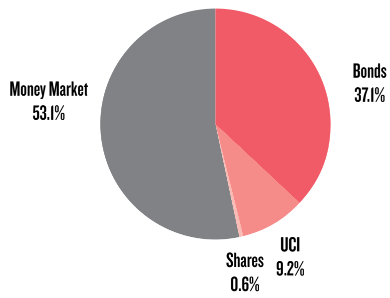
Investments

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

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

This strategy, implemented through the use of highly liquid instruments with a limited risk profile, has resulted in values that are in line with the established limits for each type of investment. The capital absorbed is measured on the basis of Value-at-Risk techniques.
Total assets at the end of 2015 amounted to € 6,268 million. The breakdown of these is as follows: 37.1% invested in bonds and other debt securities, 9.2% in collective investment funds, 0.6% in shares and 53.1% in money market instruments.

Breakdown of the portfolio by asset class



The non-current portfolio, equal to € 1,576.3 million, represents 25.1% of total assets and consists entirely of bonds, 90.4% of which are government bonds. They have a duration of 3.23 years. The average portfolio rating is BBB+, unchanged with respect to the end of last year;
16.0% of the investment portfolio, of € 4,692.3 million, consists of bonds and other debt securities, 12.3% of collective investment funds made up of bonds and shares, 0.7% of shares and 71.0% of money market instruments.

Relations with other Export Credit Agencies (ECAs) and international organisations

To date SACE has signed 26 reinsurance agreements with other ECAs. In 2015 SACE entered into a memorandum of understanding on cooperation with the Brazilian ECA, ABGF, and an agreement with the Iranian ECA, EGFI, to provide business advisory services. During the year SACE also reviewed its reinsurance agreement with the Chinese ECA Sinosure, broadening the range of insurance products covered, and provided training services to the following institutions: ECIC (South Africa), KazExportGarant (Kazakhstan), HBOR (Croatia), SID (Slovenia), K-sure (Korea), Bancomext (Mexico), TurkEximBank (Turkey).

Risk management

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

The company implements its risk management in accordance with the fundamental principles of supervisory regulations[1].
There are two main types of risks:

- **Technical risk**: meaning **underwriting risk**.
  For the SACE guarantees portfolio, it is the risk of financial losses arising from unfavourable trends in actual compared to expected claims (premium risk) or differences between the cost of claims and reserved cost (reserve risk). Both risks are managed by adopting prudent pricing and provisioning strategies, which are defined according to market best practice, and through prudent underwriting policies, permanent monitoring and active portfolio management.
- **Market risk**: the risk of losses due to adverse changes in market prices of financial instruments, currencies and commodities. This type of risk is managed using asset-liability management techniques and kept within previously defined limits by adopting guidelines on asset allocation and market VaR techniques.

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

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

[1] IVASS Regulation No. 20 of 26 March 2008.

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

The Risk Management function:

- Proposes methods and develops models and procedures for the measurement and integrated control of the risks to which the company is exposed, monitors the correct allocation of economic capital, in line with the relevant company guidelines and applicable legislation
- Oversees the definition of the risk appetite framework and operational limits and monitors compliance with these throughout the year
- Defines, develops and periodically reviews procedures for measurement and control of the risk/return ratio and the creation of value by individual risk taking units
- Determines the current future internal capital with regard to the relevant risks, ensuring the measurement and integrated control of overall risk exposure by defining the procedures for identifying, evaluating, monitoring and reporting risks, including scenario analysis and stress tests
- Monitors the levels of the technical provisions together with the other functions concerned
- Monitors transactions with the aim of optimising capital structure and the management of reserves and liquidity (ALM).

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

- Board of Directors: Approves strategies, procedures, management policies and organisational aspects
- Management Committee: Examines and evaluates the strategies and objectives of SACE and of other group companies; validates and monitors business plans, investigates key issues regarding management and operational guidance of SACE and of group companies
- Operations Committee: Examines assumption, indemnities, restructuring and other significant operations and assesses their permissibility compatibly with the risk management guidelines drawn up by Risk Management
- Investments Committee: Periodically defines company portfolio investment strategies to optimise the risk/return profile of financial activities and compliance with the guidelines established by the Board of Directors. Monitors the trends and outlook of investment performance, reporting any critical areas to the competent functions. Submits proposals for updating the guidelines on financial activities by the decision-making body.

Reinsurance

Reinsurance is an essential tool for integrated risk management and control. To safeguard its portfolio and meet its strategic objectives, SACE has reinsurance protection in line with market criteria and according to current best practice in the export credit sector.
The main purposes of reinsurance are:

- to create a more balanced portfolio
- to improve the company's financial soundness
- to share the risk with reliable insurance counterparties
- to stabilise operating results
- to increase underwriting capacity.

The choice of reinsurance cover is based on the above criteria, and specifically:

- Quota share reinsurance: Aimed at enhancing underwriting capacity, including when it is considered advisable to spread the risk with debtors in relation to which the company has a low risk appetite. This type of cover is also used when the structure of the reinsurance contract (especially the ceding commission) makes reinsurance economically viable
- Surplus share reinsurance: Purchased to increase underwriting capacity towards debtors/countries in relation to which the company has already reached its full underwriting capacity
- Non-proportional reinsurance (excess of loss or stop loss): This type of cover is purchased to enhance SACE's guarantee portfolio in terms of capital relief (XOL) or to stabilise the technical account (SL).

In 2015 a new Reinsurance unit was set up as part of the Risk Management division. It is responsible for managing reinsurance operations and monitoring the associated risks, and for verifying compliance of planned cessions with the reinsurance strategy approved by the Board of Directors. In 2015 there was a significant increase in the portion of risks reinsured: the overall value of risks passed off amounted to more than € 6 billion. The majority were ceded to the Ministry of the Economy and Finance pursuant to the agreement between SACE and the Ministry approved by the Decree of the President of the Council of Ministers on 20 November 2014, filed with the Court of Auditors on 23 December 2014, whereby said Ministry will reinsure risks for which SACE has high concentrations. Almost all of the remaining risks have been ceded to Lloyd's of London.

Internationalization Financial Guarantees

As regards financial guarantees for internationalization (Italian Law No. 80/2005, art. 11-*quinquies*), in 2015 SACE approved guarantees for a total lending volume of around € 258 million (-28% in comparison to 2014) and an exposure of € 165 million (-22% compared to 2014). In 2015, 82% of the guarantees were issued to SMEs and the remainder to corporations with a turnover of between € 50 and € 250 million.

INTERNATIONALIZATION GUARANTEES: FY 2015	**Total portfolio**	**of which SMEs**
Number of guarantees issued	277	226
Average % of export turnover	54%	55%
Loans guaranteed	€ 258 million	€ 155 million
Exposure approved (K + I)	€ 165 million	€ 85 million

The portfolio accumulated was concentrated in the regions of central and northern Italy, with 27% of guarantees issued to companies based in Emilia Romagna, 19% to companies based in Veneto, and 16% to those based in Lombardy.

Human resources

At 31 December 2015 there were 481 employees on the payroll, an increase of 2% compared to the previous year. During the year, 51 resources were hired and 42 left the company.

DISTRIBUTION OF STAFF BY GRADE

GRADE	No.	Distribution
Senior managers	34	7%
Managers	226	47%
Clerical staff	221	46%
Total	**481**	**100%**

DISTRIBUTION OF STAFF BY AGE GROUP

AGE GROUP	Distribution	Change
Under 30	10%	43%
Between 31 and 39	35%	3%
Between 40 and 49	31%	-
Over 50	24%	-14%

DISTRIBUTION OF STAFF BY QUALIFICATION

QUALIFICATION	Distribution	Change
Degree	73%	4%
Secondary school certificate/other	27%	-10%

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

High level training continued to be offered and amounted to a total of 12,336 hours in 2015 (11,523 hours in 2014).

Litigation

At 31 December 2015, SACE was party to 34 lawsuits, most of which relating to insurance commitments assumed prior to 1998. In particular, the company was defendant in 24 lawsuits, amounting to a reserved amount of some € 26.3 million, and plaintiff in 10 lawsuits, for around € 227.2 million.

SACE was plaintiff in a further 38 proceedings to obtain recognition of its privilege pursuant to Italian Legislative Decree 123/1998 to payment before other creditors in insolvency proceedings, for claims paid (or being paid) against guarantees to support the internationalization of business enterprises.

Corporate Governance

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

The management of SACE is based on principles of compliance and transparency and the adoption of a framework of prevention and control that is described below.

The Code of Conduct sets out the principles with which SACE and its subsidiaries are expected to comply in their relations with stakeholders. The Code of Conduct and the control model ("Model") are two separate documents, although they are both an integral part of the prevention system that has been adopted.
The organisation, management and "Model" has been approved by SACE's Board of Directors pursuant to and for the effects specified by Italian Legislative Decree 231/01 ("Decree"). The "Model" is the result of a detailed internal analysis conducted by SACE and consists of:

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

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

Internal control and risk management system

The internal control and risk management system is built around a set of rules, processes, procedures, organisational structures and resources aimed at ensuring the correct functioning and good performance of the company and achievement of the following objectives: implementation of company strategies and policies; adequate control of current and future risks and containment of risk within the limits indicated in the reference framework for determining the company's risk appetite; the effectiveness and efficiency of company processes; the timeliness of company reporting systems; the reliability and integrity of company, accounting and management information and security of IT data and procedures; the safeguarding of equity, asset value and protection from losses, including over the medium and long term; the compliance of transactions with the law and supervisory regulations, as well as internal regulations, policies and procedures.
All levels have specific responsibilities within the system of internal control and risk management. In detail:
Ultimate responsibility for the system lies with the Board of Directors, which must ensure its completeness, functionality and efficacy at all times. The Board of Directors approves the company's organisational structure and the assignment of duties and responsibilities to the various operational units and is responsible for ensuring their continued adequacy. It also has responsibility for ensuring the adequacy of the risk management system to identify, evaluate and control risks, including future risks, when implementing the company's business strategies and policies and in view of the evolution of internal and external factors, in order to guarantee the safeguarding of the company's assets, including in the medium and long term. Lastly, it promotes a high level of business integrity, ethical conduct and a culture of internal control in order to raise awareness among everyone at the company about the importance and usefulness of such controls.
Senior management is responsible for the application, maintenance and monitoring of the internal control and risk management system and for defining its organisational structure, functions and responsibilities.
The Board of Auditors must evaluate the efficacy and efficiency of the internal control system, especially as regards the actions of the Internal Auditing function by verifying its compliance with the requirements of autonomy, independence and functionality. It must also inform the Board of Directors of any anomalous situations or weaknesses in the internal control system, suggest appropriate corrective measures and see that these are implemented.
The internal control and risk management system is organised on three levels. 1) First level checks: the operational units and heads of each unit identify, evaluate, monitor, mitigate and report all material risks associated with the company's ordinary business activities, in accordance with the risk management process. They must check that operations are carried out properly and that established limits are respected in line with the

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

Internal auditing

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

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

Internal Auditing monitors the system at all levels, including the activities of the Risk Management and Compliance functions, and works to promote a culture of control endorsed by the Board of Directors. The function carries out its activities in compliance with the regulatory framework, international standards for the professional practice of internal auditing and the Code of Ethics of the Institute of Internal Auditors.

The corporate accounting procedure and the manager responsible

The Chief Financial Officer is responsible for preparing the corporate accounting documents of SACE. The provisions of art. 13 of the Articles of Association of SACE establishing the professional requirements and procedures for appointing and dismissing the manager responsible for preparing the corporate accounting documents are provided below.

Article 13 of the Articles of Association of SACE (paragraphs 10.1 - 10.8)

10.1. The Board of Directors may, with the compulsory consent of the Board of Statutory Auditors, appoint a manager responsible for preparing the corporate accounting documents, of which in art. 154-bis of the Consolidation Act for dispositions on financial matters (Legislative Decree 58 dated 1998 and subsequent amendments), for a period of not less than the term of office of the Board and not more than six business years.

10.2. The manager responsible for preparing the corporate accounting documents must be in possession of the same probity requirements as the directors, and according to the DPCM, cannot hold any office in the management or control bodies, or managerial functions within Eni S.p.A. and its subsidiaries, nor have any direct or indirect relations of a professional or equity nature with such companies.

10.3. The manager responsible for preparing the corporate accounting documents must be chosen on the basis of criteria of professionalism and skills from among the directors who have acquired an overall experience of at least three years in the management of businesses or consultancy firms or professional firms.

10.4. The Board of Directors may dismiss the manager responsible for preparing the corporate accounting documents only for legitimate reasons and with the consent of the Board of Statutory Auditors.

10.5. The manager responsible for preparing the corporate accounting documents shall withdraw from office in the absence of the requirements necessary for taking office. Withdrawal will be declared by the Board of Directors within thirty days of becoming aware of the absence of requirements.

10.6. The manager responsible for preparing the corporate accounting documents will set adequate accounting and administrative procedures for drawing up the financial statements and the consolidated financial statements, if provided.

10.7. The Board of Directors will ensure that the manager responsible for preparing the corporate accounting documents is conferred with adequate powers and means for exercising the duties conferred and ensure the effective respect of the management and accounting procedures.

10.8. The Chief Executive Officer and the manager responsible for preparing the corporate accounting documents will certify the effective application of the procedures of which in paragraph 6 during the course of the business year to which the documents refer, in a suitable report attached to the business year financial statements and consolidated financial statements, if provided, and certify their correspondence to the findings in the accounts books and documents and their suitability in terms of providing a truthful and correct representation of the equity, economic and financial situation of the company and the group of companies in the scope of consolidation, in the case of the consolidated financial statements being provided.

Social and cultural commitments

Once again, in 2015 SACE confirmed its commitment to social and cultural concerns by supporting non-profit organisations with financial contributions and through the voluntary participation of a growing number of employees. More specifically, SACE supported: Dynamo Camp, a recreational therapy summer camp for children and young people suffering from serious illness; Komen Italia, an association active in the fight against breast cancer; Fondazione Veronesi, which promotes scientific research activities; Jointly, an organisation that promotes corporate welfare activities; FAI (Fondo Ambiente Italiano - the Italian National Trust), a foundation concerned with safeguarding the national heritage; Lega del Filo d'Oro, an association specialised in breaking down the barriers to the inclusion of deaf and dumb people. Blood donation days were organised in collaboration with Bambino Gesù children's hospital in Rome and AVIS (Italian Association of Voluntary Blood Donors) in Milan.
SACE also actively protects the environment, with energy-efficiency, energy-saving measures and by upgrading the waste recycling system within the company.

Subsidiaries and Parent Company

The SACE Fct subsidiary ended the year with net result of € 8,970 thousand, whereas SACE BT and Sace Do Brasil reported a negative net result, the former for € 6,613 thousand and the latter for € 494 thousand; SACE SRV, which is indirectly owned by SACE BT, achieved a positive result of € 472 thousand.
As part of its business operations, SACE has never engaged in any transactions with its subsidiaries that are atypical or outside its normal scope of business. All intra-group transactions are settled at arm's length and regarded the following:

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

With respect to the investment in SACE BT, on 25 June 2015, the European Union Court did not allow SACE's and SACE BT's appeal against the Decision adopted by the European Commission on 20 March 2013, related to alleged government grants disbursed by SACE to the subsidiary SACE BT (€ 70 million). SACE's Board of Directors has approved the partial SACE BT recapitalization for the amount of € 48.5 million requiring from SACE BT a fine-tuning of the capital structure to do through the issue of a conditional loan for a maximum amount of € 18.3 million. The present loan has been subscribed by four institutional investors on 15 December 2015 for a total amount of € 14.5 million. SACE and SACE BT have registered the appeal to the European Court of Justice in order to contest the European Union Court sentence.
With reference to relations with the parent company Cassa depositi e prestiti it should be noted that in 2015 insurance guarantees were issued which generated premiums for approximately € 11.9 million. SACE's financial investment portfolio contains 2 bonds with a total nominal value of € 84 million issued by the parent company Cassa depositi e prestiti and acquired by SACE before the change of the controlling shareholder. Furthermore, on 31 December 2015 there were € 2,035 million as time deposits and € 11.6 million as demand deposits at the parent company Cassa depositi e prestiti.

Other information

a) Domestic consolidated tax scheme

Due to the participation in the national consolidated tax scheme, in 2015 the company established a single taxable basis for IRES with its subsidiaries SACE BT, SACE SRV and SACE Fct.

b) Patent Box

In 2015 the company exercised the Patent Box option for tax relief on income generated from the use of intangible assets. The scheme is governed by the Interministerial Decree issued by the Ministry for Economic Development and the Ministry of the Economy and Finance on 30 July 2015 implementing the provisions of article 1(37-45) of Law No. 190 dated 23 December 2014. On 30 December 2015 the company submitted its application to stipulate an agreement with the Central Assessment Office of the Italian Revenue Agency on the methods and criteria for calculating the share of income or loss generated from the use of the intangible assets to which the special tax rate applies. The company is still awaiting the outcome of the international standard ruling procedure, established pursuant to art. 12 of the aforesaid Decree.

Main events after the closure of the year and business outlook

On 25 January 2016 SACE signed an agreement with the Central Bank of Iran for the recovery of the sovereign credit due by Iranian counterparties. On the basis of the results for the opening months of the year, the outlook for earnings is confirmed.

4. PROPOSED ALLOCATION OF NET PROFIT

The shareholder is asked to approve the financial statements as at 31 December 2015 and the allocation of the net profit of € 406,652,262 as follows:

€ 406,652,262	Net profit
€ 20,332,613	to the legal reserve as required by article 2430 of the Italian Civil Code
€ 76,166,977	to "Other reserves", for € 67,018,136 to net exchange gains (pursuant to art. 2426 point 8-bis of the Italian Civil Code) and for € 9,148,841 to the investment revaluation reserve for application of the equity method (pursuant to art. 2426 (1) point 4 of the Italian Civil Code)
€ 310,152,672	according to resolutions to be passed by the Shareholders' Meeting

Rome, 16 March 2016

on behalf of the board of directors

Chief Executive Officer

Alessandro Castellano

BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

ANNEX 1

Company	**SACE**	
Subscribed capital	EUR 3,541,128,212	Paid EUR 3,541,128,212
Registered offices	ROME	
FY	FINANCIAL STATEMENTS **Balance Sheet 2015**	
	(Values in thousands of euro)	

BALANCE SHEET NON LIFE
INSURANCE BUSINESS ASSETS

							Current year	
A. SUBSCRIBED CAPITAL UNPAID							1	
of which called-up capital			2	0				
B. INTANGIBLE ASSETS								
1. Deferred acquisition commissions								
a) Life business	3	0						
b) Non-life business	4	0	5	0				
2. Other acquisition costs			6	0				
3. Start-up and expansion costs			7	0				
4. Goodwill			8	0				
5. Other multi-year costs			9	374,746			10	374,746
C. INVESTMENTS								
I - Land and buildings								
1. Property used in company operations			11	62,372,887				
2. Property rented to third parties			12	1,127,113				
3. Other properties			13	0				
4. Other properties rights			14	0				
5. Construction in progress and advance			15	0	16	63,500,000		
II - Investments in Group companies and other shareholdings								
1. Shares and interests in:								
a) controlling companies	17	0						
b) subsidiary companies	18	161,891,959						
c) affiliated companies	19	0						
d) associated companies	20	7,954,057						
e) other companies	21		22	169,846,016				
2. Bond issued by:								
a) controlling companies	23	0						
b) subsidiary companies	24	0						
c) affiliated companies	25	0						
d) associated companies	26	0						
e) other companies	27	0	28	0				
3. Loans to:								
a)controlling companies	29	0						
b) subsidiary companies	30	295,000,000						
c) affiliated companies	31	0						
d) associated companies	32	0						
e) other companies	33	0	34	295,000,000	35	464,846,016		
				to be carried forward				374,746

Previous year

						181	0
		182	0				
183	0						
184	0	185	0				
		186	0				
		187	0				
		188					
		189	280,984			190	280,984
		191	64,091,269				
		192	1,272,206				
		193	0				
		194	0				
		195	0	196	65,363,474		
197	0						
198	180,878,290						
199	0						
200	7,775,757						
201		202	188,654,047				
203	0						
204	0						
205	0						
206	0						
207	0	208	0				
209	0						
210	590,000,000						
211	0						
212	0						
213	0	214	590,000,000	215	778,654,047		
			to be carried forward				280,984

BALANCE SHEET NON LIFE
INSURANCE BUSINESS ASSETS

							Current year	
carried forward								374,746
C. INVESTMENTS (continued)								
III - Other financial investments								
1. Shares and interests								
a) Listed shares	36	34,485,687						
b) Unlisted shares	37	0						
c) Interests	38	0	39	34,485,687				
2. Shares in common investment funds			40	575,687,650				
3. Bonds and other fixed-income securities								
a) listed	41	1,607,685,448						
b) unlisted	42	0						
c) convertible debentures	43	0	44	1,607,685,448				
4. Loans								
a) loans secured by mortgage	45	4,345,340						
b) loans on policies	46	0						
c) other loans	47	0	48	4,345,340				
5. Participation in investment pools			49	0				
6. Deposits with credit institutions			50	2,966,484,339				
7. Other financial investments			51	720,753,860	52	5,909,442,325		
IV - Deposits with ceding companies					53	126,823	54	6,437,915,164
D. INVESTMENTS FOR THE BENEFIT OF LIFE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS								
I - Investments relating to contracts linked to investment funds and market indexes					55	0		
II - Investments relating to the administration of pension funds					56	0		
							57	0
D bis. REINSURERS' SHARE OF TECHNICAL PROVISIONS								
I - NON-LIFE BUSINESS								
1. Provisions for unearned premiums			58	329,792,954				
2. Provisions for claims outstanding			59	18,345,176				
3. Provisions for profit-sharing and premium refunds			60	0				
4. Other technical provisions			61	47,021,989	62	395,160,119		
II - LIFE BUSINESS								
1. Provisions for policy liabilities			63	0				
2. Unearned premium provision for supplementary coverage			64	0				
3. Provision for sums to be paid			65	0				
4. Provisions for profit-sharing and premium refunds			66	0				
5. Other technical provisions			67	0				
6. Technical provisions where the investments risk is borne by the policyholders and relating to the administration of pension funds			68	0	69	0	70	395,160,119
to be carried forward								6,833,450,030

Previous year

	carried forward		280,984
216 37,593,314			
217 1,943,700			
218 0	219 39,537,014		
	220 558,572,856		
221 1,698,128,699			
222 0			
223 0	224 1,698,128,699		
225 4,801,984			
226 0			
227 0	228 4,801,984		
	229 0		
	230 2,359,128,984		
	231 820,626,287	232 5,480,795,824	
		233 154,714	234 6,324,968,060
		235 0	
		236 0	
			237 0
	238 12,889,183		
	239 240,412		
	240 0		
	241 0	242 13,129,595	
	243 0		
	244 0		
	245 0		
	246 0		
	247 0		
	248 0	249 0	250 13,129,595
	to be carried forward		6,338,378,639

BALANCE SHEET NON LIFE
INSURANCE BUSINESS ASSETS

									Current year
		carried forward							6,833,450,030
E.	RECEIVABLES								
I	- Reseivables arising out of direct insurance business:								
	1. Policyholders								
	a) for premiums current year	71	61,233,965						
	b) for premiums previous years	72	10,673,640	73	71,907,604				
	2. Insurance intermediaries			74	0				
	3. Current accounts with Insurance companies			75	0				
	4. Policyholders and third parties for recoveries			76	929,449,519	77	1,001,357,123		
II	- Receivables arising out of reinsurance operations:								
	1. Insurance and Reinsurance companies			78	21,746,668				
	2. Reinsurance intermediaries			79		80	21,746,668		
III	- Other debtors					81	539,681,682	82	1,562,785,473
F.	OTHER ASSETS								
I	- Tangible assets and stocks:								
	1. Furniture, office machines and internal transport vehicles			83	1,252,188				
	2. Vehicles listed in public registers			84	0				
	3. Machinery and equipment			85	7,512				
	4. Stocks and other goods			86	69,136	87	1,328,837		
II	- Cash at bank and in hand:								
	1. Bank and Postal accounts			88	68,743,257				
	2. Cheques and cash on hand			89	3,639	90	68,746,896		
III	- Own shares or equity interests					91	0		
IV	- Other								
	1. Deferred reinsurance items			92	-166,474				
	2. Miscellaneous assets			93	47,404,658	94	47,238,183	95	117,313,916
G.	PREPAYMENTS AND ACCUIRRED INCOME								
	1. Accrued interest					96	26,598,580		
	2. Rents					97	0		
	3. Other prepayments and accrued income					98	475,800	99	27,074,380
		TOTAL ASSETS						100	8,540,623,798

Previous year

	carried forward		6,338,378,639
251 75,358,345			
252 11,630,373	253 86,988,718		
	254 0		
	255 0		
	256 897,376,466	257 984,365,184	
	258 10,801		
	259	260 10,801	
		261 612,441,390	
			262 1,596,817,374
	263 1,444,863		
	264 0		
	265 10,209		
	266 71,680	267 1,526,751	
	268 59,178,381		
	269 5,976	270 59,184,357	
		271 0	
	272 1,177,966		
	273 27,177,632	274 28,355,597	
			275 89,066,705
		276 26,515,931	
		277 0	
		278 483,333	279 26,999,264
			280 8,051,261,983

BALANCE SHEET LIABILITIES AND SHAREHOLDERS' EQUITY

				Current year				
A. SHAREHOLDERS' EQUITY								
I - Subscribed capital or equivalent fund			101	3,541,128,212				
II - Share premium reserve			102					
III - Revaluation reserve			103					
IV - Legal reserve			104	215,466,407				
V - Statutory reserves			105					
VI - Reserves for own shares and shares of the controlling company			106					
VII - Other reserves			107	146,518,441				
VIII - Net profit (loss) brought forward			108					
IX - Net profit (loss) for the year			109	406,652,262				
- Advances on dividends					110	4,309,765,321		
B. LINKED LIABILITIES					111	500,000,000		
C. TECHNICAL PROVISIONS								
I - NON-LIFE BUSINESS								
1. Premium for unearned premium	112	1,958,707,467						
2. Provisions for claims outstanding	113	596,036,312						
3. Provisions for profit-sharing and premium refunds	114	0						
4. Other technical provisions	115	0						
5. Equalisation provision	116	532,055,802	117	3,086,799,581				
II - LIFE BUSINESS								
1. Provisions for policy liabilities	118	0						
2. Unearned premium provision for supplementary coverage	119	0						
3. Provision for sums to be paid	120	0						
4. Provision for profit-sgaring and premium refunds	121	0						
5. Other technical provisions	122	0	123	0	124	3,086,799,581		
D. PROVISIONS FOR POLICIES WHERE THE INVESTMENT RISK IS BORNE BY THE POLICYHOLDERS AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS								
I - Provisions relating to contracts linked to investment funds and market indexes			125	0				
II - Provisions relating to the administration of pension funds			126	0	127	0		
to be carried forward						7,896,564,902		

Previous year

		281	4,340,053,892		
		282			
		283			
		284	196,309,233		
		285			
		286			
		287	62,532,141		
		288			
		289	383,143,474		
				290	4,982,038,740
				291	0
292	1,691,288,628				
293	517,631,396				
294	0				
295	0				
296	522,466,548	297	2,731,386,572		
298	0				
299	0				
300	0				
301	0				
302	0	303	0	304	2,731,386,572
		305	0		
		306	0	307	0
to be carried forward					7,713,425,312

BALANCE SHEET LIABILITIES AND SHAREHOLDERS' EQUITY

				Current year			
	carried forward						7,896,564,902
E.	PROVISIONS FOR OTHER RISKS AND CHARGES						
1.	Provisions for pensions and similar obligations			128	0		
2.	Provisions for taxation			129	109,442,400		
3.	Other provisions			130	90,844,096	131	200,286,496
F.	DEPOSITS RECEIVED FROM REINSURERS					132	0
G.	CREDITORS AND OTHER LIABILITIES						
I	- Creditors arising out of direct insurance operations:						
	1. Insurance intermediaries	133	0				
	2. Current accounts with Insurance companies	134	0				
	3. Premium deposits and premiums due to policyholders	135	29,438,497				
	4. Guarantee funds in favour of policyholders	136	0	137	29,438,497		
II	- Creditors arising out of reinsurance operations:						
	1. Insurance and Reinsurance companies	138	81,190,664				
	2. Reinsurance intermediaries	139	0	140	81,190,664		
III	- Debenture loans			141	0		
IV	- Amounts owed to banks and credit institutions			142	0		
V	- Loans guaranteed by mortgages			143	0		
VI	- Miscellaneous loans and other financial liabilities			144	0		
VII	- Provisions for employee termination indemnities			145	5,902,750		
VIII	- Other creditors						
	1. Premium taxes	146	0				
	2. Other tax liabilities	147	233,565,553				
	3. Social security	148	1,440,860				
	4. Miscellaneous creditors	149	43,638,555	150	278,644,968		
IX	- Other liabilities						
	1. Deferred reinsurance items	151	143,751				
	2. Commissions for premiums in course of collection	152	0				
	3. Miscellaneous liabilities	153	31,253,058	154	31,396,809	155	426,573,687
		to be carried forward					8,523,425,086

Previous year

carried forward					7,713,425,312
		308	1,844,554		
		309	78,697,141		
		310	34,031,178	311	114,572,873
				312	0
313	0				
314	0				
315	26,363,818				
316	0	317	26,363,818		
318	9,110,878				
319	0	320	9,110,878		
		321	0		
		322	0		
		323	0		
		324	0		
		325	6,167,021		
326	0				
327	88,695,382				
328	1,378,904				
329	42,172,872	330	132,247,158		
331	718,576				
332	1				
333	48,656,346	334	49,374,923	335	223,263,798
to be carried forward					8,051,261,983

BALANCE SHEET LIABILITIES AND SHAREHOLDERS' EQUITY

					Current year
carried forward					8,523,425,086
H. ACCRUALS AND DEFERRED INCOME					
1. Accrued interest	156	17,198,630			
2. Rents	157	0			
3. Other prepayments and accrued income	158	82		159	17,198,712
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY				160	8,540,623,798

BALANCE SHEET GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

			Current year
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS			
I - Guarantees given			
1. Sureties		161	0
2. Endorsements		162	0
3. Other personal guarantees		163	0
4. Guarantees secured by mortgages		164	0
II - Guarantees received			
1. Sureties		165	1,802,794
2. Endorsements		166	0
3. Other personal guarantees		167	0
4. Guarantees secured by mortgages		168	0
III - Guarantees issued by third parties in the interest of the Company		169	0
IV - Commitments		170	6,974,705,758
V - Third party assets		171	0
VI - Assets relating to pension funds managed in the name and on behalf of third parties		172	0
VII - Securities deposited with third parties		173	2,458,753,013
VIII - Other memorandum accounts		174	0

Previous year

carried forward		8,051,261,983
	336 0	
	337 0	
	338 0	339 0
		340 8,051,261,983

Previous year

		341 0
		342 0
		343 0
		344 0
		345 4,494,864
		346 0
		347 0
		348 0
		349 0
		350 6,036,703,250
		351 0
		352 0
		353 2,525,562,559
		354 0

ANNEX II

Company	**SACE**	
Subscribed capital	EUR 3,541,128,212	Paid EUR 3,541,128,212
Registered offices	ROME	
FY	FINANCIAL STATEMENTS **Profit and loss account 2015**	
	(Value in thousands of euro)	

PROFIT & LOSS ACCOUNT

						Current year	
I. TECHNICAL ACCOUNT – NON-LIFE INSURANCE BUSINESS							
1. PREMIUMS EARNED, NET OF REINSURANCE							
a) Gross premiums written			1	483,810,865			
b) (-) Outward reinsurance premiums			2	81,537,554			
c) Change in the gross provision for unearned premiums			3	267,418,839			
d) Change in the provision for unearned premiums, reinsurers' share			4	-128,604,206	5	263,458,678	
2. (+) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-TECHNICAL ACCOUNT (Item III. 6)					6	183,759,788	
3. OTHER TECHNICAL INCOME, NET OF REINSURANCE					7	3,428,389	
4. CLAIMS INCURRED, NET OF RECOVERY AND REINSURANCE							
a) Claims paid							
aa) Gross amount	8	261,575,362					
bb) (-) reinsurers' share	9	2,915,800	10	258,659,562			
b) Change in recoveries, net of reinsurance							
aa) Gross amount	11	-144,601,333					
bb) (-) reinsurers' share	12	0	13	-144,601,333			
c) Change in the provisions for outstanding claims							
aa) Gross amount	14	78,404,916					
bb) (-) reinsurers' share	15	18,104,764	16	60,300,152	17	174,358,381	
5. CHANGE IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE					18	5,224,665	
6. PREMIUMS REFUNDS AND PROFIT-SHARING, NET OF REINSURANCE					19	5,965,350	
7. OPERATING EXPENSES:							
a) Acquisition commissions			20	4,090			
b) Other acquisition costs			21	23,884,561			
c) Change in commissions and other acquisition costs to be amortised			22	0			
d) Collecting commissions			23	2,075,377			
e) Other administrative expenses			24	48,755,307			
f) (-) Reinsurance commissions and profit-sharing			25	15,805,155	26	58,914,179	
8. OTHER TECHNICAL CHARGES, NET OF REINSURANCE					27	9,638,818	
9. CHANGE IN THE EQUALISATION PROVISION					28	9,589,255	
10. BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS (Item III. 1)					29	186,956,206	

Previous year

		111	312,607,513		
		112	8,874,203		
		113	166,363,608		
		114	-8,764,694	115	146,134,397
				116	24,574,664
				117	16,306,824
118	352,844,396				
119	13,740,619	120	339,103,777		
121	-419,251,055				
122	0	123	-419,251,055		
124	-130,053,445				
125	240,412	126	-130,293,857	127	-210,441,135
				128	0
				129	3,517,482
		130	30,186		
		131	21,637,832		
		132	0		
		133	2,863,031		
		134	52,871,163		
		135	38,046	136	77,364,166
				137	4,480,902
				138	36,447,997
				139	275,646,473

PROFIT & LOSS ACCOUNT

				Current year
II. TECHNICAL ACCOUNT - LIFE INSURANCE BUSINESS				
1. PREMIUMS EARNED, NET OF REINSURANCE:				
a) Gross premiums written			30 0	
b) (-) Outward reinsurance premiums			31 0	32 0
2. INVESTMENT INCOME:				
a) From shares and interests			33 0	
	(of which: from Group companies and other shareholdings)		34 0	
b) From other investments:				
aa) income from land and buildings		35 0		
bb) income from other investments		36 0	37 0	
	(of which: from Group companies)		38 0	
c) Value re-adjustments on investments			39 0	
d) Gains on the disposal of investments			40 0	
	(of which: from Group companies)		41 0	42 0
3. INCOME AND UNREALISED GAINS ON INVESTMENTS TO THE BENEFIT OF POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS				43 0
4. OTHER TECHNICAL INCOME, NET OF REINSURANCE				44 0
5. CLAIMS INCURRED, NET OF REINSURANCE:				
a) Claims paid				
aa) Gross amount		45 0		
bb) (-) Reinsurers' share		46 0	47 0	
b) Change in the provisions for claims to be paid				
aa) Gross amount		48 0		
bb) (-) Reinsurers' share		49 0	50 0	51 0
6. CHANGE IN THE PROVISION FOR POLICY LIABILITIES AND IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE				
a) Provisions for policy liabilities:				
aa) Gross amount		52 0		
bb) (-) Reinsurers' share		53 0	54 0	
b) Unearned premium provision for supplementary coverage:				
aa) Gross amount		55 0		
bb) (-) Reinsurers' share		56 0	57 0	
c) Other technical provisions				
aa) Gross amount		58 0		
bb) (-) Reinsurers' share		59 0	60 0	
d) Provisions for policies where the investment risk is borne the policyholders and relating to the administration of pension funds				
aa) Gross amount		61 0		
bb) (-) Reinsurers' share		62 0	63 0	64 0

					Previous year	
			140	0		
			141	0	142	0
			143	0		
(of which: from Group companies)			144	0		
	145	0				
	146	0	147	0		
(of which: from Group companies)			148	0		
			149	0		
			150	0		
(of which: from Group companies)			151	0	152	0
					153	0
					154	0
	155	0				
	156	0	157	0		
	158	0				
	159	0	160	0	161	0
	162	0				
	163	0	164	0		
	165	0				
	166	0	167	0		
	168	0				
	169	0	170	0		
			170			
	171	0				
	172	0	173	0	174	0

PROFIT & LOSS ACCOUNT

							Current year	
7.	PREMIUMS REFUNDS AND PROFIT-SHARING, NET OF REINSURANCE						65	0
8.	OPERATING EXPENSES:							
	a) Acquisition commissions				66	0		
	b) Other acquisition costs				67	0		
	c) Change in commissions and other acquisition costs to be amortised				68	0		
	d) Collecting commissions				69	0		
	e) Other administrative expenses				70	0		
	f) (-) Reinsurance commissions and profit-sharing				71	0	72	0
9.	INVESTMENT MANAGEMENT AND FINANCIAL CHARGES:							
	a) Investment management charges, including interest				73	0		
	b) Value adjustments on investments				74	0		
	c) Losses on the disposal of investments				75	0	76	0
10.	EXPENSES AND UNREALISED LOSSES ON INVESTMENTS TO THE BENEFIT OF POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS						77	0
11.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE						78	0
12.	(-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-TECHNICAL ACCOUNT (Item III. 4)						79	
13.	BALANCE ON THE TECHNICAL ACCOUNT FOR LIFE BUSINESS (Item III. 2)						80	0
	III. NON TECHNICAL ACCOUNT							
1.	BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS (ITEM I.10)						81	186,956,206
2.	BALANCE ON THE TECHNICAL ACCOUNT FOR LIFE BUSINESS (ITEM II. 13)						82	0
3.	NON-LIFE INVESTMENT INCOME:							
	a) From shares and interests				83	880,491		
		(of which: from Group companies)			84	0		
	b) From other investments:							
	aa) income from land and buildings		85	614,462				
	bb) income from other investments		86	92,141,872	87	92,756,334		
		(of which: from Group companies)			88	5,313,922		
	c) Value re-adjustments on investments				89	86,287,969		
	d) Gains on the disposal of investments				90	1,332,451,877		
		(of which: from Group companies)			91	0	92	1,512,376,671

							Previous year
						175	0
				176	0		
				177	0		
				178	0		
				179	0		
				180	0		
				181	0	182	0
				183	0		
				184	0		
				185	0	186	0
						187	0
						188	0
						189	0
						190	0
						191	275,646,473
						192	0
				193	1,242,705		
(of which: from Group companies)				194	0		
	195	717,210					
	196	119,460,783		197	120,177,993		
(of which: from Group companies)				198	13,809,404		
				199	48,133,092		
				200	539,418,665		
(of which: from Group companies)				201	0	202	708,972,455

PROFIT & LOSS ACCOUNT

				Current year	
4.	(+) ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE LIFE TECHNICAL ACCOUNT (VOCE II. 12)			93	0
5.	INVESTMENT MANAGEMENT AND FINANCIAL CHARGES NON-LIFE BUSINESS:				
	a) Investment management charges, including interest	94	5,331,131		
	b) Value adjustments on investments	95	81,005,498		
	c) Losses on the disposal of investments	96	909,678,723	97	996,015,351
6.	(-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-LIFE INSURANCE BUSINESS TECHNICAL ACCOUNT (ITEM I.2)			98	183,759,788
7.	OTHER INCOME			99	221,876,547
8.	OTHER CHARGES			100	97,412,658
9.	INCOME FROM ORDINARY OPERATIONS			101	644,021,627
10.	EXTRAORDINARY INCOME			102	16,941,098
11.	EXTRAORDINARY CHARGES			103	3,086,668
12.	EXTRAORDINARY PROFIT OR LOSS			104	13,854,429
13.	PROFIT BEFORE TAXES			105	657,876,057
14.	INCOME TAXES			106	251,223,795
15.	NET PROFIT (LOSS) FOR THE YEAR			107	406,652,262

		Previous year	
		203	0
204	3,760,042		
205	228,203,635		
206	407,393,513	207	639,357,190
		208	24,574,664
		209	221,243,277
		210	11,336,048
		211	530,594,302
		212	1,606,637
		213	6,130,761
		214	-4,524,125
		215	526,070,178
		216	142,926,703
		217	383,143,474

NOTES TO THE FINANCIAL STATEMENTS

FOREWORD

The financial statements herewith presented, comprising the schedules of the balance sheet, profit and loss account, explanatory notes and related annexes accompanied by the directors' report, have been prepared in accordance with article 6(22) of Italian Legislative Decree 269/2003, the pertinent provisions of Legislative Decree 209 of 7 September 2005, Legislative Decree 173 of 26 May 1997, with regard to the provisions governing the annual and consolidated accounts of insurance companies, and ISVAP Regulation No. 22 of 4 April 2008, where applicable to SACE. These financial statements have been audited by PricewaterhouseCoopers as prescribed under article 14 of Legislative Decree 39 of 27 January 2010, pursuant to the resolution of the Shareholders' Meeting of 23 April 2015 whereby this firm was appointed for the period 2015-2023.

The notes to the financial statements include:
Part A - Valuation criteria
Part B - Information on the balance sheet and profit and loss account
Part C - Other information

All amounts in these notes are indicated in thousands of euro.
Pursuant to Legislative Decree 38 of 28/2/2005, the consolidated financial statements have been prepared in accordance with international accounting standards (IAS/IFRS) and ISVAP Regulation No. 7/2007 insofar as applicable to SACE.

PART A VALUATION CRITERIA AND BASIS OF PRESENTATION

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

principles of prudence, on the accruals principle and the principle of going concern in order to provide a clear and accurate view of the financial position and operating result of SACE.
The introduction of new accounting standards issued by the Italian Accounting Authority (OIC) in 2015 did not affect the financial statements of SACE.

Section 1 - Valuation criteria

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

Intangible assets

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

Land and buildings

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

Equities – Investments in subsidiaries and associated companies

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

Investments

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

Receivables

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

Receivables for premiums for the year

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

Tangible fixed assets and stocks

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

Technical provisions

Technical provisions are determined pursuant to art. 31 of Legislative Decree 173/97 and in accordance with the general principle that technical provisions must at all times be sufficient to cover any reasonably foreseeable liabilities arising out of insurance contracts. The amount of the provision for risks assumed in reinsurance is calculated on the basis of information provided by the ceding insurer. Technical provisions ceded to reinsurers are calculated by applying the reinsurance rates provided for under the relative reinsurance contracts to the gross amounts of technical provisions for direct business.

a) Provision for unearned premiums

The provision for premium instalments is determined according to the *pro-rata temporis* method, applied analytically to each policy on the basis of gross premiums minus direct acquisition costs. The provision for unearned premiums has also been aligned with the expected rate of claims not covered by the provision for premium instalments referring to insurance contracts concluded by the closing date of the year (provision for unexpired risks). Overall, the provision for unearned premiums is deemed adequate to cover risks that may arise after the end of the year.

b) Provision for outstanding claims

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

c) Equalization provision

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

Provision for pension funds and similar liabilities

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

Provisions for risks and charges

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

Provision for taxes

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

Provision for severance indemnities

The provision, net of advances paid, covers the company's liability towards its employees accrued at the end of the year. It is calculated for each individual employee on the basis of current legislation and employment contracts.
As a consequence of the reform of supplementary pension schemes, Law No. 296 of 27 December 2006:

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

Accounts payable

These items are recognised at face value.

Accruals and deferrals

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

Off-balance-sheet transactions and derivatives

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

Gross premiums written

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

Costs of personnel and general administrative expenses

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

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

Items in foreign currency

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

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

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

Extraordinary income and charges

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

Income tax

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

Exchange rates

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

	31-12-15	**31-12-14**	**31-12-13**
US dollar	1.0887	1.2141	1.3791
GB pound	0.73395	0.7789	0.8337
Swiss franc	1.0835	1.2024	1.2276

Functional currency

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

Section 2 – Adjustments and provisions for taxes

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

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

BALANCE SHEET (IN € THOUSAND)	**31-12-15**	**31-12-14**
Intangible assets	375	281
Investments	6,437,915	6,324,968
Reinsurers' share of technical provisions	395,160	13,130
Receivables	1,562,785	1,596,817
Other assets	117,314	89,067
Accruals and deferrals	27,074	26,999
Balance Sheet - Assets	**8,540,624**	**8,051,262**
Shareholders' equity:		
- Share capital	3,541,128	4,340,054
- Revaluation reserves		
- Legal reserve	215,466	196,309
- Other reserves	146,518	62,532
- Profit (loss) brought forward		
- Profit for the year	406,652	383,143
Subordinated liabilities	500,000	
Technical provisions	3,086,800	2,731,387
Provisions for risks and charges	200,286	114,573
Creditors and other liabilities	426,574	223,264
Accruals and deferrals	17,199	
Balance sheet - Liabilities	**8,540,624**	**8,051,262**

PROFIT & LOSS ACCOUNT (IN € THOUSAND)	**31-12-15**	**31-12-14**
Non-life business technical account		
Gross premiums	483,811	312,608
Change in the provision for unearned premiums and outward reinsurance premiums	-220,352	-166,473
Net premium income	263,459	146,134
Change in other technical provisions, net of reinsurance	-5,225	
Allocated investment return transferred from the non-technical account	183,760	24,598
Change in the equalization provision	-9,589	-36,448
Other technical income and charges	-6,210	11,826
Claims incurred, net of recoveries	-174,358	210,441
Premium refunds and profit sharing	-5,965	-3,517
Operating expenses	-58,914	-77,364
Balance on the non-life business technical account	**186,956**	**275,670**
Non-technical account		
Non-life investment income	1,512,377	708,972
Investment management and financial charges for non-life business	-996,015	-639,357
Allocated investment return transferred to the non-life technical account	-183,760	-24,598
Other income	221,877	221,243
Other expense	-97,413	-11,336
Balance on the non-technical account	**457,065**	**254,925**
Income from extraordinary operations	**13,854**	**-4,524**
Income tax	-251,224	-142,927
Profit for the year	**406,652**	**383,143**

BALANCE SHEET - ASSETS

Section 1 Item B Intangible assets (Annex 4)

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

TABLE 1 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
Property rights	215	174
Brands and licences	26	31
Software	134	76
Total intangible assets (item B)	**375**	**281**

Software costs (€ 134 thousand) mainly refer to costs for implementing and developing IT systems in connection with the ESACE project.
During the year costs relating to intellectual property rights were capitalised for € 157 thousand.

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

2.1 - Land and buildings - Item C.I

This item (€ 63,500 thousand) represents:

a) the value of the building owned by the company (€ 13,700 thousand), located in Piazza Poli 37/42, Rome, used in part for business purposes and in part leased to the subsidiaries
b) the value of the land on which the building stands (€ 49,800 thousand).

The value of the building and of the land has been adjusted for € 1,168 on the basis of an up-to-date appraisal by an independent expert.

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

Total investments recorded under this item amounted to € 464,846 thousand at 31 December 2015 (the entire amount refers to financial fixed assets). The item includes:

- the investment in the SACE BT subsidiary, set up on 27 May 2004, the share capital of which, amounting to € 56.5 million, is fully subscribed by SACE
- the investment in SACE Fct, set up on 24 March 2009, the share capital of which, amounting to € 50 million, has been fully subscribed by SACE
- the investment in SACE Do Brasil, set up on 14 May 2012 with a 99.95% stake, valued at € 0.5 million
- the interest in ATI (African Trade Insurance Agency) in the form of 100 shares for an equivalent value of USD 10.2 million
- the loans granted to the SACE Fct subsidiary amounting to € 295 million.

With regard to the investment in SACE BT, on 25 June 2015, the European Court of Justice did not allow the appeal by SACE and SACE BT against the Decision adopted by the European Commission on 20 March 2013, regarding the alleged state aid for € 70 million plus interest provided by SACE in favour of the SACE BT subsidiary, and ordered that the subsidiary repay the amount to SACE. The amount due as a consequence of said judgement (€ 80.7 million) was paid to SACE on 30 September 2015, and SACE recorded interest accrued for € 10.7 million under extraordinary income in the profit and loss account. In order to proceed with said payment, on 28 September 2015 the Shareholders' Meeting of SACE BT resolved to reduce the share capital and use all of its reserves to hedge the losses, and to increase the share capital by 48.5 million, fully subscribed by SACE at market conditions.

The investments are evaluated using the equity method. The application of this criterion resulted in a write-up of € 9,149 thousand, recorded under income from investments, relating to the company SACE Fct for € 8,970 thousand and to the company ATI for € 178 thousand and a total write-down of € 7,107 thousand, under investment management and financial charges, relating to the company SACE do Brasil for € 494 thousand and to the company SACE BT for € 6,613 thousand.

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

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

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

2.3 - Other financial investments - Item C.III

2.3.1 – Breakdown of financial investments according to use.

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

TABLE 2 (IN € THOUSAND)

LIST OF GOVERNMENT BONDS AND SECURITIES WITH ISSUER	31-12-15	31-12-14
Government bonds issued by Austria	36,979	36,349
Government bonds issued by Greece	9,689	8,831
Government bonds issued by Ireland	99,850	99,796
Government bonds issued by Italy	1,278,970	1,349,997
Other listed securities	182,197	203,156
Total	**1,607,685**	**1,698,129**

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

With reference to the debt securities and other fixed-income securities under item CIII, issue and trading differences posted to profit and loss for the year amounted to:

TABLE 3 (IN € THOUSAND)

DESCRIPTION	Positive	Negative
Issue differences	-	-
Trading differences	6,396	-

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

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

2.3.4 – Breakdown of significant loans secured by mortgages – Item C.III.4.a.
Loans include mortgages granted to employees, which amounted to € 4,802 thousand at the beginning of the year. Instalments for € 457 thousand were collected during the year. The balance for € 4,345 thousand refers to the outstanding capital in relation to the loans granted.

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

TABLE 4 (IN € THOUSAND)

SHARES IN COMMON INVESTMENT FUNDS	31-12-15	31-12-14
France	184,930	201,065
Italy	6,608	2,534
Luxembourg	93,209	95,722
Sweden	13,758	15,079
USA	277,183	244,173
Total	**575,688**	**558,573**

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

TABLE 5 (IN € THOUSAND)

DURATION	31-12-15	31-12-14
Within 6 months	2.966.484	2.359.129
Total	**2.966.484**	**2.359.129**

Time deposits are held with leading financial institutions.
The amount includes € 2,035,000 thousand deposited with Cassa depositi e prestiti.

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

TABLE 6 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
Receivables from leaving indemnity policyholders	0	0
Other investments	720,753	820,626
Other financial investments	**720,753**	**820,626**

2.4 - Deposits with ceding companies – Item C.IV

This item reflects the amount of guarantee deposits with ceding companies regulated by current treaties. The same treaties also govern the conditions and procedures for changes in such accounts. These deposits amount to a total of € 127 thousand.
No write-downs were made on such deposits during the year.

Section 4 Item D bis - Reinsurers' share of technical provisions

This item mainly includes amounts allocated to reserves that were recorded following the agreement between SACE and the Ministry of the Economy and Finance on 19 November 2014.

TABLE 7 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
Provision for unearned premiums	329,793	12,889
Provision for outstanding claims	18,345	240
Other technical provisions	47,022	
Total	**395,160**	**13,129**

Section 5 – Item E – Receivables

TABLE 8 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
Receivables arising out of direct insurance business from policyholders (item E.1)	71,908	86,988
Policyholders and third parties for recoveries	929,449	897,376
Debtors arising out of reinsurance operations	21,747	11
Other debtors (item E.III)	539,682	612,442
Total	**1,562,785**	**1,596,817**

The breakdown of this item is as follows.

5.1 – Receivables arising out of direct insurance operations – policyholders (tem E.I.).

This item comprises premiums to be collected on policies issued at the reporting date (€ 71,908 thousand). No losses were recognised in the year on amounts receivable in connection with insurance operations for premiums.

The policyholders and third parties for recoveries item (€ 929,449 thousand) mainly consists of subrogation credits granted by the Ministry of the Economy and Finance pursuant to Legislative Decree 269/2003 measured at presumed realizable value, determined separately for each type of credit and counterparty.

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

TABLE 9 (IN € THOUSAND)

DESCRIPTION	
Values at 1 January 2015	**897,376**
+ Receivables matured in the year	250,230
- receivables collected in the year	113,729
- losses on receivables/write-downs	150,113
+ revaluations	
+ adjustments from item E.III and other adjustments (+/-)	103
+ exchange rate alignment (+/-)	+45,580
Values at 31 December 2015	**929,449**

The change in the value of receivables as of 31 December 2015 compared with the value of the previous year is primarily due to claims paid for € 228,863 thousand, € 49,529 thousand of which relating to the Iran political risk owing to the difficulties of local counterparties to honour payments as a result of the sanctions imposed by the UN and EU which have blocked payment channels, and € 179,333 thousand relating to commercial risk mainly for insolvency of Ukrainian (€ 38,974 thousand), Polish (€ 19,040 thousand), Russian (€ 28,787 thousand) and Iranian (€32,284 thousand) debtors. Write-downs for a total of € 133,854 thousand were recognised for these receivables, which were revalued to reflect their estimated realizable value. Year-end exchange rate adjustments for receivables denominated in currencies other than the euro were positive and amounted to € 45,580 thousand.

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

- In 2005, securitisation of the OPTIMUM debt was terminated in advance by means of a receivables retransfer agreement under which SACE re-acquired from OPTIMUM, against payment, the outstanding receivables, i.e. amounts originally granted to the SPV in excess of the latter's financial requirements.
- Given the homogenous nature of such receivables compared with other non-securitised receivables stated in the accounts, in 2005, in order to provide a clear and true view of the company's financial position and in accordance with article 2423(4) of the Italian Civil Code, the company decided to make an exception to the valuation criteria envisaged under article 2426(1) point 9) of the Italian Civil Code. This resulted in the revaluation of the book value of the specific receivables for € 104,235 thousand. Said revaluation was offset by a specific equity reserve the distribution of which is subject to effective recovery of the receivables.
- In 2015, such receivables were recovered for € 2,866 thousand, generating gains of € 756 thousand. The effects on the provision pursuant to article 2423(4) of the Italian Civil Code are shown in the shareholders' equity table to which reference should be made.

5.2- Receivables arising out of reinsurance business (item E.II) posted a balance of € 21,747 thousand. This item mainly includes receivables from reinsurers for commissions in connection with outward reinsurance contracts (€ 12,116 thousand).

5.3 – Breakdown of other debtors (item E.III)

TABLE 10 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
Other debtors country	37,572	38,005
Compensatory interest on claims to be recovered	200,598	207,252
Receivables from tax authorities	152,830	223,916
Advance tax assets	143,562	135,645
Sundry receivables	5,120	7,623
Other debtors (item EIII)	**539,682**	**612,441**

Other debtors country (€ 37,572 thousand) comprises receivables from policyholders in relation to their exposure. The aforesaid receivables are similar, as far as their related terms and conditions of repayment are concerned, to the receivables payable by foreign countries due directly to SACE. Compensatory interest on claims to be recovered (€ 200,598 thousand) represents the total amount payable as at the reporting date by foreign countries by way of interest under existing restructuring agreements. Receivables from the tax authorities (€ 152,830 thousand) mainly include: tax credits for requested reimbursement, increased by the interest due as at 31 December 2015, amounting to € 1,006 thousand; IRES (Corporate Income Tax) and IRAP (Regional Tax on Production Activities) credit resulting from the presented tax returns and for the advance payments made during the year (€ 151,017 thousand), tax withholdings on own current accounts and on trading of securities under management for € 630 thousand and tax withholdings transferred by subsidiaries under the consolidated tax scheme for € 151 thousand. VAT receivables for 2015 amounted to € 25 thousand. Prepaid tax assets (€ 143,562 thousand), details of which can be found in table No. 32, refer to items in the profit and loss account that contribute to the taxable income for years other than that in which they are recognised. This item is stated net of the transfer in 2015 to profit and loss of prepaid taxes appropriated in previous tax periods due to achievement of a taxable income for IRES and IRAP. The breakdown is shown in section 21.7 of these notes.

Debtors country – breakdown by foreign currency

TABLE 11 (IN € THOUSAND)

CURRENCY	31-12-15	31-12-14
USD	652,083	723,849
EUR	562,851	531,316
CHF	6,094	6,322
Other currencies	8	8

Section 6 Item F - Other assets

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

TABLE 12 (IN € THOUSAND)

DESCRIPTION	2014	Increase	Decrease	2015
Furniture and machinery	1,446	308	501	1,253
Works of art	48			48
Plant	9		3	7
Stocks	24		2	21
Construction in course and advances				
Total	**1,527**	**308**	**506**	**1,329**

Cash and cash equivalents

Deposits with credit institutions amounted to € 68,743 thousand, of which € 10,700 thousand denominated in foreign currency. At 31 December 2015 cash on hand amounted to € 3.6 thousand.

6.4 – Sundry assets

TABLE 13 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
Capital gains on foreign exchange forward transactions	43,889	19,213
Gains on derivatives		
Receivables from SACE SRV	221	
Receivables from SACE Fct	3,295	7,964
Receivables from SACE BT		
Total	**47,405**	**27,178**

Receivables from subsidiaries relate to the consolidated tax regime.

Section 7 Accruals and deferrals Item G

TABLE 14 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
for interest on government securities and bonds	22,934	24,006
for interest on other financial investments	3,665	2,510
Accrued income	**26,599**	**26,516**
Other accruals	476	483
Prepaid expenses	**476**	**483**

The interest on other financial investments item (€ 3,665 thousand) reflects interest on time deposit transactions, interest on notes and interest on the loan to Sace Fct. Other accruals amounted to € 476 thousand and refer to portions of general expenses to be attributed to subsequent years.

Section 8 Shareholders' equity - Item A

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

TABLE 15 (IN € THOUSAND)

DESCRIPTION	Share capital	Revaluation reserves	Legal reserve	Other reserves	Profit carried forward	Profit for the year	Total
Balances at 1 January 2014	**4,340,054**		**182,427**	**50,707**		**277,653**	**4,850,840**
Reduction in share capital							
Allocation of 2013 net profit:							
- Distribution of dividends						(248,661)	(248,661)
- Other allocations			13,883	15,109		(28,992)	
Other changes				(3,283)			(3,283)
Distribution of available reserves							
Result for 2014						383,143	383,143
Balances at 31.12.2014	**4,340,054**		**196,310**	**62,532**		**383,143**	**4,982,039**
Allocation of 2014 net profit:							
- Distribution of dividends						(280,000)	(280,000)
- Other allocations			19,156	83,986		(103,143)	
Reduction in share capital	(798,926)						(798,926)
Distribution of available reserves							
Result for 2015						406,652	406,652
Balances at 31.12.2015	**3,541,128**		**215,466**	**146,518**		**406,652**	**4,309,765**

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

TABLE 16 (IN € THOUSAND)

	Amount	Possibility of utilisation	Available portion	Summary of utilisation in the previous 3 years
Capital at 31.12.2015	**3,541,128,212**			
Capital reserves:				
Revaluation reserves		A, B,C		
Retained earnings:				
Legal reserve	215,466,407	B		
Other reserves	97,211,883	A, B	97,211,883	
Other reserves	49,306,558	A, B,C	49,306,558	
Total			**146,518,441**	
not distributable (1)			97,211,883	
distributable			49,306,558	

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

(1) The non-distributable portion includes € 13,905 thousand for the provision pursuant to article 2423(4) set aside as at 31.12.2005 (€ 104,235 thousand) net of amounts collected during the year (€ 2,866 thousand in 2015, € 2,098 thousand in 2014, € 1,791 thousand in 2013, € 2,316 thousand in 2012, € 2,618 thousand in 2011, € 2,204 thousand in 2010, € 2,306 thousand in 2009, € 21,232 thousand in 2008, € 17,290 thousand in 2007 and € 35,608 thousand in 2006), € 34,258 thousand for the remaining portion of the reserve for exchange gains, € 3,048 thousand for the portion of the reserve for the revaluation of receivables and € 46,001 for the revaluation of investments resulting from the application of the equity method.

The share capital consists of 1 million shares for a total face value of € 3,541,128 thousand, held by Cassa depositi e prestiti.

Section 9 – Subordinated liabilities

On 30 January 2015 SACE successfully placed an issue of perpetual subordinated bonds for a total of € 500 million. The bonds, aimed at institutional investors, will pay an annual coupon of 3,875% for the first ten years and indexed to the ten-year swap rate plus 318.6 basis points for subsequent years. The bonds can be recalled by the issuer after 10 years and following each coupon payment date.

Section 10 – Technical provisions Item C.I. (Annex 13)

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

TABLE 17 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
Provision for unearned premiums		
- Provision for premium instalments	1,603,707	1,401,289
- Provision for unexpired risks	355,000	290,000
Total	**1,958,707**	**1,691,289**
Provision for claims outstanding		
- Provision for claims paid and direct expenses	575,542	492,236
- Provision for settlement costs	9,969	9,161
- Provision for late claims	10,525	16,234
Total	**596,036**	**517,631**

The provision for unearned premiums refers for € 785,773 thousand to exposure in foreign currency. The provision for claims outstanding refers for € 151,666 thousand to exposure in foreign currencies. The provision for claims outstanding is deemed sufficient to cover the potential cost of unpaid claims, fully or in part, at the end of the year.
The values for direct business and inward reinsurance are shown in the table below:

TABLE 18 (IN € THOUSAND)

DESCRIPTION	DB 31-12-15	IB 31-12-15	DB 31-12-14	IB 31-12-14
Provision for unearned premiums				
- Provision for premium instalments	1,515,820	87,888	1,337,975	63,313
- Provision for unexpired risks	355,000		290,000	
Carrying value	**1,870,820**	**87,888**	**1,627,975**	**63,313**
Provision for claims outstanding				
- Provision for claims paid and direct expenses	568,078	7,465	485,402	6,834
- Provision for settlement costs	9,969		9,161	
- Provision for late claims	10,525		16,234	
Carrying value	**588,572**	**7,465**	**510,797**	**6,834**

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

10.2 - Equalization provision

The equalization provision, of € 532,056 thousand, increased with respect to the previous year (€9,589 thousand) owing to the positive balance on the technical account.

Section 12 – Provisions for risks and charges Item E

Changes in this item are reported in annex 15.

Provisions for risks and charges amounted to € 200,286 thousand. These comprise € 109,442 thousand for deferred tax liabilities and € 90,844 thousand for other provisions, the main components of which are listed below:

- € 3,664 thousand which refer to ongoing disputes at the end of the year
- € 22,800 thousand for agreements currently being defined with policyholders
- € 97 thousand allocated for amounts to be assigned to policyholders by way of shares due
- € 8,637 thousand for potential estimated liabilities with policyholders, due to the non-maturity of said amounts
- € 47,022 thousand for potential charges pursuant to the agreement with the Ministry of the Economy and Finance related to the amount calculated as ten percent of the 2014 equalization reserve of SACE (art. 8.1.a).

Section 13 – Creditors and other liabilities Item G

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

TABLE 19 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
Advances for premiums	3,107	1,078
Accounts payable to policyholders premium refunds	11	0
Front-end expenses	33	37
Other payables arising out of direct insurance business	26,287	25,249
Accounts payable to policyholders - item G.I.3.	**29,438**	**26,364**

The other payables arising out of direct insurance business item, for € 26,287 thousand, mainly includes payables for amounts due to policyholders for deductibles on amounts recovered. The change compared to the previous year is due to the recovery of the amounts due recognised in 2015.

TABLE 20 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
Accounts payable arising out of inward reinsurance business	0	396
Accounts payable arising out of outward reinsurance	81,191	8,715
Accounts payable arising out of reinsurance business item G.II.1	**81,191**	**9,111**

Accounts payable arising out of outward reinsurance, for € 81,191 thousand, mainly consist of amounts payable for premiums ceded to reinsurers for € 62,941 thousand, principally related to reinsurance business with Lloyd's and the Ministry of the Economy and Finance.

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

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

Other accounts payable – Item G.VIII

TABLE 21 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
Other tax liabilities	233,566	88,695
Social security	1,441	1,379
Sundry creditors	43,638	42,173
Total	**278,645**	**132,247**

13.2 – Breakdown of sundry creditors – Item G.VIII.4

Sundry creditors (for a total of € 43,638 thousand) comprise amounts due to suppliers for € 5,994 thousand against general administrative costs for the year, amounts due to employees for € 6,086 thousand, subsidiary debt items for € 8,083 thousand and premiums payable on options purchased for € 18,940 thousand.

13.3 – Deferred reinsurance items – Item G.IX.1

The information received from the ceding companies on provisional technical income for 2015 was carried forward to the technical account for the following year as deferred reinsurance items. Pursuant to art. 42 of Legislative Decree 173/97, the claims outstanding provision reported in the balance sheet includes € 144 thousand referring to agreements with reinsured companies.

13.4 – Sundry liabilities – Item G.IX.3

This item, amounting to a total of € 31,253 thousand, comprises amongst others valuation losses on contracts used to hedge foreign currency assets for € 31,249 thousand.

Section 14 – Accrued liabilities - Item H

TABLE 22 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
Deferred payments on rent income	-	-
Other accrued liabilities	17,199	-

14.1 – Breakdown of other accrued liabilities by type (Item H.3).

The balance of this item for € 17,199 thousand refers to the accrued liabilities on the subordinated bond issue (see Section 9).

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

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

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

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

Section 16 – Receivables and accounts payable

16.1 – Receivables and accounts payable are due as follows:

Of the receivables under asset items C and E, € 2,034,997 thousand fall due after the end of the following year and € 2,149,979 thousand after the following five years. Accounts payable under liability items F and G due within five years amount to € 70,941 thousand.

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

Details of the memorandum accounts are given in annex 17.

17.1 – Breakdown of commitments

The commitments item, totalling € 6,974,706 thousand, refers to forward transactions for € 5,275,518 thousand and options in foreign currency for € 1,699,188 thousand. The counterparties for the instruments traded were leading credit institutions with high ratings.

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

TABLE 23 (IN € THOUSAND)

CONTRACT TYPE	Expiry	EUR	USD
forward contracts	11/01/16	138,516	237,093
	13/01/16	205,678	-
	14/01/16	-	283,968
	15/01/16	107,298	-
	19/01/16	288,235	179,235
	21/01/16	53,860	156,779
	22/01/16	185,883	104,834
	25/01/16	410,766	86,970
	27/01/16	174,861	-
	28/01/16	135,589	-
	29/01/16	360,569	-
	01/02/16	91,974	-
	02/02/16	-	52,554
	05/02/16	-	280,005
	08/02/16	185,777	-
	16/02/16	178,025	-
	17/02/16	75,229	-
	22/02/16	212,793	-
	23/02/16	-	126,960
	25/02/16	97,558	-
	29/02/16	359,153	-
	03/03/16	74,979	-
	08/03/16	76,658	-
	11/03/16	96,534	-
	16/03/16	97,913	-
	22/03/16	74,955	-
	24/03/16	90,006	-
	15/06/16	65,223	-
options	14/01/16	-	237,776
	05/02/16	-	252,195
	01/03/16	239,212	-
	12/05/16	246,962	-
	02/06/16	240,000	-
	06/06/16	-	219,315
	08/07/16	-	170,675
	25/08/16	-	218,565

The effect of exchange rate transactions on items in foreign currency that expired in the year produced a positive balance of € 449,977 thousand, and that of valuations of existing derivatives at year-end exchange rates and items in foreign currency produced a positive balance of € 67,018 thousand. These components are analysed in detail in section 22 of these notes.

PROFIT & LOSS ACCOUNT

Section 18 Information on the non-life technical account

18.1 - Gross premiums written

Gross premiums written for the year amounted to € 483,811 thousand.

In accordance with the applicable legislation (art 11(5) of Law 80/2005), 14 resources were engaged in the provision of internationalization guarantees which generated gross premiums for € 4,833 thousand.

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

18.3 – Other technical income net of reinsurance – Item I.3

The item equal to € 3,428 thousand mainly concerns the technical income arising from the management of insurance contracts for € 2,098 thousand and from front-end expenses for the year for € 211 thousand.

18.4 – Claims incurred net of recoveries and reinsurance

TABLE 24 (IN € THOUSAND)

DESCRIPTION	DB 31-12-15	IB 31-12-15	Total 31-12-15	DB 31-12-14	IB 31-12-14	Total 31-12-14
Claims paid for the current year	-160,527	-4,898	-165,425	-203,786	-4,036	-207,822
Claims paid relating to previous years	-88,591	-4,254	-92,845	-139,495	-2,709	-142,204
Costs of claims management	-3,305	0	-3,305	-2,818	0	-2,818
Reinsurers' share	2,916	0	2,916	13,741	0	13,741
Change in recoveries	284,159	19,197	303,356	461,903	3,479	465,382
Write-downs of receivables for amounts payable	-133,855	-8,584	-142,439	-231,548	0	-231,548
Write-backs of receivables for amounts payable	0	0	0	216,792	0	216,792
Losses on amounts due	-16,316	0	-16,316	-31,375	0	-31,375
Change in the provision for claims outstanding	-59,670	-630	-60,300	125,911	4,383	130,294
Total net claims incurred	**-175,189**	**831**	**-174,358**	**209,325**	**1,117**	**210,442**

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

18.5 – Premium refunds and profit sharing, net of reinsurance – Item I.6

Premium refunds, reflecting premium refunds net of reinsurance, amounted to € 5,965 thousand (€ 3,517 thousand at the end of the previous year).

18.6 - Operating expenses - Item I.7

Details of this item are given in the table below:

TABLE 25 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
Collection and acquisition commissions	2,079	2,893
Other acquisition costs	23,885	21,638
Other administrative expenses	48,755	52,871
Commissions and profit sharing	-15,805	-38
Operating expenses	**58,914**	**77,364**

Other acquisition costs comprise reinsurance commissions and general expenses made up of personnel costs (€ 14,770 thousand) and other general administrative expenses (€ 9,115 thousand). Other administrative expenses comprise general expenses made up of costs of personnel (€ 34,748 thousand), other general administrative expenses (€ 13,464 thousand), depreciation of capital goods (€ 543 thousand). Personnel costs, a description of the relative items, the average number of employees during the year, the number of directors and statutory auditors and related remuneration are given in annex 32.

Commissions and profit-sharing received from reinsurers, amounting to € 15,805 thousand, mainly comprise commissions in connection with the agreement signed with the Ministry of the Economy and Finance.

18.7 – Other technical charges net of reinsurance – Item I.8

This item, equal to € 9,639 thousand, refers mainly to technical cancellations of premiums due to termination of insurance contracts.

18.8 – Change in the equalization provision – Item I.9

The change in the equalization provision, equal to € 9,589 thousand, was determined in accordance with current legislation.

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

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

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

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

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

TABLE 26 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
Income from shares and interests	880	1,243
Income from investments in land and buildings	614	717
Income from other investments	92,142	119,461
Value re-adjustments on investments	86,288	48,133
Gains on the disposal of investments	1,332,452	539,418
Total	**1,512,376**	**708,972**

The income from other investments item (€ 92,142 thousand) includes € 64,717 thousand for interest on government securities and bonds, € 92 thousand for interest receivable for mortgages, € 6,995 thousand for interest from time deposits € 14,860 thousand for interest from Carnival and General Electric notes and € 5,314 thousand for interest from the loan to SACE Fct. The value re-adjustment on investments item (€ 86,288 thousand) refers to forward currency sales for € 43,889 thousand (see also section 22 of these notes), upward adjustments on government securities, bonds and shares for € 33,250 thousand and the upward adjustment on the value of interests in SACE Fct and ATI for € 9,149 thousand. Gains on the disposal of investments (€ 1,332,452 thousand) comprise € 1,019,595 thousand referring to forward transactions, € 293,477 thousand on transactions in derivatives and € 19,379 thousand for gains on the sale of securities. The breakdown of each item is detailed in annex 21.

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

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

TABLE 27 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
Investment management charges and other charges	5,331	3,760
Value re-adjustments on investments	81,005	228,204
Losses on the disposal of investments	909,679	407,394
Total	**996,015**	**639,358**

Investment management charges and other charges mainly comprise investment management fees (€ 3,271 thousand) and property management charges (€ 845 thousand). The value re-adjustments on investments item (€ 81,005 thousand) refers to forward contracts (€ 31,249 thousand), losses on equity and bond funds (€ 39,538 thousand), write-downs of the investment in SACE BT and Sace do Brasil (€ 7,107 thousand) and of notes (€ 1,248 thousand) and depreciation of real estate for € 695 thousand. Losses on the disposal of investments (€ 909,679 thousand) include € 859,308 thousand referring to forward transactions, € 49,630 thousand on transactions in derivatives, € 740 thousand on the sale of securities. The breakdown of each item is detailed in annex 23.

21.3 – Breakdown of other income – Item III.7

TABLE 28 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
Compensatory interest on premiums		84
Compensatory interest on receivables	13,928	12,603
Interest earned and other income	2,991	4,278
Interest earned on tax credits	17	17
Capital gains on other receivables	4,836	5,111
Profits on exchange rates	50,604	19,815
Utilisation of provisions and non-existent liabilities	176	351
Valuation gains on exchange rates	145,146	174,593
Revenues from services to affiliates	4,178	4,391
Total	**221,876**	**221,243**

Compensatory interest on receivables (€ 13,928 thousand) represents the interest matured in the year on subrogation credit. Profits on exchange rates refer to capital gains on exchange rates on transactions in foreign currency. Gains on other receivables (€ 4,836 thousand) refer for € 236 thousand to collection of compensatory interest, € 756 thousand for recovery of receivables ex Optimum and € 3,843 thousand for gains relating to receivables for acquired shares due to policyholders. Profits from valuation gains on exchange rates include the result of the valuation of the entries in foreign currencies at year-end exchange rates (for further details, see section 22 of these notes).

21.4 – Breakdown of other charges - Item III.8 - (Annex 32)

TABLE 29 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
Amortisation and depreciation	149	180
Additions to risk provisions	55,025	1,174
Exchange losses	4,675	2,018
Valuation exchange losses	19,317	7,352
Write-downs of receivables - compensatory interest	731	415
Write-down of other receivables	35	0
Other interest expense and financial liabilities	17,481	197
Total	**97,413**	**11,336**

Valuation exchange losses (€ 19,317 thousand) refer for € 15,888 thousand to valuation of receivables and payables expressed in foreign currency, and € 3,432 thousand for valuation losses on exchange rates, recorded with reference to the current accounts denominated in foreign currency (for more details see section 22 of these notes). The other interest expense and financial liabilities item (€ 17,480 thousand) refers for € 17,199 thousand to interest payable on the debenture loan issued.
The additions to risk provisions item mainly comprises potential liabilities related to the payment calculated as ten percent of the 2014 equalization reserve of SACE (art. 8.1.a) of the agreement with the Ministry of the Economy and Finance (€47,022 thousand).
Personnel costs are listed in annex 32.

21.5 – Breakdown of extraordinary income – Item III.10

TABLE 30 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
Sundry non-operating income	16.941	1.606
Other financial income	0	0
Total	**16.941**	**1.606**

Sundry non-operating income mainly reflects interest payable on the amounts repaid by SACE BT as a consequence of the ruling of the European Court of Justice for € 10,727 thousand (see section 2), the lower tax burden recorded in the tax returns (€ 2,648 thousand) and adjustments on recoveries from foreign countries of amounts not relating to the period (€ 1,838 thousand).

21.6 – Breakdown of extraordinary charges – Item III.11

TABLE 31 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
Losses on disposal of movable assets	7	1
Sundry non-operating liabilities	3,080	6,130
Total	**3,087**	**6,131**

Sundry non-operating liabilities include general costs accrued from previous years (€ 150 thousand) and a higher tax charge for the previous year (€ 2,326 thousand).

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

This item, totalling € 251,224 thousand, comprises the following:

a) € 209,305 thousand for IRES for the year; € 23,137 thousand for IRAP for the year
b) € 3,515 thousand for proceeds calculated on taxable amounts transferred by the subsidiaries participating in the consolidated tax scheme
c) € 1,673 thousand for the liability calculated on the fiscal losses transferred by the subsidiaries participating in the consolidated tax scheme
d) € 45,180 thousand for disclosure of deferred taxes on temporary changes during the year determined as illustrated in the table below. For the current year, prepaid IRES and IRAP for € 34,202 thousand were calculated on the basis of the reasonable certainty of generating tax liable income in the future such as to enable their recovery
e) € 14.295 thousand corresponding to transfer to profit and loss of prepaid IRES and IRAP accrued in previous years
f) € 14,424 thousand corresponding to transfer to profit and loss of deferred IRES and IRAP accrued in previous years
g) € 9,775 resulting from the adjustment of the IRES tax rate to 24%, as from 1 January 2017, as established by Law No. 208/2015 (so-called Stability Law). The adjustment has only been made for temporary changes for which recovery in tax year 2017 is reasonably certain.

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

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

TABLE 32 (IN € THOUSAND)

IRAP (regional tax on production)	**Opening balance**		**Utilisation 2015**		**Change in the year**		**Closing balance**	
TYPE OF TEMPORARY DIFFERENCES	**Temporary differences**	**Tax**	**Temporary differences**	**Tax**	**Temporary differences**	**Tax**	**Temporary differences**	**tax**
Recognised in profit or loss								
Differences giving rise to deferred tax assets								
Reserve fund								
Provision for claims outstanding								
Depreciation on revaluation of property	1,193	81					1,193	81
Write-down of receivables for premiums	301	21					301	21
Change in tax rates								
Total	**1,494**	**102**					**1,494**	**102**

IRAP (regional tax on production)	**Opening balance**		**Utilisation 2015**		**Change in the year**		**Closing balance**	
TYPE OF TEMPORARY DIFFERENCES	**Temporary differences**	**Tax**	**Temporary differences**	**Tax**	**Temporary differences**	**Tax**	**Temporary differences**	**tax**
Recognised in profit or loss								
Differences giving rise to deferred tax assets								
Maintenance	641	178	(437)	(120)			204	56
Reserve fund	11,770	3,237	(1,758)	(483)			10,012	2,753
Provision for claims outstanding	213,861	58,812	(20,676)	(5,686)	36,180	9,950	229,365	63,075
Write-down of receivables for premiums	301	83					301	83
Potential liabilities fund	15,198	4,180	(176)	(48)	55,025	15,132	70,047	19,263
Exchange rate valuation losses	108,900	29,947	(27,788)	(7,642)	5,864	1,613	86,976	23,918
Depreciation on revaluation of property	1,328	364					1,328	365
Valuation losses on listed shares	3,857	1,060	(258)	(71)	19,244	5,292	22,843	6,282
Write-downs of political risk receivables	137,029	37,683	(888)	(244)			136,141	37,439
Adjustment to new rate pursuant to 2016 Stability Law						(9,775)		(8,129)
Total	**492,885**	**135,543**	**(51,981)**	**(14,295)**	**116,313**	**22,211**	**557,217**	**145,106**
Differences giving rise to deferred tax liabilities								
Exchange rate valuation gains	286,169	78,697	(52,449)	(14,425)	164,253	45,170	397,973	109,442
Total	**286,169**	**78,697**	**(52,449)**	**(14,425)**	**164,253**	**45,170**	**397,973**	**109,442**
Differences excluded from the determination of advance taxes								
Subrogation credit write-downs – pol. business	65,313						18,195	
Subrogation credit write-downs – com. business	111,515						111,328	
Write downs of other receivables - technical business								
Total deferred tax assets arising from temporary differences		**135,645**		**(14,295)**		**22,211**		**143,561**
Total deferred tax liabilities arising from temporary differences		**78,697**		**(14,425)**		**45,170**		**109,442**

Section 22 – Other information in the Profit and Loss Account

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

The breakdown of personnel costs for the Italian and foreign portfolios is given in annex 32 The effect of exchange rate hedging transactions on entries in foreign currency that expired during the year generated a positive balance of € 449,977 thousand, the effect of valuations of existing contracts at year-end exchange rates and entries in foreign currency generated a positive balance of € 67,018 thousand, as shown in the table below.

TABLE 33 (IN € THOUSAND)

REALISED	
Losses on forward contracts and trading	-859,308
Gains on forward contacts and trading	1,019,595
Proceeds from derivatives	293,477
Charges on derivatives	-49,630
Net realised gains (A)	**404,134**
Exchange gains	50,984
Exchange losses	-5,141
Net profit on exchange gains (B)	**45,843**
Result realised (A+B)	**449,977**

VALUATION DIFFERENCES	
Valuation losses on forward contracts and derivatives	-31,249
Valuation gains on forward contracts and derivatives	43,889
Net valuation gains (C)	**12,640**
Exchange gains – valuation of technical provisions	70
Exchange losses – valuation of technical provisions	-71,520
Exchange gains – valuation of receivables and payables	135,831
Exchange losses – valuation of receivables and payables	-15,885
Exchange gains – valuation of cash and cash equivalents	9,315
Exchange losses – valuation of cash and cash equivalents	-3,432
Net valuation gains on exchange rates (D)	**54,378**
Net exchange gains from valuation (C +D)	**67,018**

PART C – OTHER INFORMATION

1. Cash Flow Statement

CASH FLOW STATEMENT (IN € THOUSAND)	**FY 2015**	**FY 2014**
Profit (loss) for the year before tax	**657,876**	**526,070**
Changes in non-cash items	**-87,441**	**241,842**
Change in the provision for unearned premiums - non-life business	-114,612	157,359
Change in the provision for claims outstanding and other technical provisions - non-life business	87,994	-93,605
Change in the general provision	-54,849	-1,174
Non-cash income and expense from financial instruments, investment property and equity investments	-5,282	180,071
Other changes	-692	-809
Change in receivables and payables generated by operations	**376,176**	**-397,215**
Change in receivables and payables arising from direct insurance and reinsurance business	-38,727	-271,425
Change in other receivables and payables	414,903	-125,790
Tax paid	**-251,224**	**-142,927**
TOTAL NET CASH FLOW ARISING FROM OPERATIONS	**695,387**	**227,770**
Net cash flow generated/absorbed by investment property	1,863	695
Net cash flow generated/absorbed by financial investments	-109,557	-6,372
Net cash flow generated/absorbed by plant, property and equipment and intangible assets	796	1,162
TOTAL NET CASH FLOW ARISING FROM INVESTMENT OPERATIONS	**-106,898**	**-4,515**
Repayment of share capital	-798,926	
Write-down of receivables		-3,284
Revaluation of property		
Distribution of dividends	-280,000	-248,661
Net cash flow generated/absorbed by other financial liabilities	500,000	
TOTAL NET CASH FLOW ARISING FROM LOAN OPERATIONS	**-578,926**	**-251,945**
Effect of exchange rate differences on cash and cash equivalents		
CASH AND CASH EQUIVALENTS - OPENING BALANCE	**59,184**	**87,874**
INCREASE (REDUCTION) IN CASH AND CASH EQUIVALENTS	9,563	-28,690
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	**68,747**	**59,184**

2. Fees due to external auditors

Pursuant to Legislative Decree 39 of 27 January 2010, the fees due to PricewaterhouseCoopers for their auditing services in 2015 amounted to € 95 thousand.

3. Company name and registered office of the parent company.

Sace is wholly owned by Cassa depositi e prestiti, which has its registered office at Via Goito 4 in Rome and performs management and coordination activities pursuant to article 2497 of the Italian Civil Code. In compliance with the reporting requirement set out in art. 2497-*bis* of the Italian Civil Code, the main figures from the last approved financial statements of the parent company are provided below. For an adequate and complete understanding of the assets and financial position of Cassa depositi e prestiti as of 31 December 2014, and of the operating result of the company for the year ended as of that date, please refer to the financial statements that, together with the independent auditor's report, are available in the forms and methods specified by law.

BALANCE SHEET (IN € THOUSAND)		**31-12-2014**
	ASSETS	
10.	Cash and cash equivalents	3
20.	Financial assets held for trading	298,682
40.	Available-for-sale financial assets	6,907,788
50.	Financial assets held to expiry	21,339,002
60.	Receivables from banks	26,507,879
	of which to guarantee covered bonds	315,158
70.	Receivables from customers	263,886,602
80.	Hedging derivatives	683,757
100.	Equities	29,037,563
110.	Property, plant and equipment	231,831
120.	Intangible assets	5,653
130.	Tax assets	914,169
	a) current	688,383
	b) prepaid	225,786
	of which L. 214/2011	-
150.	Other assets	391,703
	Total assets	**350,204,631**

	LIABILITIES AND SHAREHOLDERS' EQUITY	
10.	Amounts owed to banks	13,291,241
20.	Payables to customers	302,765,016
30.	Outstanding securities	9,989,572
40.	Financial liabilities held for trading	290,044
60.	Hedging derivatives	2,305,631
70.	Value adjustment to financial assets with generic hedge (+/-)	47,922
80.	Tax liabilities:	393,988
	a) current	228,139
	b) deferred	165,849
100.	Other liabilities	1,548,383
110.	Provision for employee severance indemnities	887
120.	Provisions for risks and charges	18,527
	b) other provisions	18,527
130.	Valuation reserves	1,073,172
160.	Reserves	12,867,358
180.	Capital	3,500,000
190.	Own shares (-)	(57,220)
200.	Net income (Loss) for the year (+/-)	2,170,111
	Total liabilities and shareholders' equity	**350,204,631**

PROFIT AND LOSS ACCOUNT (IN € THOUSAND)		**31-12-14**
10.	Interest earned and similar income	6,924,344
20.	Interest expense and similar charges	(5,762,906)
30.	**Interest margin**	**1,161,438**
40.	Commissions receivable	52,431
50.	Commission expense	(1,643,659)
60.	**Net commissions**	**(1,591,228)**
70.	Dividends and similar income	1,846,799
80.	Net result of trading activities	13,164
90.	Net result of hedging activities	(44,394)
100.	Gains (losses) on sale or repurchase of:	339,793
	a) receivables (+/-)	57,923
	b) AFS financial assets (+/-)	281,870
	c) financial assets held to expiry (+/-)	-
	d) financial liabilities (+/-)	-
120.	**Intermediation margin**	**1,725,573**
130.	Net adjustments/re-adjustments of value for impairment of:	(130,745)
	a) receivables (+/-)	(113,031)
	d) other financial transactions	(17,714)
140.	**Net result of financial operations**	**1,594,828**
150.	Administrative expenses	(128,241)
	a) personnel costs	(65,480)
	b) other administrative expenses	(62,761)
160.	Net provisions to reserves for risks and charges	(1,628)
170.	Net adjustments/re-adjustments of value of tangible assets	(4,823)
180.	Net adjustments/re-adjustments of value of intangible assets	(2,242)
190.	Other operating income/expense	4,164
200.	**Operating Costs**	**(132,770)**
210.	Income (Loss) on equity investments	938,066
240.	Income (Loss) on the disposal of investments	(5)
250.	**Income (Loss) on current operations before taxes**	**2,400,120**
260.	Income taxes for the year on current operations	(230,009)
270.	**Income (Loss) on current operations net of taxes**	**2,170,111**
290.	**Net income (Loss) for the year**	**2,170,111**

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

The legal representatives of the company (*)

Alessandro Castellano (**)

The Statutory Auditors

Marcello Cosconati

Alessandra Rosa

Giuliano Segre

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

(*) For foreign companies, the document must be signed by the general representative for Italy.
(**) Indicate the position of the person who signs.

ANNEXES TO THE NOTES

EX D.LGS 173/97

NO.		DESCRIPTIONS
Annex	**1**	Balance sheet – non-life insurance business
Annex	**3**	Breakdown of the operating result between non-life and life business
Annex	**4**	Assets - Changes in intangible assets (item B) and land and buildings (item C.I)
Annex	**5**	Assets - Changes during the year in investments in group companies and companies in which significant interest is held: shares and interests (item C.II.1), bonds (item C.II.2) and loans (item C.II.3)
Annex	**6**	Assets – Information regarding investee companies
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Annex	**8**	Assets - Breakdown of financial investments according to use: shares and interests in companies, shares in common investment funds, bonds and other fixed-income securities, participation in investment pools and other financial investments (items C.III.1,2,3,5,7)
Annex	**9**	Assets - Changes during the year in other long-term financial investments: shares and interests, shares in common investment funds, bonds and other fixed-income securities, participation in investment pools and other financial investments (items C.III.1,2,3,5,7)
Annex	**10**	Assets - Changes during the year in loans and deposits with credit institutions (items C.III.4, 6)
Annex	**13**	Liabilities - Changes during the year in components of the reserve for unearned premiums (item C.I.1) and the reserve for claims outstanding (item C.I.2) of the non-life branches
Annex	**15**	Liabilities - Change in provisions for risks and charges (item E) and for employee severance indemnities (item G.VII)
Annex	**16**	Detailed statement of assets and liabilities relating to group companies and companies in which significant interest is held
Annex	**17**	Details of classes I, II, III and IV of guarantees, commitments and other memorandum accounts
Annex	**18**	Schedule of liabilities for transactions on derivatives
Annex	**19**	Summary information relating to the non-life technical account
Annex	**21**	Investment income (item II.2 and III.3)
Annex	**23**	Details of investment management and financial charges (items II.9 and III.5)
Annex	**25**	Non-life - Summary layout of technical account by line of business - Italian portfolio
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The annexes to these accounts are those required under Legislative Decree 173/1997. Annexes with no entries or concerning the life business are not included.

Company	**SACE**	
Subscribed capital	EUR 3,541,128,212	Paid EUR 3,541,128,212
Registered offices	ROME - Piazza Poli, 37/42	
Companies Register	Rome Register N. 142046/99	
FY	**Annex to the notes 2015**	
	(Value in thousands of euro)	

Company **SACE**

BALANCE SHEET - NON-LIFE BUSINESS
ASSETS

						Current year		
A. SUBSCRIBED CAPITAL UNPAID							1	
of which called-up capital			2	0				
B. INTANGIBLE ASSETS								
1. Deferred acquisition commissions			4	0				
2. Other acquisition costs			6	0				
3. Start-up and expansion costs			7	0				
4. Goodwill			8	0				
5. Other multi-year costs			9	375			10	375
C. INVESTMENTS								
I - Land and buildings								
1. Property used in company operations			11	62,373				
2. Property rented to third parties			12	1,127				
3. Other properties			13	0				
4. Other property rights			14	0				
5. Construction in progress and advance			15	0	16	63,500		
II - Investments in Group companies and other companies in which significant interest is held								
1. Shares and interests in:								
a) controlling companies	17	0						
b) subsidiary companies	18	161,892						
c) affiliated companies	19	0						
d) associated companies	20	7,954						
e) other companies	21	0	22	169,846				
2. Debt securities issued by:								
a) controlling companies	23	0						
b) subsidiary companies	24	0						
c) affiliated companies	25	0						
d) associated companies	26	0						
e) other companies	27	0	28	0				
3. Loans to:								
a) controlling companies	29	0						
b) subsidiary companies	30	295,000						
c) affiliated companies	31	0						
d) associated companies	32	0						
e) other companies	33	0	34	295,000	35	464,846		
				to be carried forward				375

Previous year

						181	0
		182	0				
		184	0				
		186	0				
		187	0				
		188	0				
		189	281			190	281
		191	64,091				
		192	1,272				
		193	0				
		194	0				
		195	0	196	65,363		
197	0						
198	180,878						
199	0						
200	7,776						
201	0	202	188,654				
203	0						
204	0						
205	0						
206	0						
207	0	208	0				
209	0						
210	590,000						
211	0						
212	0						
213	0	214	590,000	215	778,654		
			to be carried forward				281

BALANCE SHEET - NON-LIFE BUSINESS
ASSETS

								Current year
				carried forward				375
C. INVESTMENTS (continued)								
III - Other financial investments								
1. Shares and interests								
a) Listed shares	36	34,486						
b) Unlisted shares	37	0						
c) Interests	38	0	39	34,486				
2. Shares in common investment funds			40	575,688				
3. Debt securities and other fixed-income securities								
a) listed	41	1,607,685						
b) unlisted	42	0						
c) convertible debentures	43	0	44	1,607,685				
4. Loans								
a) loans secured by mortgage	45	4,345						
b) loans on policies	46	0						
c) other loans	47	0	48	4,345				
5. Shares in investment pools			49	0				
6. Deposits with credit institutions			50	2,966,484				
7. Other financial investments			51	720,754	52	5,909,442		
IV - Deposits with ceding undertakings					53	127	54	6,437,915
D bis. REINSURERS' SHARE OF TECHNICAL PROVISIONS								
I - NON-LIFE BUSINESS								
1. Provisions for unearned premiums			58	329,793				
2. Provisions for claims outstanding			59	18,345				
3. Provisions for profit-sharing and premium refunds			60	0				
4. Other technical provisions			61	47,022			62	395,160
				to be carried forward				6,833,450

Previous year

	carried forward		281
216 37,593			
217 1,944			
218 0	219 39,537		
	220 558,573		
221 1,698,129			
222 0			
223 0	224 1,698,129		
225 4,802			
226 0			
227 0	228 4,802		
	229 0		
	230 2,359,129		
	231 820,626	232 5,480,796	
		233 155	234 6,324,968
	238 12,889		
	239 240		
	240 0		
	241 0		242 13,130
	to be carried forward		6,338,379

BALANCE SHEET - NON-LIFE BUSINESS
ASSETS

Current year

carried forward								6,833,450
E. DEBTORS								
I - Debtors arising out of direct insurance operations:								
1. Policyholders								
a) for premiums current year	71	61,234						
b) for premiums previous years	72	10,674	73	71,908				
2. Insurance intermediaries			74	0				
3. Current accounts with Insurance companies			75	0				
4. Policyholders and third parties for recoveries			76	929,450	77	1,001,357		
II - Debtors arising out of reinsurance operations:								
1. Insurance and Reinsurance companies			78	21,747				
2. Reinsurance intermediaries			79	0	80	21,747		
III - Other debtors					81	539,682	82	1,562,785
F. OTHER ASSETS								
I - Tangible assets and stocks:								
1. Furniture, office machines and internal transport vehicles			83	1,252				
2. Vehicles listed in public registers			84	0				
3. Machinery and equipment			85	8				
4. Stocks and other goods			86	69	87	1,329		
II - Cash at bank and in hand								
1. Bank and Postal accounts			88	68,743				
2. Cheques and cash on hand			89	4	90	68,747		
III - Own shares or equity interests					91	0		
IV - Other								
1. Deferred reinsurance items			92	-166				
2. Miscellaneous assets			93	47,405	94	47,238	95	117,314
of which connection account with Life business			901	0				
G. ACCRUALS AND DEFERRED INCOME								
1. Accrued interest					96	26,599		
2. Rents					97	0		
3. Other prepayments and accrued income					98	476	99	27,074
TOTAL ASSETS							100	8,540,624

Previous year

	carried forward		6,338,379
251 75,358			
252 11,630	253 86,989		
	254 0		
	255 0		
	256 897,376	257 984,364	
	258 11		
	259 0	260 11	
		261 612,441	
			262 1,596,817
	263 1,445		
	264 0		
	265 10		
	266 72	267 1,527	
	268 59,178		
	269 6	270 59,184	
		271 0	
	272 1,178		
	273 27,178	274 28,356	
	903 0		275 89,067
		276 26,516	
		277 0	
		278 483	279 26,999
			280 8,051,262

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

					Current year				
A.	SHAREHOLDERS' EQUITY								
	I	- Subscribed capital or equivalent fund			101	3,541,128		
	II	- Share premium reserve			102	0		
	III	- Revaluation reserves			103	0		
	IV	- Legal reserve			104	215,466		
	V	- Statutory reserves			105	0		
	VI	- Reserves for own shares and shares of the controlling company			106	0		
	VII	- Other reserves			107	146,518		
	VIII	- Net profit (loss) brought forward			108	0		
	IX	- Net profit (loss) for the year			109	406,652		
		- Advances on dividends				0	110	4,309,765
B.	SUBORDINATED LIABILITIES						111	500,000
C.	TECHNICAL PROVISIONS							
	I	- NON-LIFE BUSINESS						
		1. Premium provisions	112	1,958,707				
		2. Provisions for claims outstanding	113	596,036				
		3. Provisions for profit-sharing and premium refunds	114	0				
		4. Other technical provisions	115	0				
		5. Equalisation provision	116	532,056			117	3,086,800
				to be carried forward				7,896,565

	Previous year	
	281 4,340,054	
	282 0	
	283 0	
	284 196,309	
	285 0	
	286 0	
	287 62,532	
	288 0	
	289 383,143	
	0	290 4,982,039
		291 0
292 1,691,289		
293 517,631		
294 0		
295 0		
296 522,467		297 2,731,387
to be carried forward		7,713,425

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

								Current year		
			carried forward							7,896,565
E.	PROVISIONS FOR OTHER RISKS AND CHARGES									
	1.	Provisions for pensions and similar obligations				128	0			
	2.	Provisions for taxation				129	109,442			
	3.	Other provisions				130	90,844	131		200,286
F.	DEPOSITS RECEIVED FROM REINSURERS							132		0
G.	CREDITORS AND OTHER LIABILITIES									
	I	- Creditors arising out of direct insurance operations:								
		1. Insurance intermediaries		133	0					
		2. Current accounts with Insurance companies		134	0					
		3. Premium deposits and premiums due to policyholders		135	29,438					
		4. Guarantee funds in favour of policyholders		136	0	137	29,438			
	II	- Creditors arising out of reinsurance operations:								
		1. Insurance and Reinsurance companies		138	81,191					
		2. Reinsurance intermediaries		139	0	140	81,191			
	III	- Debenture loans				141	0			
	IV	- Amounts owed to banks and credit institutions				142	0			
	V	- Loans guaranteed by mortgages				143	0			
	VI	- Miscellaneous loans and other financial liabilities				144	0			
	VII	- Provisions for employee termination indemnities				145	5,903			
	VIII	- Other creditors								
		1. Premium taxes		146	0					
		2. Other tax liabilities		147	233,566					
		3. Social security		148	1,441					
		4. Miscellaneous creditors		149	43,639	150	278,645			
	IX	- Other liabilities								
		1. Deferred reinsurance items		151	144					
		2. Commissions for premiums in course of collection		152	0					
		3. Miscellaneous liabilities		153	31,253	154	31,397	155		426,574
		of which connection account with Life business		902	0					
			to be carried forward							8,523,425

Previous year

carried forward					7,713,425
		308	1,845		
		309	78,697		
		310	34,031	311	114,573
				312	0
313	0				
314	0				
315	26,364				
316	0	317	26,364		
318	9,111				
319	0	320	9,111		
		321	0		
		322	0		
		323	0		
		324	0		
		325	6,167		
326	0				
327	88,695				
328	1,379				
329	42,173	330	132,247		
331	719				
332	0				
333	48,656	334	49,375	335	223,264
904	0				
to be carried forward					8,051,262

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

		Current year		
carried forward				8,523,425
H. ACCRUALS AND DEFERRED INCOME				
1. Accrued interest	156	17,199		
2. Rents	157	0		
3. Other prepayments and accrued income	158	0	159	17,199
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			160	8,540,624

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

		Current year		
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS				
I - Guarantees given				
1. Sureties			161	0
2. Endorsements			162	0
3. Other personal guarantees			163	0
4. Guarantees secured by mortgages			164	0
II - Guarantees received				
1. Sureties			165	1,803
2. Endorsements			166	0
3. Other personal guarantees			167	0
4. Guarantees secured by mortgages			168	0
III - Guarantees issued by third parties in the interest of the Company			169	0
IV - Commitments			170	6,974,706
V - Third party assets			171	0
VII - Securities deposited with third parties			173	2,458,753
VIII - Other memorandum accounts			174	0

Previous year

carried forward		8,051,262
	336 0	
	337 0	
	338 0	339 0
		340 8,051,262

Previous year

		341 0
		342 0
		343 0
		344 0
		345 4,495
		346 0
		347 0
		348 0
		349 0
		350 6,036,703
		351 0
		353 2,525,563
		354 0

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

		Non Life Business		Life Business		Total	
Result of the technical account		1	186,956	21		41	186,956
Investment income	+	2	1,512,377			42	1,512,377
Investment management and financial charges	-	3	996,015			43	996,015
Allocated investment return transferred from the technical account of Life business	+			24		44	
Allocated investment return transferred from the technical account of Non-life business	-	5	183,760			45	183,760
Intermediate operating result		6	519,558	26		46	519,558
Other income	+	7	221,877	27		47	221,877
Other charges	-	8	97,413	28		48	97,413
Extraordinary income	+	9	16,941	29		49	16,941
Extraordinary charges	-	10	3,087	30		50	3,087
Profit before taxes		11	657,876	31		51	657,876
Income taxes	-	12	251,224	32		52	251,224
Net profit for the year		13	406,652	33		53	406,652

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

			Intangible assets B		Land and buildings C.I
Gross initial balance	+	1	11,737	31	73,081
Increases during the year	+	2	243	32	
for: purchases or additions		3	243	33	
write-backs		4		34	
revaluations		5		35	
other changes		6		36	
Reductions during the year	-	7		37	
for: sales or decreases		8		38	
long-term write-downs		9		39	
other changes		10		40	-1,168
Gross initial balance		11	11,980	41	71,913
Amortisation and depreciation:					
Gross initial balance	+	12	11,456	42	7,718
Increases during the year	+	13	149	43	695
for: Third party interest in net income for the year		14	149	44	695
other changes		15		45	
Reductions during the year	-	16		46	
for: reductions following disposals		17		47	
other changes		18		48	
Final values of amortisation (b) (*)		19	11,605	49	8,413
Carrying value (a – b)		20	375	50	63,500
Current value		21		51	63,500
Total revaluations		22		52	
Total write-downs		23		53	
(*) Of which amortisation and depreciation in application of tax laws only		24		54	

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

			Shares and interests C.II.1		Bonds C.II.2		Loans C.II.3
Gross initial balanc	+	1	188,654	21		41	590,000
Increases during the year	+	2	58,299	22		42	
for: purchases, subscriptions or issues		3	650	23		43	
write-backs		4	9,149	24		44	
revaluations		5					
other changes		6	48,500	26		46	
Decreases during the year	-	7	77,107	27		47	295,000
for: sales or repayments		8		28		48	295,000
write-downs		9	7,107	29		49	
other changes		10	70,000	30		50	
Carrying value		11	169,846	31		51	295,000
Current value		12	169,846	32		52	295,000
Total revaluations		13					
Total write-downs		14	7,107	34		54	

Item C.II.2 includes:

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

ASSETS – INFORMATION REGARDING INVESTEE COMPANIES (*)

Ord No.	Type (1)	Listed or unlisted (2)	Assets Amount (3)	Name and registered offices	Currency	Share capital Amount (4)	Share capital Number shares	Shareholders' equity (**) (4)	Net income or loss of the previous year (**) (4)	Percentage interest (5) Direct %	Percentage interest (5) Indirect %	Percentage interest (5) Total %
1	b	NQ	1	SACE BT	€	56,539	56,539	56,612	-6,613	100		100
2	b	NQ	2	SACE Fct	€	50,000	50,000	104,781	8,971	100		100
3	d	NQ	1	ATI (African Trade Insurance Agency)	usd	181,400	1,814	185,879	3,098	5.51		5.51
4	b	NQ	1	SACE Do Brasil	R$	6,048	6,048	2,153	-1,542	99.95		99.95

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

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

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

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

(4) Amounts in original currency

(5) Indicate the total percentage ownership

Company **SACE**

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

Ord No.	Type			Increases during the year			Decreases during the year					Purchase cost	Value value
				For purchases		Other increases	For sales		Other decreases	Carrying value (4)			
(1)	(2)	(3)	Name	Quantity	Value		Quantity	Value		Quantity	Value		
1	b	D	SACE BT			48,500			76,613	56,539	56,612	105,800	56,612
2	b	D	SACE Fct			8,971				50,000	104,781	600	104,781
3	d	D	ATI (African Trade Insurance Agency)			178				100	7,954	6,886	7,954
4	b	D	SACE Do Brasil			650			494	6,045	499	11	499
			Totals C.II.1								169,846	113,297	169,846
	a		Associated companies										
	b		Subsidiary companies								161,892	106,411	161,892
	c		Affiliated companies										
	d		Associated companies								7,954	6,886	7,954
	e		Other										
			Total D.I										
			Total D.II										

(1) Must match that indicated in Annex 6

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

(3) Indicate:
- D for investments assigned to Non-life business (item C.II.1)
- V for investments assigned to Life business (item C.II.1)
- V1 for investments assigned to Life business (item D.I)
- V2 for investments assigned to Life business (item D.2)

The same number must be assigned to the shareholding even if split

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

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

I - Non-life business	Long-term investment portfolio				Short-term financial assets portfolio				Total			
	Carrying value		Market value		Carrying value		Market value		Carrying value		Market value	
1. Shares and interests:	1	0	21	0	41	34,486	61	35,674	81	34,486	101	35,674
a) listed shares	2	0	22	0	42	34,486	62	35,674	82	34,486	102	35,674
b) unlisted shares	3	0	23	0	43	0	63	0	83	0	103	0
c) other interests	4	0	24	0	44	0	64	0	84	0	104	0
2. Shares of common investment funds	5	0	25	0	45	575,688	65	575,688	85	575,688	105	575,688
3. Bonds and other fixed-income securities	6	1,576,256	26	1,790,530	46	31,429	66	48,309	86	1,607,685	106	1,838,838
a1) listed government securities	7	1,425,402	27	1,643,631	47	86	67	86	87	1,425,489	107	1,643,717
a2) other listed securities	8	150,854	28	146,899	48	31,343	68	48,222	88	182,197	108	195,121
b1) unlisted government securities	9	0	29	0	49	0	69	0	89	0	109	0
b2) other unlisted securities	10	0	30	0	50	0	70	0	90	0		0
c) convertible debentures	11	0	31	0	51	0	71	0	91	0	111	0
5.Shares in investment pools	12	0	32	0	52	0	72	0	92	0	112	0
7. Other financial investments	13	0	33	0	53	720,754	73	720,754	93	720,754	113	720,754

II - Life business	Long-term investment portfolio				Short-term financial assets portfolio				Total			
	Carrying value		Market value		Carrying value		Market value		Carrying value		Market value	
1. Shares and interests:	121	0	141	0	161	0	181	0	201	0	221	0
a) listed shares	122	0	142	0	162	0	182	0	202	0	222	0
b) unlisted shares	123	0	143	0	163	0	183	0	203	0	223	0
c) other interests	124	0	144	0	164	0	184	0	204	0	224	0
2. Shares of common investment funds	125	0	145	0	165	0	185	0	205	0	225	0
3. Bonds and other fixed-income securities	126	0	146	0	166	0	186	0	206	0	226	0
a1) listed government securities	127	0	147	0	167	0	187	0	207	0	227	0
a2) other listed securities	128	0	148	0	168	0	188	0	208	0	228	0
b1) unlisted government securities	129	0	149	0	169	0	189	0	209	0	229	0
b2) other unlisted securities	130	0	150	0	170	0	190	0	210	0	230	0
c) convertible debentures	131	0	151	0	171	0	191	0	211	0	231	0
5.Shares in investment pools	132	0	152	0	172	0	192	0	212	0	232	0
7. Other financial investments	133	0	153	0	173	0	193	0	213	0	233	0

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

			Shares and interests C.III.1		**Shares in common investment funds C.III.2**		**Bonds and other fixed-income securities C.III.3**		**Participation in investment pools C.III.5**		**Sundry financial investments C.III.7**
Initial balance	+	1	0	21	0	41	1,664,202	81	0	101	820,626
Increases during the year	+	2	0	22	0	42	6,396	82	0	102	180,320
for: purchases		3	0	23	0	43	0	83	0	103	114,868
write-backs		4	0	24	0	44	0	84	0	104	0
transfer from short-term portfolio		5	0	25	0	45	0	85	0	105	0
other changes		6	0	26	0	46	6,396	86	0	106	65,452
Decreases during the year	-	7	0	27	0	47	94,341	87	0	107	280,192
for: sales		8	0	28	0	48	0	88	0	108	16
write-downs		9	0	29	0	49	0	89	0	109	1,248
transfer to short-term portfolio		10	0	30	0	50	0	90	0	110	0
other changes		11	0	31	0	51	94,341	91	0	111	278,928
Carrying value		12	0	32	0	52	1,576,256	92	0	112	720,754
Current value		13	0	33	0	53	1,790,530	93	0	113	720,754

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

			Loans C.III.4		Deposits with credit institutions C.III.6
Initial balance	+	1	4,802	21	2,359,129
Increases during the year	+	2		22	7,330,415
for: issues		3		23	7,327,229
write-backs		4		24	
other changes		5		25	3,187
Decreases during the year	-	6	457	26	6,723,060
for: repayments		7	457	27	6,723,060
write-downs		8		28	
other changes		9		29	
Carrying value		10	4,345	30	2,966,484

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

Type		Financial		Previous year		Change
Provisions for unearned premiums:						
Reserve for premium instalments	1	1,603,707	11	1,401,289	21	202,418
Reserve for unexpired risks	2	355,000	12	290,000	22	65,000
Carrying value	3	1,958,707	13	1,691,289	23	267,418
Provisions for claims outstanding:						
Provision for damages and direct expenses	4	575,542	14	492,236	24	83,306
Provision for claim settlement costs	5	9,969	15	9,161	25	808
Provision for claims incurred and not notified	6	10,525	16	16,234	26	-5,709
Carrying value	7	596,036	17	517,631	27	78,405

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

			Provisions for pensions and similar obligations		Provisions for taxation		Other provisions		Severance pay provision
Gross initial balance	+	1	1,845	11	78,697	21	34,031	31	6,167
Provisions for the year	+	2		12	30,756	22	55,025	32	290
Other increases	+	3		13		23	1,964	33	
Utilisation for the year	-	4	1,123	14		24	176	34	542
Other increases	-	5	722	15	11	25		35	12
Carrying value		6		16	109,442	26	90,844	36	5,903

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

I: Assets	Controlling companies	Subsidiaries	Affiliated companies	Associated companies	Other	Total
Shares and interests	1	2 161,892	3	4 7,954	5	6 169,846
Bonds	7	8	9	10	11	12
Loans	13	14 295,000	15	16	17	18 295,000
Participation in investment pools	19	20	21	22	23	24
Deposits with credit institutions	25	26	27	28	29	30
Other financial investments	31	32	33	34	35	36
Deposits with ceding undertakings	37	38 111	39	40	41	42 111
Investments relating to contracts linked to investment funds and market indexes	43	44	45	46	47	48
Investments relating to the administration of pension funds	49	50	51	52	53	54
Debtors arising out of direct insurance	55	56	57	58	59	60
Debtors arising out of reinsurance operations	61	62 334	63	64	65	66 334
Other debtors	67	68 6,316	69	70	71	72 6,316
Bank and Postal accounts	73	74	75	76	77	78
Miscellaneous assets	79	80 221	81	82	83	84 221
Total	85	86 **463,873**	87	88 **7,954**	89	90 **471,827**
of which subordinated assets	91	92 15,000	93	94	95	96 15,000

II: Liabilities	Controlling companies	Subsidiaries	Affiliated companies	Associated companies	Other	Total
Subordinated liabilities	97	98	99	100	101	102
Deposits received from reinsurers	103	104	105	106	107	108
Creditors arising out of direct insurance	109	110 2,480	111	112	113	114 2,480
Creditors arising out of reinsurance operations	115	116	117	118	119	120
Amounts owed to banks and credit institutions	121	122	123	124	125	126
Loans guaranteed by mortgages	127	128	129	130	131	132
Miscellaneous loans and other financial liabilities	133	134	135	136	137	138
Miscellaneous creditors	139	140 8,710	141	142	143	144 8,710
Miscellaneous liabilities	145	146	147	148	149	150
Total	151	152 **11,190**	153	154	155	156 **11,190**

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

		FY		Previous year
I. Guarantees given:				
a) sureties and endorsements given in the interest of controlling subsidiary and affiliated companies	1		31	
b) sureties and endorsements given in the interest of associated companies and other shareholdings	2		32	
c) sureties and endorsements given in the interest of third parties	3		33	
d) other personal guarantees given in the interest of subsidiary and affiliated companies	4		34	
e) other personal guarantees given in the interest of other shareholdings	5		35	
f) other personal guarantees given in the interest of third parties	6		36	
g) guarantees secured by mortgages given for obligations of third parties subsidiary and affiliated companies	7		37	
h) guarantees secured by mortgages given for obligations of associated companies and other shareholdings	8		38	
i) guarantees secured by mortgages given for obligations of third parties	9		39	
l) guarantees given for obligations of the Company	10		40	
m) assets deposited for inward inward reinsurance	11		41	
Total	12		42	
II. Guarantees received:				
a) from Group companies, associates and other shareholdings	13		43	
b) from third parties	14	1,803	44	4,495
Total	15	**1,803**	45	**4,495**
III. Guarantees issued by third parties in the interest of the Company:				
a) from Group companies, associates and other shareholdings	16		46	
b) from third parties	17		47	
Total	18		48	
IV. Commitments:				
a) commitments for purchases with obligation of resale	19		49	
b) commitments for purchases with obligation of resale	20		50	
c) other commitments	21	6,974,706	51	6,036,703
Total	22	**6,974,706**	52	**6,036,703**

SCHEDULE OF COMMITMENTS FOR TRANSACTIONS ON DERIVATIVES

		Financial				Previous year			
		Purchase		Sale		Purchase		Sale	
Derivatives		**(1)**	**(2)**	**(1)**	**(2)**	**(1)**	**(2)**	**(1)**	**(2)**
Futures:	on shares	1	101	21	121	41	141	61	161
	on bonds	2	102	22	122	42	142	62	162
	on currencies	3	103	23	123	43	143	63	163
	on rates	4	104	24	124	44	144	64	164
	other	5	105	25	125	45	145	65	165
Options:	on shares	6	106	26	126	46	146	66	166
	on bonds	7	107	27	127	47	147	67	167
	on currencies	8	108	28 1,699,188	128 -18,127	48	148	68 1,819,386	168 -20,456
	on rates	9	109	29	129	49	149	69	169
	other	10	110	30	130	50	150	70	170
Swaps:	on currencies	11	111	31	131	51	151	71	171
	on rates	12	112	32	132	52	152	72	172
	other	13	113	33	133	53	153	73	173
Other transactions		14	114	34	134	54	154	74	174
Total		15	115	35 **1,699,188**	135 **-18,127**	55	155	75 **1,819,386**	175 **-20,456**

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

  Offsetting of items is not permitted except in relation to purchase/sale transactions relating to the same type of contract (same content, expiry, underlying assets, etc.).
- The value to be assigned to derivative contracts that involve or may involve the exchange of capital at term is the settlement price of these; in all other cases, the nominal value of the reference capital must be indicated.
- Contracts that envisage the swapping of two currencies must be indicated once only, referring, by convention, to the currency to be purchased. Contracts that envisage interest rate and currency swaps must be indicated only under contracts on currency.
- Interest swap derivatives are classified conventionally as “purchases” or “sales” according to whether they involve the purchase or sale of the fixed rate or sale of the fixed rate for the insurance company.

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

(2) Indicate the fair value of derivative contracts.

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

	Gross premiums: written	Gross premiums: for the year	Gross charge for claims	Management costs	Reinsurance balance
Direct business:					
Personal accident and Health (classes 1 and 2)	1	2	3	4	5
TPL land vehicles (class 10)	6	7	8	9	10
TPL land vehicles (class 3)	11	12	13	14	15
Marine, Aviation and Transport (classes 4, 5, 6, 7, 11 and 12)	16	17	18	19	20
Fire and other property damage(classes 8 and 9)	21	22	23	24	25
Non-motor TPL (class 13)	26	27	28	29	30
Personal accident and Health (classes 14 and 15)	31 452,888	32 210,043	33 204,795	34 72,644	35 -86,298
Sundry Pecuniary Losses (class 16)	36	37	38	39	40
Legal Fees (class 17)	41	42	43	44	45
Assistance (class 18)	46	47	48	49	50
Total direct business	51 452,888	52 210,043	53 204,795	54 72,644	55 -86,298
Reinsurance business	56 29,000	57 5,954	58 -8,830	59 1,946	60
Total Italian portfolio	61 481,888	62 215,997	63 195,965	64 74,590	65 -86,298
Foreign portfolio	66 1,923	67 395	68 -586	69 129	70
Grand total	71 483,811	72 216,392	73 195,379	74 74,719	75 -86,298

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

	Non-life business		Life business		Total	
Income from shares and interests:						
Dividends and other income from shares and interests of Group companies and shareholdings	1		41		81	
Dividends and other income from shares and interests in other companies	2	880	42		82	880
Total	3	880	43		83	880
Income from investments in land and buildings	4	614	44		84	614
Income from other investments:						
Income from bonds of Group companies and shareholdings	5		45		85	
Interest on loans to group companies and shareholdings	6	5,314	46		86	5,314
Income from shares in common investment funds	7		47		87	
Income from bonds and other fixed-income securities	8	64,881	48		88	64,881
Interest on loans	9	92	49		89	92
Income from shares in investment pools	10		50		90	
Interests on deposits with credit institutions	11	6,995	51		91	6,995
Income from other financial investments	12	14,860	52		92	14,860
Interest on deposits with ceding undertakings	13		53		93	
Total	14	92,142	54		94	92,142
Value re-adjustments on investments in:						
Land and buildings	15		55		95	
Shares and interests, Group companies and shareholdings	16		56		96	
Bonds issued by Group companies and shareholdings	17		57		97	
Other shares and interests	18	33,250	58		98	33,250
Other bonds	19		59		99	
Other financial investments	20	53,038	60		100	53,038
Total	21	86,288	61		101	86,288
Income from the disposal of investments:						
Gains on disposal of land and buildings	22		62		102	
Gains on shares and interests in Group companies and shareholdings	23		63		103	
Income from bonds issued by Group companies and shareholdings	24		64		104	
Gains on other shares and interests	25	19,379	65		105	19,379
Gains on other bonds	26		66		106	
Gains on other financial investments	27	1,313,073	67		107	1,313,073
Total	28	1,332,452	68		108	1,332,452
GRAND TOTAL	29	1,512,377	69		109	1,512,377

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

	Non-life business		Life business		Total	
Investment management charges and other charges						
Charges relating to shares and interests	1		31		61	
Charges relating to investments in land and buildings	2	845	32		62	845
Charges relating to bonds	3		33		63	
Charges relating to common investment funds	4		34		64	
Charges relating to participation in investment pools	5		35		65	
Charges relating to miscellaneous financial investments	6	4,486	36		66	4,486
Interest on deposits received from reinsurers	7		37		67	
Total	8	5,331	38		68	5,331
Value adjustments on investments referring to:						
Land and buildings	9	1,168	39		69	1,168
Shares and interests of Group companies and shareholdings	10	7,107	40		70	7,107
Bonds issued by Group companies and shareholdings	11		41		71	
Other shares and interests	12	39,454	42		72	39,454
Other bonds	13	84	43		73	84
Other financial investments	14	33,192	44		74	33,192
Total	15	81,005	45		75	81,005
Capital losses on disposal of investments						
Losses on the sale of land and buildings	16		46		76	
Losses on other shares and interests	17	740	47		77	740
Losses on bonds	18		48		78	
Losses from other financial investments	19	908,939	49		79	908,939
Total	20	909,679	50		80	909,679
GRAND TOTAL	21	996,015	51		81	996,015

NON-LIFE BUSINESS - SUMMARY STATEMENT OF THE TECHNICAL ACCOUNTS BY INDIVIDUAL BRANCH – ITALIAN PORTFOLIO

		Accounting class 01 Accident (name)		Accounting class 02 Health (name)		Accounting class 03 Hulls land vehicles (name)		Accounting class 04 Hulls railway rolling stock (name)		Accounting class 05 Hulls aircraft (name)		Accounting class 06 Hulls marine, lake, river craft (name)	
Direct business gross of reinsurance													
Premiums written	+	1	0	1	0	1	0	1	0	1	0	1	0
Change in the provisions for unearned premiums (+ or -)	-	2	0	2	0	2	0	2	0	2	0	2	0
Charges relating to claims	-	3	0	3	0	3	0	3	0	3	0	3	0
Change in miscellaneous technical provisions (+ or -) (1)	-	4	0	4	0	4	0	4	0	4	0	4	0
Balance of other technical items (+ or -)	+	5	0	5	0	5	0	5	0	5	0	5	0
Operating expenses	-	6	0	6	0	6	0	6	0	6	0	6	0
Technical balance direct business (+ or -) A		7	0	7	0	7	0	7	0	7	0	7	0
Result of outward reinsurance (+ or -) B		8	0	8	0	8	0	8	0	8	0	8	0
Net result of inward reinsurance (+ or -) C		9	0	9	0	9	0	9	0	9	0	9	0
Change in the equalisation provision (+ or -) D		10	0	10	0	10	0	10	0	10	0	10	0
Allocated investment return transferred from the non-technical account E		11	0	11	0	11	0	11	0	11	0	11	0
Result of the technical account (+ or -) (A + B + C - D + E)		12	0	12	0	12	0	12	0	12	0	12	0

		Accounting class 07 Goods Transported (name)		Accounting class 08 Fire and Natural Forces (name)		Accounting class 09 Other Property Damage (name)		Accounting class 10 Motor TPL (name)		Accounting class 11 TPL aircraft (name)		Accounting class 12 TPL Marine (name)	
Direct business gross of reinsurance													
Premiums written	+	1	0	1	0	1	0	1	0	1	0	1	0
Change in the provisions for unearned premiums (+ or -)	-	2	0	2	0	2	0	2	0	2	0	2	0
Charges relating to claims	-	3	0	3	0	3	0	3	0	3	0	3	0
Change in miscellaneous technical provisions (+ or -) (1)	-	4	0	4	0	4	0	4	0	4	0	4	0
Balance of other technical items (+ or -)	+	5	0	5	0	5	0	5	0	5	0	5	0
Operating expenses	-	6	0	6	0	6	0	6	0	6	0	6	0
Technical balance direct business (+ or -) A		7	0	7	0	7	0	7	0	7	0	7	0
Result of outward reinsurance (+ or -) B		8	0	8	0	8	0	8	0	8	0	8	0
Net result of inward reinsurance (+ or -) C		9	0	9	0	9	0	9	0	9	0	9	0
Change in the equalisation provision (+ or -) D		10	0	10	0	10	0	10	0	10	0	10	0
Allocated investment return transferred from the non-technical account E		11	0	11	0	11	0	11	0	11	0	11	0
Result of the technical account (+ or -) (A + B + C - D + E)		12	0	12	0	12	0	12	0	12	0	12	0

		Accounting class 13 Non-motor TPL (name)		Accounting class 14 Credit (name)		Accounting class 15 Suretyship (name)		Accounting class 16 Sundry Pecuniary Losses (name)		Accounting class 17 Legal Fees (name)		Accounting class 18 Assistance (name)	
Direct business gross of reinsurance													
Premiums written	+	1	0	1	-431,235	1	-21,653	1	0	1	0	1	0
Change in the provisions for unearned premiums (+ or -)	-	2	0	2	231,234	2	11,611	2	0	2	0	2	0
Charges relating to claims	-	3	0	3	195,003	3	9,791	3	0	3	0	3	0
Change in miscellaneous technical provisions (+ or -) (1)	-	4	0	4	0	4	0	4	0	4	0	4	0
Balance of other technical items (+ or -)	+	5	0	5	13,800	5	693	5	0	5	0	5	0
Operating expenses	-	6	0	6	69,171	6	3,473	6	0	6	0	6	0
Technical balance direct business (+ or -) A		7	0	7	77,974	7	3,915	7	0	7	0	7	0
Result of outward reinsurance (+ or -) B		8	0	8	-86,298	8	0	8	0	8	0	8	0
Net result of inward reinsurance (+ or -) C		9	0	9	-12,145	9	-610	9	0	9	0	9	0
Change in the equalisation provision (+ or -) D		10	0	10	8,563	10	430	10	0	10	0	10	0
Allocated investment return transferred from the non-technical account E		11	0	11	-164,093	11	-8,239	11	0	11	0	11	0
Result of the technical account (+ or -) (A + B + C - D + E)		12	0	12	-176,000	12	-4,504	12	0	12	0	12	0

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

		Risks of direct insurance				Risks of indirect insurance				Risks preserved	
		Direct risks 1		Risks ceded 2		Risks assumed 3		Risks retroceded 4		Total 5 = 1 - 2 + 3 - 4	
Premiums written	+	1	-452,888	11	81,538	21	-29,000	31		41	-400,350
Change in the provisions for unearned premiums (+ or -)	-	2	242,844	12	-128,604	22	23,046	32		42	137,286
Charges relating to claims	-	3	204,795	13	-21,021	23	-8,830	33		43	174,944
Change in miscellaneous technical provisions (+ or)	-	4		14		24		34		44	
Balance of other technical items (+ or -)	+	5	14,493	15	-2,406	25	83	35		45	12,170
Operating expenses	-	6	72,644	16	-15,805	26	1,946	36		46	58,785
Technical balance (+ or -)		7	81,889	17	-86,298	27	-12,755	37		47	-17,165
Change in the equalisation provision (+ or -)	-	8	8,993							48	8,993
Allocated investment return transferred from the non-technical account	+	9	-172,332			29				49	-172,332
Result of the technical account (+ or -)		10	-81,450	20	-86,298	30	-12,755	40		50	-180,504

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

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

Section I: Non-life business

				Total lines of business
Direct business gross of reinsurance				
Premiums written			1	
Change in the provisions for unearned premiums (+ or -)		-	2	
Charges relating to claims		-	3	
Change in miscellaneous technical provisions (+ or -) (1)		-	4	
Balance of other technical items (+ or -)			5	
Operating expenses		-	6	
Technical balance direct business (+ or -)	**A**		7	
Result of outward reinsurance (+ or -)	**B**		8	
Net result of inward reinsurance (+ or -)	**C**		9	-846
Change in the equalisation provision (+ or -)	**D**		10	596
Allocated investment return transferred from the non-technical account	**E**		11	-11,428
Result of the technical account (+ or -)	**(A + B + C - D + E)**		12	**-11,677**

Section I: Life business

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

(1) As well as including the change in other technical provisions this item also includes the change in the provision for premium refunds and profit sharing.
(2) Sundry technical provisions include other technical provisions and technical provisions if the investment risk is borne by the policyholders and provisions relating to the administration of pension funds.
(3) Sum of the items relating to the foreign portfolio included under items II.2, II.3, II.9, II.10 and II.12 of profit and loss.

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

I: Income	Controlling companies	Subsidiaries	Affiliated companies	Associated companies	Other	Total
Investment income						
Income from land and buildings	1	2 614	3	4	5	6 614
Dividends and other income from shares and interests	7	8	9	10	11	12
Income from bonds	13	14	15	16	17	18
Interest on loans	19	20	21	22	23	24
Income from other financial investments	25	26 5,314	27	28	29	30 5,314
Interest on deposits with ceding undertakings	31	32	33	34	35	36
Total	37	38 5,928	39	40	41	42 5,928
Income and unrealised gains on investments for the benefit of policyholders who bear the investment risk and relating to the administration of pension funds	43	44	45	46	47	48
Other income						
Interest on receivables	49	50	51	52	53	54
Refunds of administrative expenses and charges	55	56	57	58	59	60
Other income and refunds	61	62 4,178	63	64	65	66 4,178
Total	67	68 4,178	69	70	71	72 4,178
Income from the disposal of investments (*)	73	74	75	76	77	78
Extraordinary income	79	80 10,775	81	82	83	84 10,775
GRAND TOTAL	85	86 20,881	87	88	89	90 20,881

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

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

SUMMARY STATEMENT OF PREMIUMS WRITTEN FOR DIRECT BUSINESS

	Non-life business		Life business		Total	
	Establishment	F.P.S.	Establishment	F.P.S.	Establishment	F.P.S.
Premiums written:						
in Italy	1 452,888	5	11	15	21 452,888	25
in other countries of the European Union	2	6	12	16	22	26
in non-EU Countries	3	7	13	17	23	27
Total	4 452,888		14	18	24 452,888	28

STATEMENT OF EXPENSES RELATING TO PERSONNEL, DIRECTORS AND STATUTORY AUDITORS

I: Staff costs

I: Staff costs		Non-life business		Life business		Total
Personnel costs						
Italian portfolio:						
- Wages and salaries	1	29,245	31		61	29,245
- Social security contributions	2	7,963	32		62	7,963
- Allocation to the provisions for employee termination indemnities and similar obligations	3	2,103	33		63	2,103
- Sundry personnel expenses	4	11,874	34		64	11,874
Total	5	51,185	35		65	51,185
Foreign portfolio:						
- Wages and salaries	6	1,933	36		66	1,933
- Social security contributions	7	526	37		67	526
- Sundry personnel expenses	8	785	38		68	785
Total	9	3,244	39		69	3,244
Grand Total	10	54,429	40		70	54,429
Costs of self-employed personnel:						
Total Italian portfolio	11	4,184	41		71	4,184
Foreign portfolio	12	277	42		72	277
Total	13	4,460	43		73	4,460
Total costs of workforce	14	58,889	44		74	58,889

II: Description of the item

II: Description of the item		Non-life business		Life business		Total
Investment management charges	15	1,215	45		75	1,215
Charges relating to claims	16	2,752	46		76	2,752
Other acquisition costs	17	16,507	47		77	16,507
Other acquisition costs	18	38,415	48		78	38,415
Administrative costs and expenses on behalf of third parties	19		49		79	
	20		50		80	
Total	21	58,889	51		81	58,889

III: Average number of personnel during the year

III: Average number of personnel during the year		Number
Managers	91	35
White collar	92	438
Blue collar workers	93	
Others	94	
Total	95	473

IV Directors and statutory auditors

IV Directors and statutory auditors		Number		Fees
Directors	96	4	98	372
Statutory Auditors	97	3	99	47

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

The legal representatives of the company (*)

Alessandro Castellano (**)

The Statutory Auditors

Marcello Cosconati

Alessandra Rosa

Giuliano Segre

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

(*) For foreign companies, the document must be signed by the general representative for Italy.
(**) Indicate the position of the person who signs.

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

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

- the adequacy in relation to the characteristics of the company and
- the effective application

of the administrative and accounting procedures used to prepare the financial statements for the year ended at 31 December 2015.

The adequacy of the administrative and accounting procedures used to prepare the financial statements for the year ended at 31 December 2015 was assessed on the basis of a process defined by SACE in accordance with generally recognised international standards.

We hereby also certify that:

- the financial statements at 31 December 2015:
    - correspond to the results of company records and accounting entries;
    - were drawn up in accordance with article 6, para. 22 of Legislative Decree 269/2003, the applicable provisions of Legislative Decree 209 of 7 September 2005, Legislative Decree 173 of 26 May 1997 (with regard to the provisions governing the annual and consolidated accounts of insurance companies) and that to the best of our knowledge they give a true and fair view of the state of affairs, the financial standing and the operating result of the company.
- the report on operations includes a fair review of the operating performance and result and the situation of the company and a description of the main risks and uncertainties to which it is exposed.

Rome, 16 March 2016

Chief Executive Officer
Alessandro Castellano

Executive Officer
Roberto Taricco

REPORT OF THE BOARD OF STATUTORY AUDITORS

REPORT OF THE BOARD OF STATUTORY AUDITORS
on the draft financial statements at 31 December 2015

Dear Shareholders,

We have prepared this report pursuant to Art. 2429, paragraph 2, of the Italian Civil Code. This report was collectively approved in good time at the Company's registered office, in the 15 days prior to the date set for the Shareholders' meeting on first call to approve these financial statements.

In 2015, we carried out our duties in accordance with Art. 2403 of the Italian Civil Code and in compliance with the Principles of Conduct of the Board of Statutory Auditors, recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (the Italian accounting profession). During this period, in view of the fact that the legally-required audit is the responsibility of the party appointed for that purpose, we therefore acted in a supervisory capacity in accordance with Art. 2403 of the Italian Civil Code.

On 16 March 2016, following the resolutions adopted, the Directors of SACE provided us with the draft financial statements at 31 December 2015, together with the schedules and annexes and their report, in accordance with the requirements of company law and legislation governing the specific area of business of SACE.

We were appointed as members of the Board of Statutory Auditors by the resolution of the Shareholders' Meeting of 2 July 2013 for three years and, therefore, until the Shareholders' Meeting called to approve the 2015 financial statements. We held 10 (ten) meetings during 2015, as indicated in our book of meetings and resolutions. During the year, we participated in all of the Board Meetings and received information about operations and the most significant transactions without delay from the Board of Directors, company managers and the other supervisory bodies, and are satisfied that all operations approved and implemented comply with the law, the company by-laws and resolutions and are in line with correct management practices, and are consistent with the structure and size of the company and its assets.

The relationships between the Company and its Directors, Employees and consultants are based on mutual collaboration and respect individual roles. The Board resolutions were supported by adequate reasons and preliminary activities.

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

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

No non-recurring or unusual transactions with respect to the "core business" of the business purpose were carried out. The Company's business purpose did not change during the year and is in line with that set out in the same business purpose.

Taking into account the management and coordination activities of the parent Cassa depositi e prestiti, we monitored the adequacy of the Company's organisational, administrative and accounting structure, also by gathering information from the respective department managers, examining the work of the Independent Auditors and with meetings with the Boards of Statutory Auditors of the subsidiaries SACE BT, SACE SRV and SACE Fct. This showed the organisational, administrative and accounting structure is in line with the business needs and supported by efficient corporate processes.

Our collaboration with the Head of the Internal audit department gave rise to detailed analyses and information flows also concerning the implementation of the corrective measures adopted.

The information received from the Supervisory Body on the adequacy of the organisation, management and control model, pursuant to Legislative Decree No. 231/2001, confirmed that there were no signs of weakness in the procedures adopted by the Company. No critical issues were identified with respect to the organisational model which are to be disclosed in this report.

Functions are well distributed within the Board of Directors and in line with the mandates conferred. Also after the changes in SACE's board of directors during the year, we continued recommending actual segregation of duties, functions and responsibilities within SACE's corporate governance and organisational structure be monitored, to protect the risks assumed.

Following the issue of the € 500 million subordinated bond and its listing on the Luxembourg stock exchange, the Company, as an *"issuer of securities admitted to trading on Italian and EU regulated markets"*, falls under the scope of application of Art. 16 and following articles of Legislative decree No. 39/2010. This required that the statutory audit be assigned to the independent auditors on a nine-year, rather than a three-year basis. Consequently, in its Meeting of 23 April 2015, the Shareholders, on a proposal submitted by us on 13 April 2015, after discussion with the Parent, assigned the engagement to carry out the legally-required audit for the period 2015-2023 to PricewaterhouseCoopers which is already the auditor of the parent Cassa depositi e prestiti.

The above Independent auditors did not identify any irregularities in the recognition and representation of the company operations or, with respect to the financial statements, departures from the accounting policies and measurement criteria applied in prior years, thus confirming the correctness of the criteria adopted to give a true and fair view of the assets, liabilities, revenue and expense as at and for the year ended 31 December 2015. We acknowledge that, in their report, the Independent auditors have confirmed that the financial statements at 31 December 2015 have been drawn up clearly and give a true and fair view of assets, financial position, results of operations, changes in shareholders' equity and cash flows of SACE.

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

We did not receive or filed any petitions or complaints pursuant to Art. 2408 and 2409 of the Italian Civil Code. During the performance of our supervisory activities, we did not identify any significant facts which require disclosure in this report. Moreover, no measure was necessary in respect of any omission by the Board of Statutory Auditors pursuant to Art. 2406 of the Italian Civil Code.

Based on the above, we are in favour of the approval of the financial statements as prepared by the Board of Directors and their proposal to allocate the profit for the year of € 406,652,262 as follows:

- € 20,332,613 to the "Legal reserve", equal to 5% of the profit for the year, in accordance with Art. 2430 of the Italian Civil Code;
- € 76,166,977 to "Other reserves";
- € 310,152,672 in accordance with the resolutions to be passed by the Shareholders' Meeting.

Rome, 11 April 2016

The board of statutory auditors

Mr. Marcello Cosconati (Chairman)

Ms. Alessandra Rosa (Standing Auditor)

Mr. Giuliano Segre (Standing Auditor)

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INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the Shareholder of
SACE SpA

REPORT ON THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2015

We have audited the accompanying financial statements of SACE SpA, which comprise the balance sheet as of 31 December 2015, the income statement for the year then ended and related notes.

Directors' responsibility for the financial statements

The directors of SACE SpA are responsible for the preparation of financial statements that give a true and fair view in compliance with the Italian laws governing the criteria for their preparation.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree n° 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view, in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of SACE SpA as of 31 December 2015 and of the result of its operations for the year then ended in compliance with the Italian laws governing the criteria for their preparation.

Other matter

In the performance of our engagement we used the work of the auditing actuary, who expressed an opinion on the sufficiency of the technical provisions recognised in liabilities on the balance sheet of SACE SpA through the accompanying report.

REPORT ON COMPLIANCE WITH OTHER LAWS AND REGULATIONS

Opinion on the consistency of the report on operations with the financial statements

We have performed the procedures required under auditing standard (SA Italia) n° 720B in order to express an opinion, as required by law, on the consistency of the report on operations, which is the responsibility of the directors of SACE SpA, with the financial statements of SACE SpA as of 31 December 2015. In our opinion, the report on operations is consistent with the financial statements of SACE SpA as of 31 December 2015.

Rome, 11 April 2016

PricewaterhouseCoopers SpA

Signed by

Alberto Buscaglia
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

ACRA

PRESIDENTE
Prof. Paolo De Angelis

SOCI
Dott. Paolo Nicoli
Dott. Fabio Baione
Dott. Andrea Fortunati

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

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

Rome, April 6th 2016

OBJECT: SACE S.P.A.
Financial Statements as at and for the year ended December 31st 2015

In accordance with my engagement, I have carried out an actuarial audit of the captions relating to the technical reserves included in the balance sheet liabilities of the financial statements of SACE S.p.A as at and for the year ended December 31st 2015, in order to express my opinion on the adequacy of the above technical reserves.

In particular, I declare that SACE S.p.A. in calculating technical reserves as at December 31st 2015 has adopted:
- market-consistent models for risk credit reserves, and
- market-consistent parameters estimation.

In my opinion the technical reserves of SACE S.p.A. as at December 31st 2015 - taken as a whole - are adequate to describe the value of Company liabilities.

The Actuary

Signed by

(Prof. Paolo De Angelis)

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

ASSOCIAZIONE
PER LA CONSULENZA
E LA RICERCA ATTUARIALE

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CONSOLIDATED FI
STATEMENTS AT 3

NANCIAL

DECEMBER 2015

Dubai,
UNITED ARAB EMIRATES

Meeting of the Board of Directors
of 16 March 2016

SACE

Registered Office and Head Office in Rome

Share capital (fully paid in) € 3,541,128,212

Tax No. and Rome Companies Register

No. 05804521002 – R.E.A. 923591

Sole Shareholder Cassa depositi e prestiti

SACE

COMPANY OFFICERS AND BOARDS

BOARD OF DIRECTORS

Chairman	Giovanni CASTELLANETA
Chief Executive Officer	Alessandro CASTELLANO (*)
Directors	Antonella BALDINO (**) Simonetta IARLORI (***)

BOARD OF STATUTORY AUDITORS

Chairman	Marcello COSCONATI
Standing Auditors	Alessandra ROSA Giuliano SEGRE
Alternate Auditors	Edoardo ROSATI Maria Enrica SPINARDI

STANDING DELEGATE OF THE COURT OF AUDITORS

Guido CARLINO

EXTERNAL AUDITORS (****)

PRICEWATERHOUSECOOPERS

Company Boards appointed by the Shareholders' Meeting on 2 July 2013 and in office for three years.
(*) Appointed CEO by resolution of the Board of Directors on 17 July 2013.
(**) Director co-opted by resolution of the Board of Directors on 9 February 2016.
(***) Director co-opted by resolution of the Board of Directors on 9 September 2015.
(****) Appointed for the period 2015 - 2023 by the Shareholder's Meeting of 23 April 2015.

CONTENTS

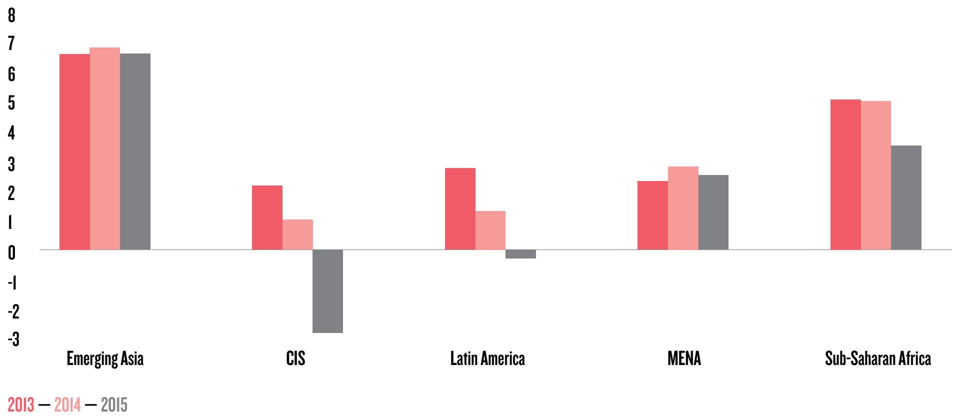
DIRECTORS' REPORT

1. THE ECONOMIC SCENARIO

The world economy

In 2015, the global economy was affected by the slow-down in the Chinese economy and the decrease in raw material prices. Emerging countries slowed down and showed some structural weaknesses, while advanced countries started growing again, although at lower rates. The decrease in the price of oil and other commodities had a negative effect on the growth of exporting countries (such as Russia, Venezuela, Nigeria and Angola), while it supported importing countries (such as India). Advanced countries started growing again, but recording different trends in the different areas. The Eurozone performed well thanks to the ECB's unconventional monetary measures to promote lending and support inflation. The central banks of the United Kingdom and Japan also pursued an expansionary monetary policy. Finally, in December, the FED has increased interest rates for the first time since 2006, reflecting the strengthening of the US economy and the improvement in the labour market. Growth in emerging countries continued to decelerate, though to a different extent among the various areas. Emerging Asia grew by approximately 6.5% because of China's reduced dynamism. In Sub-Saharan Africa, the reduction in commodity prices caused a decrease in the development rate to 3.5% (+5% in 2014), while the MENA regions continue to suffer from the instability caused by the risks of political violence (Libya, Yemen, Syria) and the reduction in oil prices. The slowdown in the Chinese demand had a significant effect also in Latin America, where GPD decreased (-0.3%). India bucked this trend thanks to favourable exchanges and the increase in consumption and production.

GDP performance by geographical area (% change)



Source: IMF

Volatility has returned on international markets. The instability of the Chinese market has caused an increase in risk aversion, raising the outflows of capital from the stock and bond markets of emerging economies. This caused an increase in yield differentials between long-term sovereign securities expressed in dollars issued by said economies and the US ones.

The Italian economy and industrial sectors

2015 marked a turnaround for the Italian economy where recession was replaced by an increase in GDP estimated at 0.6%. Activities were driven by internal demand, specifically household consumption (in particular, durable goods), supported by the increase in disposable income. Conversely, the contribution of net foreign demand decreased. Exports rose by approximately 4%, however at rates below those of imports.

During the year, industrial production rose 1%. With respect to the main categories, capital goods posted highest growth, while the production volume of durable and intermediate goods slightly decreased. With respect to business sectors, means of transport, pharmaceuticals and electronic goods performed best. Conversely, the mining, textile, clothing, leather and accessory, steel and furniture and jewellery sectors performed badly. Production in the food and beverage and construction materials sectors recorded a smaller decrease.

Italian exports

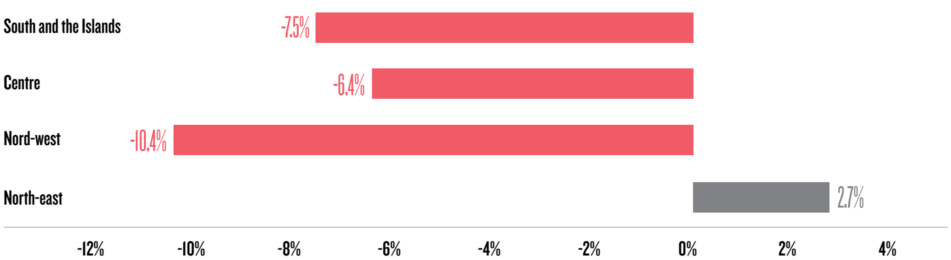
International trade in goods grew 2.5% in the first eleven months of the year, still below pre-crisis levels. The disappointing performance of trading with emerging economies was offset by the recovery in the Eurozone and the United States. Italy's exports rose 3.7% mainly thanks to EU demand (+3.8%). The most dynamic countries include Belgium, Spain, the United States and India, while sales to Russia decreased as a consequence of the sanctioning regime, as well as in the Asean and Mercosur regions. In the main sectors, exports grew mainly thanks to the rise in the sale of agricultural goods, cars, electronic and mobile devices. Conversely, the increase in instrumental engineering, which is the main drivers for SACE's most traditional insurance activities was below the average.

Credit and insolvencies

During the year, the trend of bank loans to the non-financial private sector improved thanks to the relaxation of lending criteria and the reduction in interest rates. However, non-performing bank loans to companies are still increasing, up to € 159 billion in November.

Bankruptcies have decreased for the first time since 2007, although the level remains high: during the year, 14,700 cases (-6.3% on 2014). The reduction is common to all sectors, specifically the manufacturing one, except for fast-moving consumer goods and hi-tech. From a geographical point of view, different performance levels were recorded with positive figures in the North-west, the Centre and the South and Islands, specifically in the Marche (-22%), Sicily (-14.2%) and Piedmont regions (-13.6%). Conversely, bankruptcies rose in the North-east, with negative peaks in the Friuli, Trentino and Veneto regions.

Bankruptcies by geographical area (2015, %)



Source: Cerved data processed by SACE

Credit collection and payments

The credit collection activities of SACE SRV recorded (in contrast with the market) a higher recovery rate compared to the previous year. According to Cerved's figures, companies' payment times decreased between July and September, down to 76 days, with an average delay of 16.1 days, compared to 17.5 in the same period of the previous year and 17.7 in 2013. The number of companies with delays of over two months compared to the agreed deadlines also shows a positive trend. Protests raised against Italian companies decreased (-18.2% on the third quarter of 2014). The decline affected all sectors of the economy, in particular industry and constructions, where the number of companies protested returned below the levels of 2007. In 2015, non-bankruptcy insolvency proceedings decreased significantly (-15.2%). Arrangements with creditors decreased (including restructuring plans) also thanks to the reduction in "blank arrangements".

Outlook for 2016

Global GDP should rise by approximately 3% in 2016 thanks to the strengthening of growth in the United States and the Eurozone driven by the ECB's expansionary policies. However, difficulties will continue to affect the main emerging economies due to the low price of raw materials, the return of debt with the weakening of public accounts and the resurfacing of political violence. In 2016, Italy's GDP is expected to accelerate up to a growth rate of approximately 1.5% thanks to stronger internal demand. This upward trend will have a positive effect on unemployment (supporting household consumption) and business demography.

2. STRATEGY

In 2015, the markets were affected by the slowdown of the Chinese economy and the decrease in raw materials prices, especially oil. Volatility returned on international financial markets. Specifically, after a prolonged unfavourable period, Italy's macro-economic context recorded the first positive signs in 2015. Against this background, SACE has continued to support exports and the internationalisation of Italian companies. The measures taken in 2015 were aimed at increasing the proximity to customers, both in Italy and abroad (opening of the Palermo office, participating as official sponsor at Milan Expo 2015), as well as diversifying and improving commercial offers, thanks to the full operation of the Trade Finance product and the Sviluppo Export Fund. Based on the awareness of the growing importance of digital technology, the company began collaborating with the digital start-up Workinvoice - Italy's first fintech platform for trade receivables designed to assist companies with the search of alternative sources of liquidity. The completion of the Agreement between SACE and the Ministry of the economy and finance (article 32 of Law decree No. 91/2014, converted with amendments by Law No. 116/2014) also enabled the company to assume more risks vis-à-vis counterparties/sectors/countries for which SACE had already a high concentration risk.

On 30 January 2015, SACE placed a € 500 million perpetual subordinated bond with institutional investors, with an annual coupon of 3.875% for the first ten years and indexed to the ten-year swap rate of 318.6 basis points for the subsequent years. The securities may be recalled after ten years and, subsequently, at each coupon's payment date.

In order to increase customers' central role to its business and meet their long-term needs along the entire chain value, SACE will increase its synergies with the following product companies: SACE BT, SACE Fct and SACE SRV, and will increase its presence within the territory by improving internal skills in terms of country risk knowledge and assessment, which constitutes a fundamental aspect given the rise in exposure to sovereign risks. As for the product companies, SACE BT, active in credit insurance, surety bonds and protection of construction risk, continued to record positive technical results thanks to a careful underwriting policy and operational efficiency measures. The new products, BT Facile for SMEs, and Trade Finance, in synergy with SACE Fct, completed the commercial offer. The top line and profitability are expected to increase in 2016 in line with the forecast recovery of the economy.

On 25 June 2015, the General Court of the EU rejected SACE's and SACE BT's appeal to annul the Decision to the extent of the section related to the two recapitalisations which took place in June and August 2009, for a total of € 70 million plus interest, ordering the repayment by SACE BT to SACE. SACE's Board of Directors approved the partial recapitalisation of SACE BT up to € 48.5 million, while requesting that the latter optimises its capital structure considering the regulatory requirements, by issuing a subordinated loan of not more than € 18.3 million. The subordinated loan was signed on 15 December 2016 by four different institutional investors for a total of € 14.5 million. SACE and SACE BT filed their appeal before the European Court of Justice against the ruling of the General Court of 25 June.

SACE SRV, active in the management of information files instrumental to evaluation of counterparty risk and credit collection activities, diversified its customer base by offering credit collection products to third-party customers. SACE Fct, a factoring company, faced a more competitive market in 2015 given the further reduction in the reference rates which caused a decrease in margins. The company's careful underwriting policy and product diversification, both in the Corporate segment (domestic and foreign) and in the Public administration segment, enabled it to exceed its business objectives and to achieve positive results, in line with the profitability of reference markets.

3. CONSOLIDATED NET PROFIT

The main highlights of 2015 operating performance are set forth below.

(IN € THOUSAND)	**Total 31-12-15**	**Total 31-12-14**
Gross premiums	559,832	390,432
Change in technical provisions	(463,297)	17,103
Outward reinsurance premiums for the year	23,414	(22,353)
Net premium income	119,949	385,182
Net claims incurred	(214,667)	78,209
Operating expenses	(89,865)	(111,302)
Commissions and other acquisition expenses	(21,854)	(40,637)
Investment management charges	(5,430)	(3,981)
Other administrative expenses	(62,581)	(66,684)
Technical operating income	**(184,582)**	**352,089**
Non-technical operating income	**690,383**	**326,769**
Profit before taxes	**505,801**	**678,858**
Taxes	(196,028)	(208,334)
Net profit for the year	**309,773**	**470,524**

Net profit for the year amounted to € 309.8 million. The components that contributed to determining the net profit for the year are set forth below:

- at € 559.8 million, there was an increase in gross premiums compared with the previous year (€ 390.4 million)
- "Net claims incurred" were negative and amounted to € 214.7 million (2014: € 78.2 million). They are the result of claims paid amounting to € 285.4 million (€ 378.3 million at 31 December 2014), the decrease in the provision for claims outstanding and other technical provisions amounting to € 51.1 million (€ 139.3 million at 31 December 2014) and the increase in recoveries amounting to € 121.8 million (€ 317.2 million at 31 December 2014)
- operating expenses amount to € 89.9 million and include € 16.7 million related to reinsurers' commissions. In 2015, the costs related to annual incentives to SACE's employees were recognised under Other expense (€ 5.8 million)
- non-technical operating income is € 690.4 million (€ 326.7 million at 31 December 2014) and reflects financial performance.

4. INSURANCE OPERATIONS

Premiums

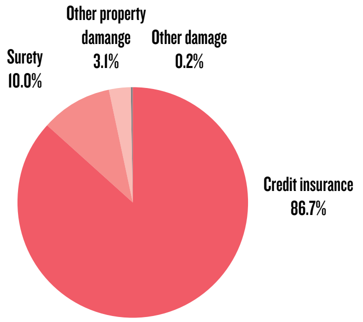
In 2015, the SACE group reported gross premiums for € 559.8 million, of which € 529.7 million from direct business and € 30.1 million from inward reinsurance with an increase of 43% on the previous year.

RIPARTIZIONE PREMI (MIGLIAIA DI EURO)

BUSINESS	**2015**	**2014**	**Change**
Non-life (direct business)	529,745	352,703	50%
Credit insurance	459,309	279,001	65%
Surety	53,018	60,757	-13%
Other property damage	16,279	11,721	39%
Non-motor TPL	548	402	36%
Fire	571	800	-29%
Accident	20	21	-5%
Health			
Life (direct business)			
Total Direct Business	529,745	352,703	50%
Total Indirect Business	30,087	37,729	-20%
Total	**559,832**	**390,432**	**43%**

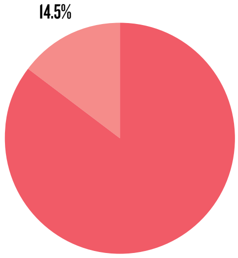
In terms of the ratio of the individual classes of business to gross premiums from direct business, 86.7% of the premiums stemmed from credit insurance, 10% from surety bond and 3.1% from other property damage.

Details of premiums by class (direct business)



Of gross premiums from direct business, 85.5% refers to SACE while the remaining 14.5% refers to SACE BT.

Details of premiums by group company (direct business)



Claims and recoveries

In 2015, SACE paid claims for a total of € 258.7 million, compared to € 339.1 million in 2014. The amount refers to commercial claims directed towards Ukrainian, Polish and Iranian debtors and the claims relating to Iranian policies caused by the difficulties the Iranian counterparties have in honouring payments mainly for penalties imposed on the country by the UN and the EU. The sectors most affected by the commercial claims were the steel, mechanical and aeronautics ones.

The cash flow from sovereign credit recoveries amounts to approximately € 169.3 million, in line with the previous years, following the recoveries of receivables from Iraq (€ 32 million), Egypt (€ 45 million), Cuba (€ 19.7 million), Ecuador (€ 23.8 million) and Argentina (€ 16.4 million). As regards trade recoveries, the total amount collected due to SACE amounts to around € 29.8 million.

Claims paid by the subsidiary SACE BT amount to € 27.7 million (€ 39.4 million at 31 December 2014). During the year, claims decreased 58% on 2014 as a result of several events attributable to individual businesses.

- *Credit* business: claims incurred decreased 39% on the previous year, as confirmed by the reduction in the number of defaults (-43%)
- *Surety bond* business: it decreased by 36% in claims expenses compared to 31 December 2014, mainly due to minor claims of a significant amount, while at the same time there was a 4% decrease in the number of claims
- *Other damage* business: it shows a significant increase in the number of claims (>100%) compared to the previous year, accompanied by an increase in claims expenses of 70%.

SACE BT's recoveries for 2015 amount to € 7.1 million, net of legal fees.

5. RISK MANAGEMENT

Risk management policies

Risk management is based on constant improvements to processes, human resources and technologies and is integrated in decision-making processes in order to improve risk-adjusted performance. The risk identification, measurement and control phases are essential factors in joint evaluation of company assets and liabilities. They are performed using the most effective asset liability management techniques.

The company implements its risk management system in accordance with the applicable legal requirements[1]. Risk management follows a set of procedures based on a three-pillar approach:

- Pillar I introduces a minimum capital requirement for the risks that insurance/financial institutions typically face (technical risk, counterparty risk, market risk and operational risk)
- Pillar II requires SACE and its subsidiaries to adopt a strategy to review and evaluate its capital adequacy
- Pillar III introduces disclosure requirements concerning capital adequacy, risk exposure and general characteristics of risk management and control procedures.

To this end, every year, SACE defines the Risk Appetite Framework (RAF) which groups the metrics, processes and systems supporting the correct management of the risk level and type that the company is willing to assume in line with its strategic objectives. The RAF is an essential tool to SACE's operations as it ensures sustainable development in the medium/long term, preventing the adoption of short-term profit maximisation options which bear an excessive risk.
Below, specified for the company and its subsidiaries, are the most significant risks:

- **Technical risk**: this risk includes the **underwriting risk** and the **credit risk**[2]. The first is associated to the policy portfolio and is the risk of incurring financial losses arising from unfavourable trends in actual compared to expected claims (tariff risk) or differences between the cost of claims and reserved cost (technical provision risk); the second relates to the risk of defaulting and credit rating migration of the counterparty. Both risks are managed by adopting prudent pricing and provisioning strategies, which are defined in accordance with market best practices, and through prudent underwriting policies, permanent monitoring and active portfolio management

[1] For SACE Fct, Circular No. 216 of 5 August 1996 – 7th update of 9 July 2007 "Supervisory instructions for financial intermediaries registered in the special list" issued by Banca d'Italia, for SACE BT and SACE, ISVAP Regulation No. 20 of 26 March 2008, European directive Solvency II No. 2009/138.

[2] The underwriting risk applies to SACE and SACE BT.

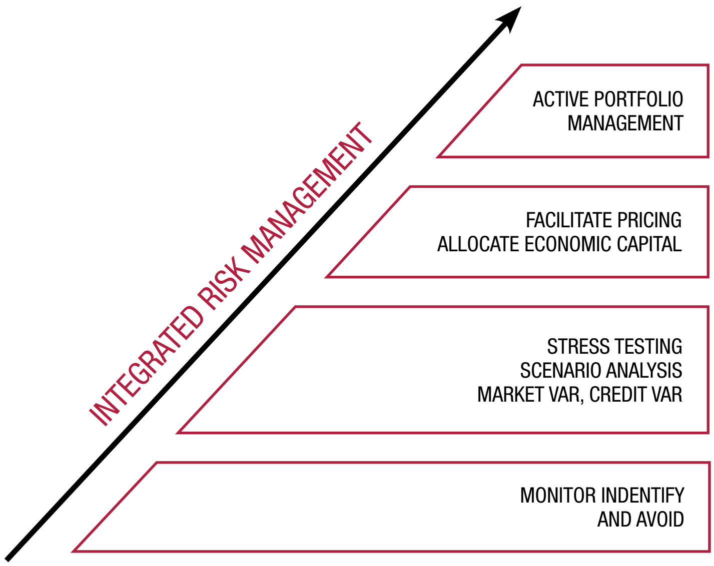
- **Market risk**: the risk of losses due to adverse changes in market prices of financial instruments, currencies and commodities. This type of risk is managed using asset-liability management techniques and kept within previously defined limits by adopting guidelines on asset allocation and market VaR models
- **Operational risk**: the risk of incurring losses resulting from inadequate or failed internal processes, personnel or systems, or from external events. All companies conduct periodical self-assessments of potential operational risk factors and use a Loss Data Collection process to measure and record their actual operating losses. These data represent the input of the process for measuring and controlling operational risks in accordance with market best practices
- **Liquidity risk**: the risk of the company being unable to meet financial obligations without suffering losses due to the inability to liquidate investments and other assets. For insurance portfolios liquidity risk is not significant since, in addition to the technical forms of underwriting which enable the settlement of the claim to be spread out over time, the investment policy is based heavily on the specific liquidity needs of investments. All the securities in the portfolios used to cover technical reserves are traded in regulated markets and the short average life of the investments guarantees their rapid turnover. The liquidity risk instead appears to be relevant for SACE Fct and this is essentially a funding liquidity risk; more specifically it relates to the difficulty in efficiently facing current and future cash outflows and/or in fulfilling its own operative business commitments due to the closure of current loans and/or SACE Fct's inability to procure funds on the market without suffering capital losses or costs that are higher than expected
- **Concentration risk**: this is the risk from exposure to counterparties, groups of related counterparties and counterparties in the same business sector or which carry out the same activity or belonging to the same geographic area
- **Interest rate risk**: specific to the operations of SACE Fct and relating to activities other than those in the trading portfolio; it represents exposure to the financial situation of the company to unfavourable trends in interest rates.

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

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

The role of risk management

As part of an integrated process, the risk management and monitoring division formulates and implements risk management activities for SACE and its subsidiaries, contributing to strategic decisions and the company's financial and organisational stability. It also defines the methods and instruments to be used to identify, measure and control risks and verifies the appropriateness and adequacy of these with respect to the risk profile of each company.



The risk management division:

- Proposes methodologies and develops models and systems for the measurement and integrated control of risks for the company, monitoring the correct allocation of economic capital, in line with the related company guidelines and in compliance with the applicable legislation
- It is in charge of the Risk Appetite Framework and of operational limits and monitors compliance therewith during the year
- Defines, develops and periodically reviews the system for the measurement and integrated control of the risk/yield ratio and creation of value for the individual risk taking units
- Determines the current and future internal capital with regard to the relevant risks, ensuring the measurement and integrated control of overall risk exposure by defining the procedures for identifying, assessing, monitoring and reporting risks, including scenario analysis and stress tests.
- Pays attention to the levels of the technical provisions together with the relevant functions
- Monitors transactions with the aim of optimising capital structure and the management of reserves and liquidity (ALM).

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

- **Board of Directors**: approves strategies, procedures, management policies and organisational aspects
- **Management Committee**: examines and assesses the strategies and objectives of subsidiaries; validates and monitors business plans; investigates key issues regarding management and operational guidance
- **Operations Committee**[3]: examines underwriting, indemnities, restructuring and other significant operations and assesses their permissibility compatibly with the risk management guidelines defined by the subsidiaries
- **Risk Committee**[4]: contributes to the definition of risk management strategies and company policies and analyses the findings of the actual and prospective risk assessment activities. It also suggests portfolio actions to rebalance risk positions and capital management measures
- **Investments Committee**: periodically defines company portfolio investment strategies to optimise the risk/yield profile of financial activities and the compliance of the guidelines established by the board of directors; monitors the trends and outlook of investment performance, reporting any critical areas to the competent functions; suggests that the deliberative body update the guidelines on financial activities
- **Claims Committee**: analyses the performance of "Large Claims" and sets out the operating guidelines for SACE BT.

Reinsurance

Reinsurance is an important tool in the control and integrated management system of business risks. In this respect, SACE and SACE BT protect their portfolio and reach their strategic objectives through reinsurance policies in line with market standards and export credit best practices.
The main aims of insurance are as follows:

- improving portfolio balance
- strengthening the company's financial soundness
- spreading the risk with reliable insurance counterparties
- stabilising financial results
- increasing underwriting capacity.

Reinsurance policies are selected based on the above criteria, specifically:

- Quota share policies: these are aimed at increasing underwriting capacity, including when spreading the risk to debtors whose company's appetite is limited is deemed adequate. These policies are also used when the ceding structure, specifically the ceding commission, is such to make ceding cost effective
- Surplus policies: these are aimed at increasing the underwriting capacity to debtors/countries in relation to which the company has reached its underwriting limits
- Excess of loss or Stop loss polices: these are aimed at increasing the efficiency of SACE's guarantee portfolio in terms of capital relief (for XOL) or technical account stabilisation (for SL).

[3] Referred to as the Commitments Committee for SACE BT and Credit Committee for SACE Fct.

[4] Defined for SACE BT and SACE Fct.

During the year, the Reinsurance Service was set up within SACE's Risk Management Division in order to manage operations and monitor the reinsurance risks for SACE, checking the consistency between the sale plan and the reinsurance strategy approved by the Board of Directors. The reinsurance portfolio increased considerably in 2015: total ceded amount exceeds € 6 billion. Of this amount, the most signification portion was ceded to the Ministry of the economy and finance ("MEF") pursuant to the Agreement between SACE and the MEF approved by the DPCM of 20 November 2014 and filed with the Court of Auditors on 23 December 2014, with the MEF reinsuring the risks that may generate for SACE high concentration levels. Almost all the residual part was ceded to Lloyd's of London.

Guarantee and receivables portfolio

SACE's total exposure, calculated as the sum of receivables and outstanding guarantees (principal and interest), is equal to € 41.9 billion, an 11.3%% increase on 2014 year end. Therefore, the growth trend recorded in 2014 and 2013 continued mainly following the guarantee portfolio that accounts for 97.0% of total exposure. The receivables portfolio grew slightly by 4.2%% on 2014. The commercial component, while representing only 8.5% of the portfolio, increased from € 57.8 million to € 106.8 million (+84.9%). The sovereign component is substantially unchanged on 2014 (+0.1%) and is equal to € 1.1 billion.

SACE BT's total exposure at 31 December 2015 amounts to € 38.4 billion, up 5.7% on 2014 year end.

The outstanding receivables of SACE Fct, i.e. the total amount of receivables acquired net of receivables collected and credit notes, amounted to €1.9 billion, a 28.6% increase on the previous year end.

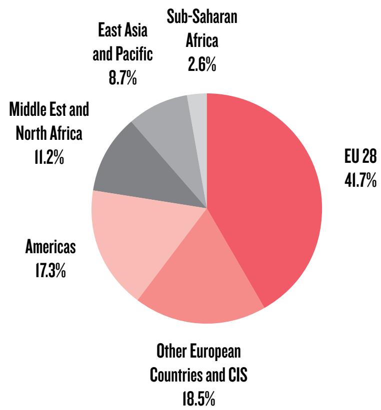
PORTFOLIO (IN € MILLION)	2015	2014	Change
SACE	**41,970.7**	**37,699.8**	**11.3%**
Outstanding guarantees	40,715.0	36,494.3	11.6%
- principal	35,063.4	31,439.8	11.5%
- interest	5,651.6	5,054.5	11.8%
Receivables	1,255.7	1,205.5	4.2%
SACE BT	**38,429.0**	**36,359.7**	**5.69%**
Short-term receivables	7,791.5	7,559.8	3.1%
Deposits Italy	6,563.9	6,713.2	-2.22%
Other property damage	24,073.6	22,086.7	9.0%
SACE Fct	**1,929.7**	**1,500.9**	**28.6%**
Outstanding receivables	1,929.7	1,500.9	28.6%

SACE

The analysis by geo-economic area shows that the highest exposure was towards EU countries (41.7% compared to 41.4% in 2014), up 12.4% on the previous year. Italy remains stable at the top place in terms of concentration, with a share of 20.6%.

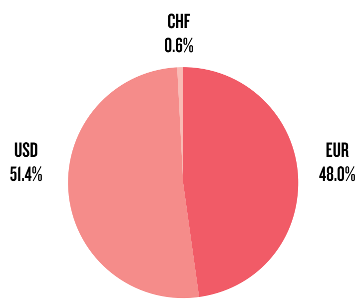
It was followed by other European and CIS countries, with an 18.5% share of the portfolio (down on the 20.1% in 2014). There was only a slight increase of 2.1% in exposure. The other geo-economic areas together account for 39.8% of the portfolio. Exposure to these regions increased by an average of 18.9% compared to 2014: the Americas +37.7% (the share of the portfolio rose slightly from 14.0% in 2014 to 17.3% in 2015), Middle East and North Africa -5.3% (the share of the portfolio is down on 2014 and stood at 11.2%), East Asia and Oceania +4.2% (the share of the portfolio decreased on 2014 and is equal to 8.7%) and lastly Sub-Saharan Africa which increased considerably by +38.8% (the share of the portfolio increased slightly from 2.1% in 2014 to 2.6% in 2015).

SACE: total exposure by geo-economic area



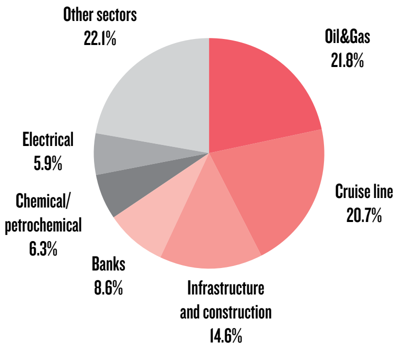
The receivables component in US dollars decreased compared to the previous year, from 52.7% to 51.4%, and 43% of the guarantee portfolio of SACE is in the same currency (in 2014 it was 42%): conversely, the US Dollar has continued to appreciate against the Euro from 1.2141 in 2014 to 1.0887 in 2015. The currency risk on the receivables and guarantees portfolio is mitigated partly though the natural hedge provided by management of the provision for unearned premiums, and partly via the asset-liability management techniques adopted by the company.

SACE: credit portfolio by original currency



The sector-by-sector analysis continues to show a high level of concentration, with the largest five sectors accounting for 72.1% of the total private portfolio. The main sector continues to be Oil&Gas which accounts for 21.8% (23.6% in 2014), which rose by 3.9% on 2014. The Cruise line sector grew considerably (+78.3%) (with an impact from 13.1% in 2014 to 20.7%) while the Infrastructure and Construction sector rose slightly by 3.1% (however, the impact decreased from 15.9% in 2014 to 14.6%).

SACE: guarantee portfolio by industrial sector

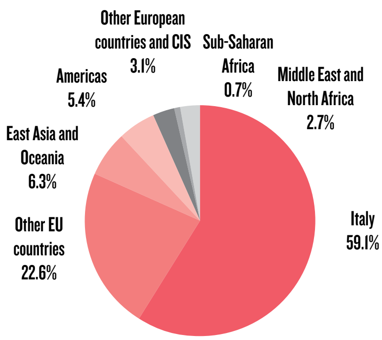


SACE BT

Credit insurance business line

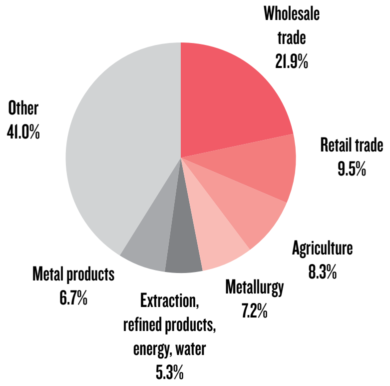
At the reporting date, the credit insurance business line had risk ceilings of 100,922 (-7.5% compared with 2014), with a value of € 7.8 billion. The nominal risk exposure, defined taking into account payment extensions and policy deductibles is of € 7.0 billion (-7.4% on 2014). The average credit line per debtor was € 89 thousand. The portfolio is mainly concentrated in EU countries (81.8%), with Italy accounting for 59.1%.

SACE BT: nominal credit exposure by geo-economic area



Wholesale and retail trade and agriculture are the three biggest industrial sectors of the portfolio, accounting for approximately 21.9%, 9.5% and 8.3%, respectively.

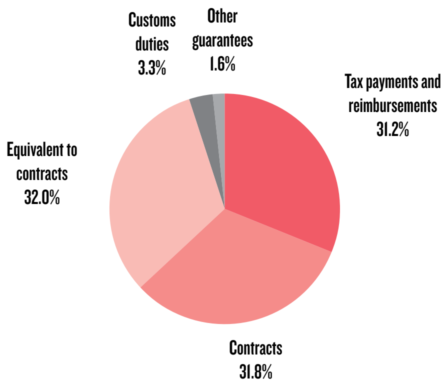
SACE BT: nominal credit exposure by industrial sector



Surety bond business line

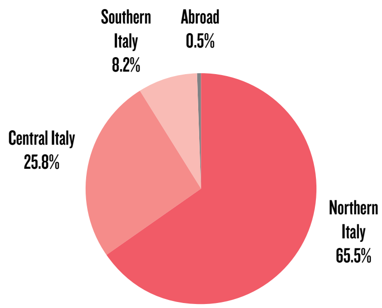
The exposure of the Surety bond business line, i.e. the amount of capital insured, amounts to € 6.6 billion (down 2.2% on 2014). Guarantees related to contracts account for 64.1% of the total exposure, followed by guarantees on payments and tax refunds (31.2%).

SACE BT: nominal surety bond exposure by policy type



The portfolio, comprising almost 34 thousand contracts, is concentrated in northern Italy (65.5%).

SACE BT: nominal surety bond exposure by geographical area

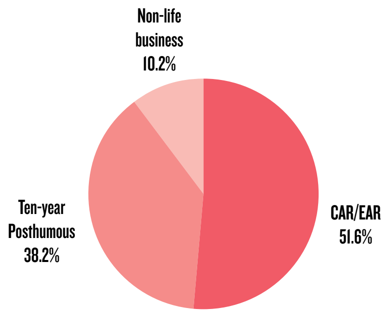


Construction/Other property damage business line

The nominal exposure (risk limits and insured capital) of the Other Property Damage business amounts to € 24.1 billion (+9.0% on 2014), of which €21.6 billion relates to the Construction portfolio (€ 19.7 billion in 2014) and € 2.5 billion to Non-life businesses (€ 1.8 billion in 2014).

Policies amount to 7,587 (+5.9% on 2014). Ten-Year Posthumous type contracts account for 45.4% of the portfolio, while Construction All Risk and Erection All Risk policies and Non-life business policies account for 42.7% and 11.9%, respectively.

SACE BT: construction nominal exposure by policy type



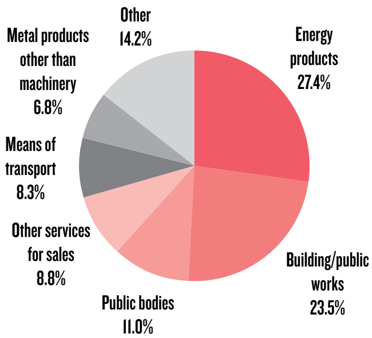
SACE Fct

At 31 December 2015, the outstanding receivables of SACE Fct amounted to € 1.9 billion, up 28.6% on the previous year-end balance. In 2014, factoring transactions generated turnover of € 3,223 million (+21% on 2014), against collections of € 2,737.1 million (+2.5% on 2014 collections). As mentioned earlier, outstanding receivables mainly refer to non-recourse operations, accounting for 90.3% of the total portfolio.

OUSTANDING RECEIVABLES (IN € MILLION)	**Amount**	**%**
Non-recourse	1,743.5	90.3%
Recourse	186.2	9.7%
Total	**1,929.7**	**100.0%**

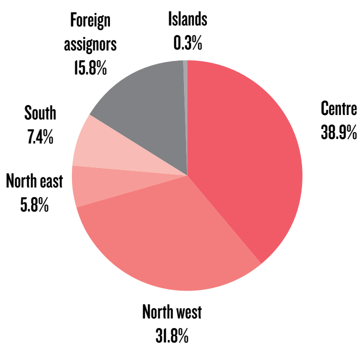
Outstanding receivables are analysed below by assignor, debtor, geographical area and industrial sector.
The breakdown of outstanding receivables by the assignor's sector shows a concentration in the Energy Product sector (27.4%), followed by the Building and public works (23.5%) and the Public body (11.0%) sectors. The concentration of the portfolio on the first three sectors reduced. At the 2014 reporting date, it accounted for 67.4% of the total, while at 31 December 2015, it accounted for 61.9% of the total.

SACE Fct: outstanding receivables by assignor's sector



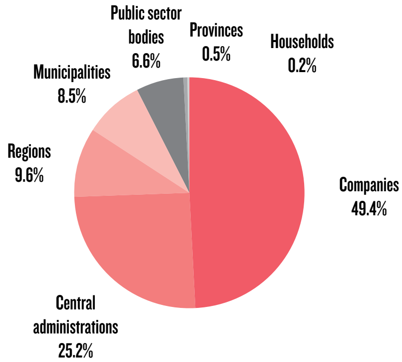
The geographical breakdown of assignors shows an increase in foreign assignors (2.5% at 31 December 2014), while the concentration in Central Italy is equal to 38.9% compared to 49.3% in the previous year.

SACE Fct: outstanding receivables by assignor' geographical area



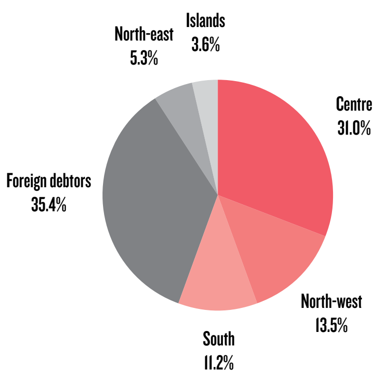
The breakdown of outstanding receivables by debtor's sector is substantially balanced among the counterparties of the Public administration (50.4% at 31 December 2015, compared to 71.7% at the previous year end) and Private counterparties (49.6% at 31 December 2015, compared to 28.3% at the previous year end). "Companies" rose on the previous year (28% at 31 December 2014), while debtors of the "Public sector bodies" and "Municipalities" decreased (13% and 17.9% at December 2014, respectively).

SACE Fct: outstanding receivables by debtor's sector



The graph breaks down outstanding receivables by debtor's geographical area. Compared to the previous year, foreign debtors grew considerably from 13.1% in December 2014 to the current 35.4%. Furthermore, the concentration in Central Italy decreased from 41.4% in December 2014 to the current 31.0%.

SACE Fct: outstanding receivables by debtor's geographical area



Financial portfolio

Financial management aims to achieve two main objectives:

- Preserving the value of company assets: in line with new legislation and the financial context of reference, the company pursues an integrated asset-liability management strategy that includes direct and indirect hedging transactions to offset negative variations in the guarantee and receivables portfolio in case of worsening of risk factors
- Contributing to the achievement of the company's economic goals.

This activity confirmed values in line with the limits defined for each company and each type of investment. Absorbed capital is measured on the basis of Value-at-Risk techniques.

ASSET ALLOCATION (FIGURES IN € MILLION)

ASSET CLASS	HTM	HFT	Total	%
Bonds	1,591.3	776.3	2,367.5	37.0
UCITS	-	575.7	575.7	9.0
Shares	-	35.7	35.7	0.6
Money Market	-	3,413.9	3,413.9	53.4
Total	**1,591.3**	**4,801.5**	**6,392.8**	**100.0**

37.0% of the portfolio is comprised of bonds and other debt securities, 9% of UCITS mainly made up of bonds or shares, 0.6% of shares and the remaining 53.4% of money market instruments.

With regard to the credit risk of its securities portfolio, SACE and its subsidiaries pursue a prudent investment policy, setting operating limits based on the types of financial instruments that may be used, on concentration by type and on the creditworthiness of the issuer.

SACE: BREAKDOWN OF SECURITIES PORTFOLIO BY RATING

RATING CLASSES	%
AAA	1.9%
AA	1.5%
A	3.7%
BBB	90.4%
Other	2.5%

Sensitivity analysis

During the year sensitivity analyses were carried out on SACE's and its subsidiaries' investments, namely on bonds, shares and UCITS.

The sensitivity analysis of the securities portfolio (excluding the HTM component) is calibrated on the latest economic and financial events. Tests were also carried out on the increase in oil prices and the appreciation of the Euro against the US Dollar, which had spill-over and correlation effects. The results obtained confirm the solidity of the portfolio even in the event of particular tension on the market and on the main commodities.

SCENARIO ANALYSIS / STRESS TEST	Effect on the Trading Portfolio (€ million)	Description of Scenario
Lehman Default - 2008	61.9	Historical returns of the month immediately following the Lehman Brothers bankruptcy in 2008.
Oil Prices Drop - May 2010	60.6	Oil price dropped by 20% as a result of worries over the reduction of government deficits in light of the economic crisis of European countries.
Russian Financial Crisis - 2008	111.8	The war with Georgia and the rapid decline in oil prices increased fear of an economic recession.
Debt Ceiling Crisis & Downgrade 2011	4.4	The debt crisis in the USA and the resulting downgrade by S&P. This scenario reflects the market changes in 17 days: from 22 July 2011 to 8 August 2011, the day in which the market started to react to the debt impasse.
Libya Oil Shock - Feb 2011	-30.2	The civil war in Libya (which began on 15 February 2011) caused a significant decrease in oil prices. This scenario reflects the historical performance of risk factors from 14 February 2011 to 23 February 2011.
Euro down 10% against USD Propagation	138.0	10% depreciation of the Euro against the US dollar, which had a spill-over effect on other currencies and a correlation effect on equity factors.
EUR up 10% against USD Propagation	-137.9	10% appreciation of the Euro against the US dollar, which had a spill-over effect on other currencies and a correlation effect on equity factors.

With reference to the investment portfolio, the sensitivity analysis carried out by calculating the basis point value returned a very modest value (€ 0.51 million), more or less in line with the 2014 figure (€ 0.58 million).

6. HUMAN RESOURCES

At 31 December 2015, there were 723 employees on the payroll. In 2015, 69 people were hired and 61 left the companies.

BREAKDOWN BY POSITION

POSITION	SACE	SACE BT	SACE SRV	SACE Fct	SACE do Brasil	Total	Position %
Senior managers	34	8	1	3	0	46	6%
Managers	226	41	5	20	1	293	41%
Clerical staff	221	104	18	40	1	384	53%
Total	**481**	**153**	**24**	**63**	**2**	**723**	**100%**

Over the years, the personnel recruitment and management policies adopted have resulted in an increase in the average level of education. Most new resources hold a degree, have attended post-graduate specialisation courses and have an excellent command of the English language as certified by internationally recognised tests (e.g. TOEFL, TOEIC).

BREAKDOWN BY AGE GROUP

AGE GROUP	%	Change compared to 2014
Under 30	10%	43%
Between 31 and 39	39%	-3%
Between 40 and 49	29%	4%
Over 50	22%	-8%

BREAKDOWN BY QUALIFICATION

QUALIFICATION	%	Change compared to 2014
Degree	74%	3%
Diploma/other	26%	-7%

The company's training programme aims to strengthen the specific technical skills required by the various business areas, develop the managerial ability and leadership qualities needed to manage complexity and change and support knowledge creation and sharing. Training schemes continued to be provided for all employees. These included languages and managerial courses, in addition to the courses required by law (e.g. Legislative decrees No. 231/01, 196/2003 and 81/08). In 2015, training hours amounted to 13,828.

7. DISTRIBUTION NETWORK AND MARKETING ACTIVITY

In 2015, the sales network was strengthened with the opening of new offices in Italy and abroad to increase the level of proximity to customers and streamline operations. SACE has also continued the process to change its business model by redesigning sales development and coordination processes in order to improve service levels.

8. CORPORATE GOVERNANCE

Code of conduct and organisational, management and control model

SACE is managed in accordance with the principles of legality and transparency. These principles are also pursued through the adoption of the following prevention and control system.

The Code of Conduct sets out the principles which inspire SACE's and its subsidiaries' relationships with stakeholders. The Code of Conduct and the Model are two separate documents, although they are both an integral part of the prevention system that has been adopted.

SACE's Board of Directors approved the organisational, management and control model ("Model") pursuant to and for the effects specified by Italian Legislative Decree 231/01 ("Decree"). The Model, which is the result of a careful analyses carried out by SACE, consists of:

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

The function of monitoring the suitability and application of the Model has been assigned to the Supervisory Body, which was appointed by the Board of Directors. It has a joint structure and has the following members: one Chairman and an external member, the Manager of the Internal Audit Division and the Manager of the Organisation Division. The members remain in office for three years and the appointments can be renewed. The Body provides an annual report to the Board of Directors and the Board of Statutory Auditors.

Internal control and risk management system

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

With respect to internal controls and risk management systems, all company levels have specific responsibilities. They are as follows:

The Board of Directors which has ultimate responsibility for the system and ensures ongoing completeness, functionality and efficacy. It approves the company's organisational structure and the allocation of duties and responsibilities to operational units, checking their adequacy over time. The Board also has responsibility for ensuring the adequacy of the risk management system to identify, evaluate and control risks, including future risks, when implementing the company's business strategies and policies and in view of the evolution of internal and external factors, in order to guarantee the safeguarding of the company's assets, including in the medium and long term. Lastly, it promotes a high level of business integrity, ethical conduct and a culture of internal control in order to raise awareness among everyone at the company about the importance and usefulness of such controls.

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

The Board of Statutory Auditors checks the efficiency and effectiveness of internal controls focusing, in particular, on the work of the Internal audit division, specifically that it meets the necessary autonomy, independence and functionality requirements. Furthermore, it informs the Board of Directors of any irregularities or weaknesses of the internal control system, indicating and requesting suitable corrective measures.

The internal control and risk management system has three levels of control: 1) first level controls, the operational units and heads of each unit identify, evaluate, monitor, mitigate and report risks associated with the company's ordinary business activities, in accordance with the risk management process. To this end, they must see that operations are carried out properly and that the established operational limits are respected in line with the risk objectives and the procedures of the risk management process; 2) second level controls, the Risk Management and Compliance functions are responsible for ensuring: (i) correct implementation of the risk management process, (ii) that the various functions respect the established operational limits and (iii) compliance of business activities with the relevant rules and regulations; 3) third level controls, the Internal audit division is responsible for monitoring and periodically evaluating the efficacy and efficiency of the risk management, control and governance system, in relation to the type and importance of the risk.

Internal audit

For SACE and its subsidiaries, the Internal audit division carries out independent and objective assurance and consultancy activities to improve the effectiveness and efficiency of the organisation. It assists the company in pursuing its objectives through a systematic approach which generates added value since its aim is to assess and improve risk management, control and governance processes.

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

The Internal Audit division monitors the system at all levels, including the activities of the Risk Management and Compliance divisions, and works to promote a culture of control endorsed by the Board of Directors.
The division carries out its activities in compliance with the regulatory framework, international standards for the professional practice of internal auditing and the Code of Ethics of the Institute of Internal Auditors.

Manager in charge of financial reporting

In SACE, the Chief Financial Officer is also the manager in charge of financial reporting. With respect to professional requirements and the approach to appointing and revoking the role of Manager in charge of financial reporting, the provisions of article 13 of SACE's articles of association are given below:

Article 13 of SACE's articles of association (p.10.1 – 10.8)

10.1. The Board of Directors may, with the compulsory consent of the Board of Auditors, appoint a manager responsible for preparing the corporate accounting documents, of which in art.154-bis of the Consolidation Act for dispositions on financial matters (Legislative Decree No. 58 dated 1998 and subsequent amendments).

10.2. The manager responsible for preparing the corporate accounting documents must be in possession of the same probity requirements as the directors, and according to the DPCM cannot hold any office in the management or control bodies, or managerial functions within Eni S.p.A and its subsidiaries, nor have any direct or indirect relations of a professional or equity nature with such companies.

10.3. The manager responsible for preparing the corporate accounting documents must be chosen on the basis of criteria of professionalism and skills from among the directors who have acquired an overall experience of at least three years in the management of businesses or consultancy firms or professional firms.

10.4. The Board of Directors may dismiss the manager responsible for preparing the corporate accounting documents only for legitimate reasons and with the consent of the Board of Auditors.

10.5. The manager responsible for preparing the corporate accounting documents shall withdraw from office in the absence of the requirements necessary for taking office. Withdrawal will be declared by the Board of Directors within thirty days of becoming aware of the absence of requirements.

10.6. The manager responsible for preparing the corporate accounting documents will set adequate accounting and administrative procedures for drawing up the financial statements and the consolidated financial statements, if provided.

10.7. The Board of Directors will ensure that the manager responsible for preparing the corporate accounting documents is conferred with adequate powers and means for exercising the duties conferred and ensure the effective respect of the management and accounting procedures.

10.8. The Chief Executive Officer and the manager responsible for preparing the corporate accounting documents will certify the effective application of the procedures of which in paragraph 6 during the course of the business year to which the documents refer, in a suitable report attached to the business year financial statements and consolidated financial statements, if provided, and certify their correspondence to the findings in the accounts books and documents and their suitability in terms of providing a truthful and correct representation of the equity, economic and financial situation of the company and the group of companies in the scope of consolidation, in the case of the consolidated financial statements being provided.

9. SHAREHOLDING STRUCTURE AND SHARE CAPITAL

SACE does not own treasury shares or shares of the parent Cassa depositi e prestiti and its subsidiaries do not hold any shares in the parent either directly or through trust companies or nominees.

10. MAIN EVENTS AFTER THE REPOTING DATE AND BUSINESS OUTLOOK

On 25 January 2016, SACE entered into an agreement with the Central Bank of Iran to recover sovereign debt.
On the basis of the results for the first few months of the year, the earnings prospects are confirmed.

Rome, 16 March 2016

on behalf of the board of directors
Chief Executive Officer
Alessandro Castellano

CONSOLIDATED BALANCE SHEET

(IN € THOUSAND)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - ASSETS		Total 31-12-15	Total 31-12-14
1	**INTANGIBLE ASSETS**	**15,193**	**14,383**
1.1	Goodwill	7,655	7,655
1.2	Other intangible assets	7,538	6,728
2	**PROPERTY, PLANT AND EQUIPMENT**	**73,260**	**75,447**
2.1	Property	71,488	73,324
2.2	Other property, plant and equipment	1,772	2,123
3	**REINSURERS' SHARE OF TECHNICAL PROVISIONS**	**465,015**	**84,669**
4	**INVESTMENTS**	**7,446,515**	**7,053,135**
4.1	Investment property	12,602	12,590
4.2	*Equity investments in subsidiaries, associates and joint ventures*	7,954	7,776
4.3	Held-to-maturity investments	1,591,256	1,691,001
4.4	Loans and receivables	5,125,705	4,638,310
4.5	Available-for-sale financial assets		
4.6	Financial assets at fair value through profit or loss	708,998	703,458
5	**OTHER RECEIVABLES**	**1,402,619**	**1,354,459**
5.1	Receivables arising out of direct insurance business	1,324,599	1,300,592
5.2	Receivables arising out of reinsurance business	23,595	1,825
5.3	Other receivables	54,425	52,042
6	**OTHER ASSETS**	**369,777**	**376,771**
6.1	Non-current assets or of a disposal group available-for-sale		
6.2	Deferred acquisition costs		
6.3	Deferred tax assets	206,427	140,254
6.4	Current tax assets	153,418	224,899
6.5	Other assets	9,932	11,618
7	**CASH AND CASH EQUIVALENTS**	**181,990**	**100,205**
	TOTAL ASSETS	**9,954,369**	**9,059,069**

(IN € THOUSAND)

	CONSOLIDATED STATEMENT OF FINANCIAL POSITION – LIABILITIES AND SHAREHOLDERS' EQUITY	Total 31-12-15	Total 31-12-14
1	**SHAREHOLDERS' EQUITY**	**4,769,739**	**5,538,828**
1.1	**Group interest**	**4,769,739**	**5,538,828**
1.1.1	Capital	3,541,128	4,340,054
1.1.2	Other equity instruments		
1.1.3	Capital reserves		
1.1.4	Retained earnings and other equity reserves	918,732	728,207
1.1.5	(Treasury shares)		
1.1.6	Reserves for net exchange differences		
1.1.7	Gains (losses) on available-for-sale financial assets		
1.1.8	Other gains (losses) taken directly to equity	106	43
1.1.9	Group interest in the profit for the year	309,773	470,524
1.2	**Minority interest**		
1.2.1	Capital and reserves - minorities		
1.2.2	Gains (losses) taken directly to equity		
1.2.3	Minority interest in the profit for the year		
2	**PROVISIONS**	**93,108**	**37,915**
3	**TECHNICAL PROVISIONS**	**2,884,745**	**2,358,356**
4	**FINANCIAL LIABILITIES**	**1,528,307**	**733,145**
4.1	Financial liabilities at fair value through profit or loss	31,249	48,655
4.2	Other financial liabilities	1,497,058	684,490
5	**ACCOUNTS PAYABLE**	**252,420**	**139,864**
5.1	Accounts payable arising out of direct insurance business	30,690	34,634
5.2	Accounts payable arising out of reinsurance business	94,831	23,915
5.3	Other accounts payable	126,899	81,315
6	**OTHER LIABILITIES**	**426,050**	**250,960**
6.1	Liabilities of a disposal group held for sale		
6.2	Deferred tax liabilities	184,576	153,546
6.3	Current tax liabilities	236,638	92,813
6.4	Other liabilities	4,836	4,601
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**9,954,369**	**9,059,069**

(IN € THOUSAND)

CONSOLIDATED INCOME STATEMENT		Total 31-12-15	Total 31-12-14
1.1	Net premiums	119,949	385,182
1.1.1	Gross premiums for the year	96,535	407,536
1.1.2	Outward reinsurance premiums for the year	23,414	-22,354
1.2	Commission income	8,553	11,067
1.3	Gains (losses) on financial instruments at fair value through profit or loss	445,771	-402,738
1.4	Gains from equity investments in subsidiaries, associates and joint ventures		
1.5	Gains from other financial instruments and investment property	165,864	223,241
1.5.1	Interest income	159,806	212,217
1.5.2	Other income	799	1,035
1.5.3	Realised gains		7
1.5.4	Unrealised gains	5,259	9,982
1.6	Other income	205,346	667,575
1	**TOTAL REVENUE AND INCOME**	**945,484**	**884,327**
2.1	Net claims incurred	214,667	-78,209
2.1.1	Amounts paid and changes in technical provisions	223,878	-55,603
2.1.2	Reinsurers' share	-9,211	-22,606
2.2	Commission expense	799	642
2.3	Expense related to equity investments in subsidiaries, associates and joint ventures		
2.4	Expense relating to other financial instruments and investment property	27,040	13,649
2.4.1	Interest expense	21,738	2,284
2.4.2	Other expense	655	469
2.4.3	Realised losses	1,161	3,209
2.4.4	Unrealised losses	3,486	7,687
2.5	Management costs	89,865	111,302
2.5.1	Commissions and other acquisition expenses	21,854	40,637
2.5.2	Investment management charges	5,430	3,981
2.5.3	Other administrative expenses	62,581	66,684
2.6	Other expenses	107,311	158,085
2	**TOTAL COSTS AND EXPENSES**	**439,683**	**205,469**
	PROFIT FOR THE YEAR BEFORE TAXES	**505,801**	**678,858**
3	Taxes	196,028	208,334
	PROFIT FOR THE YEAR NET OF TAXES	**309,773**	**470,524**
4	**PROFIT (LOSS) ON DISCONTINUED OPERATIONS**		
	CONSOLIDATED PROFIT	**309,773**	**470,524**
	of which attributable to the Group	**309,773**	**470,524**
	of which attributable to minorities		

(IN € THOUSAND)

STATEMENT OF COMPREHENSIVE INCOME – NET AMOUNTS	Total 31-12-15	Total 31-12-14
CONSOLIDATED PROFIT	**309,773**	**470,524**
Other income components after tax without reclassification to profit or loss		
Changes in shareholders' equity of subsidiaries		
Changes in intangible assets revaluation reserve		
Change in property, plant and equipment revaluation reserve		
Income and expense relating to non-current assets or of a disposal group held for sale		
Actuarial gains and losses and adjustments related to defined benefit plans	63	-473
Other		
Other income components after tax with reclassification to income statement		
Change in the reserve for net exchange differences		
Gains (losses) on available-for-sale financial assets		
Gains (losses) on cash flow hedges		
Gains (losses) on hedges of a net investment in a foreign operation		
Changes in shareholders' equity of subsidiaries		
Income and expense relating to non-current assets or of a disposal group held for sale		
Other		
TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE)		
CONSOLIDATED OTHER COMPREHENSIVE INCOME	**309,836**	**470,997**
of which attributable to the Group	**309,836**	**470,997**
of which attributable to minorities		

(IN € THOUSAND)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Balance at 31-12-13	Changes in closing balances	Allocations	Reclassification adjustments to profit for the year	Transfers	Balance at 31-12-14	Changes in closing balances	Allocations	Reclassification adjustments to profit for the year	Transfers	Balance at 31-12-15
Group interest in sharehol-ders' equity	Capital	4,340,054					4,340,054				-798,926	3,541,128
	Other equity instruments											
	Capital reserves											
	Retained earnings and other equity reserves	634,922		93,285			728,207		190,524			918,732
	(Treasury shares)											
	Net profit for the year	345,252		470,524		-345,252	470,524		309,773		-470,524	309,773
	Other comprehensive income	516		-473			43		63			106
	Total	**5,320,744**		**563,336**		**-345,252**	**5,538,828**		**500,360**		**-1,269,450**	**4,769,739**
Minority interest in sharehol-ders' equity	Capital and reserves - minorities											
	Net profit for the year											
	Other comprehensive income											
	Total minority interest											
Totale												

(IN € THOUSAND)

CONSOLIDATED CASH FLOW STATEMENT	31-12-15	31-12-14
Profit for the year before tax	**505,801**	**678,858**
Changes in non-cash items	**381,402**	**(221,760)**
Change in the provision for unearned premiums - non-life business	147,455	(24,596)
Change in the provision for claims outstanding and other technical provisions - non-life business	(1,410)	(139,008)
Change in the provision for policy liabilities and other technical provisions - life business		
Change in deferred acquisition costs		
Change in the general provision	55,193	2,737
Non-cash income and expense from financial instruments, investment property and equity investments		
Other changes	180,163	(60,893)
Change in receivables and payables generated by operations	**66,317**	**(250,743)**
Change in receivables and payables arising from direct insurance and reinsurance business	21,195	(241,692)
Change in other receivables and payables	45,122	(9,051)
Tax paid	**(196,028)**	**(208,334)**
Net cash flow generated/absorbed by investing and financing activities	**(22,946)**	**1,380,955**
Liabilities from financial policies issued by insurance companies		
Due to banks and interbank liabilities		
Loans and receivables with insured banks and interbank market		
Other financial instruments at fair value through profit or loss	(22,946)	1,380,955
TOTAL NET CASH FLOW ARISING FROM OPERATIONS	**734,546**	**1,378,976**
Net cash flow generated/absorbed by investment property	(12)	409
Net cash flow generated/absorbed by subsidiaries, associates and joint ventures	(178)	(206)
Net cash flow generated/absorbed by loans and receivables	(487,395)	(1,618,486)
Net cash flow generated/absorbed by held-to-maturity investments	99,745	14,066
Net cash flow generated/absorbed by available-for-sale financial assets		
Net cash flow generated/absorbed by plant, property and equipment and intangible assets	1,380	920
Other net cash flows generated/absorbed by investments		
TOTAL NET CASH FLOW ARISING FROM INVESTING ACTIVITIES	**(386,460)**	**(1,603,297)**
Net cash flow generated/absorbed by capital instruments attributable to the group	(798,869)	(3,780)
Net cash flow generated/absorbed by own shares		
Distribution of dividends attributable to the group	(280,000)	(248,661)
Net cash flow generated/absorbed by capital and reserves attributable to minorities		
Net cash flow generated/absorbed by subordinated liabilities and participating financial instruments		
Net cash flow generated/absorbed by other financial liabilities	812,568	421,355
TOTAL NET CASH FLOW ARISING FROM FINANCING ACTIVITIES	**(266,301)**	**168,914**
Effect of exchange rate differences on cash and cash equivalents		
CASH AND CASH EQUIVALENTS - OPENING BALANCE	**100,205**	**155,612**
INCREASE (REDUCTION) IN CASH AND CASH EQUIVALENTS	81,785	(55,407)
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	**181,990**	**100,205**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

The SACE group is comprised of SACE and its subsidiaries SACE BT, SACE Fct, SACE SRV and SACE Do Brasil. SACE is active in the non-life business, in particular in hedging against non-market credit risks, the subsidiary SACE BT in surety bonds and hedging against short-term credit risk, while the subsidiary SACE Fct operates in the factoring market. The São Paulo office in Brazil made it possible to expand SACE's operations in a geographical area of strategic importance for the Italian economy, consolidating its current customer base and promoting agreements with important local financial institutions.

The registered office is in Piazza Poli 37/42, Rome. The reference date of the consolidated financial statements (31 December 2015) coincides with the reporting date of the financial statements of the subsidiaries. The consolidated financial statements are presented in euro, which is the functional and the reporting currency of SACE and its subsidiaries. All amounts reported in the notes are in thousands of euro.

The consolidated financial statements have been audited by PricewaterhouseCoopers, appointed as auditors for the nine-year period 2015-2023.

Applicable legislation

Italian Legislative Decree No. 38 of 28 February 2005 prescribes that, starting from FY 2005, companies within the scope of application of Legislative Decree No. 173 of 26 May 1997 are required to prepare their consolidated financial statements in accordance with the International Financial Reporting Standards issued by the IASB (International Accounting Standards Board) and endorsed by EC Regulation No. 1606/2002 (hereafter IAS/IFRS). Pursuant to the aforesaid decree, the powers attributed to the ISVAP (IVASS from 1 January 2013) by Legislative Decree 173/1997 and subsequent Legislative Decree 209/2005 must be exercised thereby in compliance with IAS/IFRS.

Under the options exercised by the Italian legislator, insurance sector companies:

a) must draw up their consolidated financial statements in accordance with IAS/IFRS starting from FY 2005;
b) must continue to draw up their individual financial statements in accordance with Legislative Decree No. 173/97;
c) must draw up their individual financial statements in accordance with IAS/IFRS starting from FY 2006 if they issue financial instruments admitted to trading on regulated markets of any member state of the European Union and do not prepare consolidated financial statements.

Based on the above, the consolidated financial statements of SACE have been prepared in accordance with the provisions of IAS/IFRS, ISVAP Regulation No. 7/2007 regarding the formats to be used and the applicable ISVAP rulings, regulations and circulars.

Accounting standards used and statement of compliance with IFRS.

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

Financial statements, accounting policies and scope of consolidation

Financial statements

The consolidated financial statements and related annexes are presented in accordance with requirements of ISVAP Regulation No. 7/2007 and subsequent additions.

Basis of consolidation (IFRS 10)

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

Scope of consolidation

The scope of consolidation of SACE includes SACE and its direct and indirect subsidiaries: SACE BT, SACE Fct, SACE SRV and SACE do Brasil.

SCOPE OF CONSOLIDATION

NAME	Country	Method (1)	Business (2)	% direct investment	% total interest (3)	% Voting rights at ordinary shareholders' meetings (4)	% of consolidation
SACE BT	Italy	G	1	100%	100%	100%	100%
SACE Fct	Italy	G	11	100%	100%	100%	100%
SACE SRV	Italy	G	11	0%	100%	100%	100%
SACE Do Brasil	Brazil	G	11	99.95%	100%	100%	100%

(1) Consolidation method: Line-by-line=G, Proportionate=P, Line-by-line by unitary division=U.

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

(3)The product of the percentages of ownership relating to all companies, along the equity investment chain, between the company preparing consolidated financial statements and the company in question. If the latter is owned directly by several subsidiaries, the individual results must be added.

(4) Total voting percentage at ordinary shareholders' meetings, if different from the direct or indirect percentage of investment.

NON-CONSOLIDATED EQUITY INVESTMENTS

NAME	Country	Business (1)	Type (2)	% direct investment	% total investment (3)	% Voting rights at ordinary shareholders' meetings (4)	Carrying amount
African Trade Insurance Agency	Kenya	3	b	5.51%	5.51%	5.51%	7,954

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

(2) a=subsidiaries (IAS 27) ; b=associates (IAS 28); c=joint ventures (IAS 31); companies classified as held for sale in accordance with IFRS 5 must be marked with an asterisk (*) and the key must be included at the foot of the table.

(3) The product of the percentages of ownership relating to all companies, along the equity investment chain, between the company preparing consolidated financial statements and the company in question. If the latter is owned directly by several subsidiaries, the individual results must be added.

(4) Total voting percentage at ordinary shareholders' meetings, if different from the direct or indirect percentage of investment.

Transactions eliminated on consolidation

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

Basis of consolidation

The carrying amount of the interests has been eliminated through shareholders' equity with recognition of goodwill if deemed recoverable.

Use of estimates

In preparing the consolidated financial statements, the directors are required to make estimates and evaluations which influence the carrying amounts of assets, liabilities, costs and revenue, and the presentation of contingent assets and liabilities. The directors verify their estimates and evaluations from time to time on the basis of past experience and other factors deemed reasonable in the circumstances. Recourse to estimates and evaluations is a significant factor in determining the following financial statements items.

Technical provisions

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

Intangible assets

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

Other

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

Accounting policies

Intangible assets

a) Goodwill (IAS 36, IFRS 3)

With respect to business combinations, the assets, liabilities and acquired and identifiable contingent liabilities are recognised at their fair value on the date of acquisition. The residual positive difference between the purchase price and the group's interest in the fair value of such assets and liabilities is classified as goodwill and recorded as an intangible asset; the negative difference is recognised through profit or loss at the time of acquisition. Goodwill is tested for impairment annually in accordance with IAS 36. Subsequent to initial recognition, it is recognised at cost, net of accumulated impairment losses.

b) Other intangible assets (IAS 38, IAS 36)

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

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

Property, plant and equipment (IAS 16)

a) Property

This item comprises property used in company operations as specified and governed by IAS 16. These assets are distinguished between Land and Buildings and entered at cost which, in addition to the purchase price, includes any accessory charges directly attributable to the purchase and bringing into use of the asset.

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

b) Other property, plant and equipment

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

Reinsurers' share of technical provisions

This item includes amounts corresponding to risks ceded to reinsurers under contracts regulated by IFRS 4. Reinsurers' shares of technical provisions are determined on the basis of agreements or treaties entered into between the parties, according to the same criteria described for technical provisions, except in the case of a different assessment of the recoverability of the receivable.

Investments

Investment property (IAS 40)

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

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

All subsidiaries have been consolidated line by line. This item comprises equity investments measured using the equity method and relating to associates or companies subject to joint control. In periods following the initial recognition at purchase cost, the change in the value of the equity investments attributable to the profit or loss of investees is recorded in profit or loss. Additional changes in the value of the investments, which were not taken to the income statement of the investees, are recorded in the relevant item under shareholders' equity for the amount attributable to the investing company.

Investments held to maturity (IAS 32 and IAS 39)

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

Loans and receivables (IAS 32 and IAS 39)

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

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

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

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

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

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

Derivative financial instruments (IAS 32 and IAS 39)

Derivatives are recognised at fair value. They are used with the intention of reducing market and credit risk. Derivatives are used for hedging or efficient management purposes; hedge accounting has not been applied for these instruments. Under IAS 39, derivatives are measured at fair value, with direct impact on profit or loss.

Determination of fair value

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

Sundry receivables (IAS 39)

Receivables arising out of direct insurance business (IAS 39)

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

Receivables arising out of reinsurance business

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

Other receivables

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

Other assets

Deferred tax assets and liabilities (IAS 12)

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

Current tax assets and liabilities (IAS 12)

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

Other assets

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

Cash and cash equivalents (IAS 7 and IAS 32)

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

Group interest in shareholders' equity

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

Share capital

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

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

The item includes:

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

Reserves for net exchange differences (IAS 21)

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

Other gains (losses) taken directly to equity

This item reflects the net balance of the changes recorded directly against shareholders' equity. In this specific case, this item includes the actuarial gains and losses deriving from the measurement of the termination indemnities pursuant to IAS 19.

Provisions (IAS 37)

The item includes the liabilities defined and governed by IAS 37 (Provisions, contingent liabilities and contingent assets).
Provisions for risks and charges are made when the following three conditions are met:

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

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

Technical provisions (IFRS 4)

IFRS 4 permits recognition of technical provisions on the basis of generally accepted local accounting principles. A review of all the non-life contracts showed that all the contracts qualify as insurance contracts. The technical provisions also include any provisions made necessary by the liability adequacy test. Claims provisions do not include compensation and equalisation provisions in that these are not permitted under IFRS. These provisions are recognised in accordance with the accounting standards adopted prior to IFRS as all the outstanding non-life policies fall within the scope of IFRS 4 (insurance contacts). Specifically, this item includes:

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

Liability adequacy test

Under IAS/IFRS, the provision for unexpired risks complies with the requirements for the adequacy of insurance liabilities.

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

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

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

a) payables to banks
b) deposits received from reinsurers
c) amounts due to ceding companies for factoring contracts in portfolio.
Insurance items are recognised at face value and subsequently recognised at amortised cost.

Accounts payable (IAS 32 and IAS 39)

This category comprises trade payables.

Accounts payable arising out of direct insurance business

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

Accounts payable arising out of indirect insurance business

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

Other accounts payable

The item reflects the liability towards employees for termination benefits. It is calculated analytically for each employee in accordance with the law and current collective bargaining agreements. Due to the reform of supplementary pension schemes under Laws nos. 252/2005 and

296/2006 and bearing in mind the OIC guidelines, it was decided to: a) record the obligation for benefits accrued at 31 December 2006 in accordance with the rules of defined benefit plans; this means that the company must measure the obligation for benefits accrued by employees using actuarial techniques and must determine the total amount of actuarial gains and losses and the part of these to be disclosed; b) record the obligation for benefits accruing from 1 January 2007, to be allocated to supplementary social insurance or to the treasury fund set up at INPS, according to the contributions due each year.

Other liabilities

This category comprises trade payables.

Current and deferred tax liabilities

Reference should be made to the assets section.

Other liabilities

The item comprises:

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

Income statement items

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

Net premiums (IFRS 4 and IAS 39)

This heading includes premiums for the year relating to contracts classifiable as insurance contracts under IFRS 4 and investment contracts with discretionary participation feature, considered similar to insurance contracts by IFRS 4.
All contracts under which one party, the insurer, accepts significant insurance risk, agreeing to compensate another party, the policyholder or another beneficiary, if a specified uncertain future event adversely affects the policyholder or another beneficiary are considered to be insurance contracts.
All contracts distributed by the group qualify as insurance contracts under IFRS 4. Premiums are recognised net of reinsurance transfers.

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

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

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

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

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

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

Specifically, this item comprises:

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

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

This heading includes:

a) revenue from services other than insurance services and rental of property, plant and equipment and intangible assets or other assets belonging to the company, as prescribed by IAS 18
b) other net technical income linked to insurance contracts
c) exchange differences to be taken to profit or loss in accordance with IAS 21
d) gains on property, plant and equipment and intangible assets
e) reversals of impairment losses on tangible and intangible assets
f) gains on non-current assets and disposal groups held for sale, other than discontinued operations.

Net claims incurred (IFRS 4)

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

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

This item includes the portion of the loss for the year of group companies recognised using the equity method.

Expense relating to other financial instruments and investment property (IAS 39)

This macro-item includes expense relating to investment property and financial instruments not measured at fair value through profit or loss. Specifically, this item comprises:

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

Operating expenses (IFRS 4)

The item includes:

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

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

This heading includes:

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

Current taxes (IAS 12)

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

Deferred taxes (IAS 12)

This item refers to income tax payable in future years relating to taxable temporary differences. Deferred taxes are charged to profit or loss except for those relating to gains and losses recognised directly in shareholders' equity in respect of which taxes are treated in the same way. Deferred taxes are calculated using the tax rates prevailing in each fiscal year in which the tax will become payable. During the year, deferred tax assets and liabilities were adjusted to comply with the lower IRES rate (24%), as required by the 2016 Stability Act (Law No. 208/2015). The adjustment only applied to the temporary changes for which their reversal from the 2017 tax year is reasonably certain.

Items in foreign currency

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

On each annual or interim reporting date, foreign currency entries are measured as follows:

a) cash balances are translated at closing rate

b) non-cash balances measured at historical cost are translated using the exchange rate prevailing on the date of the transaction

c) non-cash items at fair value are translated using the exchange rate prevailing on the closing date.

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

Risk management

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

SACE uses financial instruments designated as hedges mainly for the management of:

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

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

Accounting standards and interpretations to be introduced shortly

The following will be applicable from 1 January 2016:

- Annual improvements to IFRS 2010 - 2012 cycle endorsed with Regulation (EU) No. 28/2015
- IAS 19 - Employee benefits - Defined benefit plans: employee contribution to defined benefit plans amended by Regulation (EU) No. 29/2015
- IFRS 11 - Joint arrangements amended by Regulation (EU) No. 2173/2015
- IAS 16 - Property, plant and equipment and IAS 38 - Intangible assets amended by Regulation (EU) No. 2231/2015
- Annual improvements to IFRS 2012 - 2014 cycle endorsed with Regulation (EU) No. 2343/2015
- IAS 1 - Presentation of financial statements amended by Regulation (EU) No. 2406/2015
- IAS 27 - Separate financial statements amended by Regulation (EU) No. 2441/2015.

Finally, at the date of approval of these financial statements, the IASB issued the following standards, amendments and interpretations which have not yet been endorsed by the European Commission:

- IFRS 9 - Financial instruments
- IFRS 14 - Regulatory deferral accounts
- IFRS 15 - Revenue from contracts with customers
- IFRS 16 - Leases
- Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment entities - applying the consolidation exception
- Amendments to IFRS 10 and IAS 28 - Sales or contributions of assets between an investor and its associate or joint venture
- Amendments to IAS 12 on recognition of deferred tax assets for unrealised losses.

The possible repercussions which these forthcoming standards, amendments and interpretations may have on the group are currently being analysed and evaluated.

Segment reporting

The business activities of the SACE group fall into the following sectors:

- non-life business
- other businesses.

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

(IN € THOUSAND)

STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT		Non-life business		Life business		Other businesses		Inter-segment eliminations		Total	
		31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14
1	**INTANGIBLE ASSETS**	**13,216**	**12,306**			**1,977**	**2,077**			**15,193**	**14,383**
2	**PROPERTY, PLANT AND EQUIPMENT**	**73,119**	**75,295**			**141**	**152**			**73,260**	**75,447**
3	**REINSURERS' SHARE OF TECHNICAL PROVISIONS**	**465,015**	**84,669**							**465,015**	**84,669**
4	**INVESTMENTS**	**6,394,836**	**6,272,041**			**1,731,574**	**1,372,163**	**-679,895**	**-591,069**	**7,446,515**	**7,053,135**
4.1	Investment property	12,602	12,590							12,602	12,590
4.2	Equity investments in subsidiaries, associates and joint ventures	7,954	7,776							7,954	7,776
4.3	Held-to-maturity investments	1,591,256	1,691,001							1,591,256	1,691,001
4.4	Loans and receivables	4,072,836	3,856,285			1,731,574	1,372,163	-678,704	-590,139	5,125,705	4,638,310
4.5	Available-for-sale financial assets										
4.6	Financial assets at fair value through profit or loss	710,188	704,388					-1,190	-930	708,998	703,458
5	**OTHER RECEIVABLES**	**1,403,925**	**1,365,067**			**16,723**	**12,058**	**-18,029**	**-22,666**	**1,402,619**	**1,354,459**
6	**OTHER ASSETS**	**361,598**	**371,002**			**8,147**	**7,653**	**31**	**-1,884**	**369,777**	**376,771**
6.1	Deferred acquisition costs										
6.2	Other assets	361,598	371,002			8,147	7,653	31	-1,884	369,777	376,771
7	**CASH AND CASH EQUIVALENTS**	**110,939**	**82,691**			**71,051**	**17,514**			**181,990**	**100,205**
	TOTAL ASSETS	**8,822,649**	**8,263,071**			**1,829,613**	**1,411,617**	**-697,893**	**-615,619**	**9,954,369**	**9,059,069**
1	**SHAREHOLDERS' EQUITY**									**4,769,739**	**5,538,828**
2	**PROVISIONS**	**92,509**	**37,456**			**599**	**459**			**93,108**	**37,915**
3	**TECHNICAL PROVISIONS**	**2,884,745**	**2,358,356**							**2,884,745**	**2,358,356**
4	**FINANCIAL LIABILITIES**	**578,933**	**66,610**			**1,628,079**	**1,256,674**	**-678,704**	**-590,139**	**1,528,307**	**733,145**
4.1	Financial liabilities at fair value through profit or loss	31,249	48,655							31,249	48,655
4.2	Other financial liabilities	547,683	17,955			1,628,079	1,256,674	-678,704	-590,139	1,497,058	684,490
5	**ACCOUNTS PAYABLE**	**185,542**	**115,725**			**84,907**	**46,805**	**-18,029**	**-22,666**	**252,420**	**139,864**
6	**OTHER LIABILITIES**	**423,080**	**249,591**			**4,129**	**4,184**	**-1,159**	**-2,814**	**426,050**	**250,960**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES									**9,954,369**	**9,059,069**

(IN € THOUSAND)

INCOME STATEMENT BY BUSINESS SEGMENT		Non-life business		Life business		Other businesses		Inter-segment eliminations		Total	
		31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14
1.1	Net premiums	119,949	385,182							119,949	385,182
1.1.1	Gross premiums for the year	96,535	407,536							96,535	407,536
1.1.2	Outward reinsurance premiums for the year	23,414	-22,354							23,414	-22,354
1.2	Commission income					8,553	11,067			8,553	11,067
1.3	Gains (losses) on financial instruments at fair value through profit or loss	445,771	-402,738							445,771	-402,738
1.4	Gains from equity investments in subsidiaries, associates and joint ventures										
1.5	Income from other financial instruments and investment property	135,289	172,920			30,575	50,321			165,864	223,241
1.6	Other income	192,416	654,518			9,875	9,769	3,055	3,288	205,346	667,575
1	**TOTAL REVENUE AND INCOME**	**893,426**	**809,882**			**49,003**	**71,157**	**3,055**	**3,288**	**945,484**	**884,327**
2.1	Net claims incurred	-216,266	77,034					1,599	1,175	-214,667	78,209
2.1.1	Amounts paid and changes in technical provisions	-225,477	54,428					1,599	1,175	-223,878	55,603
2.1.2	Reinsurers' share	9,211	22,606							9,211	22,606
2.2	Commission expense					-799	-642			-799	-642
2.3	Expense related to equity investments in subsidiaries, associates and joint ventures										
2.4	Expense relating to other financial instruments and investment property	-14,316	12,847			-12,724	-26,496			-27,040	-13,649
2.5	Management costs	-78,998	-101,688			-12,191	-11,217	1,324	1,603	-89,865	-111,302
2.6	Other expense	-97,932	-149,662			-9,597	-9,019	218	596	-107,311	-158,085
2	**TOTAL COSTS AND EXPENSES**	**-407,513**	**-161,469**			**-35,311**	**-47,374**	**3,141**	**3,374**	**-439,683**	**-205,469**
	PROFIT FOR THE YEAR BEFORE TAXES	**485,913**	**648,413**			**13,692**	**23,783**	**6,196**	**6,662**	**505,801**	**678,858**

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

INFORMATION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(data in € thousand)

1. Intangible assets (Item 1)

This item comprises the assets defined and regulated by IAS 38 and goodwill arising on the acquisition of SACE Surety, merged into SACE BT, and goodwill deriving from the consolidation of SACE SRV.

TABLE 1 (IN € THOUSAND)

INTANGIBLE ASSETS	net amount at 31-12-15	net amount at 31-12-14
Goodwill	7,655	7,655
Other intangible assets	7,538	6,728
Total	**15,193**	**14,383**

Intangible assets comprise € 7,655 thousand for goodwill, which includes:

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

Other intangible assets mainly include the costs for the company's information system. Amortisation periods reflect the useful life of capitalised costs. Further details on the measurement of Intangible assets are provided in the annex "Detail of Property, Plant and Equipment and Intangible Assets".

2. Property, plant and equipment (Item 2)

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

TABLE 2 (IN € THOUSAND)

REAL PROPERTY	Amount
Opening balance	73,324
Acquisitions	
Decreases	1,080
Depreciation	756
Closing balance	**71,488**

Property includes assets defined and regulated by IAS 16.

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

TABLE 3 (IN € THOUSAND)

OTHER PROPERTY, PLANT AND EQUIPMENT	Amount
Opening balance	2,123
Increases for purchases	374
Decreases	
Depreciation	725
Closing balance	**1,772**

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

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

This item of € 465,015 thousand (€ 84,669 thousand at 31 December 2014) includes reinsurers' commitments arising on reinsurance contracts regulated by IFRS 4. Further details of Reinsurers' share of technical provisions are provided in the annex "Detail of Reinsurers' share of technical provisions".

4. Investments (Item 4)

The detail is as follows:

TABLE 4 (IN € THOUSAND)	**31-12-15**	**31-12-14**
4,1, Investment property	12,602	12,590
4,2 Equity investments in subsidiaries, associates and joint ventures	7,954	7,776
4,3 Held-to-maturity investments	1,591,256	1,691,001
4,4 Loans and receivables	5,125,705	4,638,310
4,6 Financial assets at fair value through profit or loss	708,998	703,458
Total	**7,446,515**	**7,053,135**

4.1 Investment property

"Investment property" (Item 4.1) includes assets defined and regulated by IAS 40. In particular, it reflects property leased to third parties by the subsidiary SACE BT. Overall, the market value of each asset exceeds the carrying amount. The expert appraisals are aligned with the provisions of Title III of ISVAP Regulation No. 22. Further details are set forth in the annex "Detail of Property, Plant and Equipment and Intangible Assets".

4.2 Equity investments in subsidiaries, associates and joint ventures

This item comprises the interest in ATI (*African Trade Insurance Agency*) in the form of 100 shares for an equivalent value of USD 10.2 million.

4.3 Held-to-maturity investments

Held-to-maturity investments (Item 4.3) comprise financial assets held to maturity as defined by IAS 39.9. Changes in this item are detailed below:

TABLE 5 (IN € THOUSAND)

HELD-TO-MATURITY INVESTMENTS	**Amount**
Opening balance	1,691,001
Increases during the year:	29,329
Decreases during the year:	-129,074
Total	**1,591,256**

The reductions during the year reflect reimbursements made.

4.4 Loans and receivables

Loans and receivables (Item 4.4) include loans (IAS 39.9) regulated by IAS 39, excluding trade receivables as defined by IAS 32 AG4 (a). This item also includes non-sight deposits at banks and reinsurers' deposits with ceding companies. It also includes € 1,709,532 thousand for receivables from debtors arising from factoring contracts signed before the end of the year and Notes for € 722,546 thousand.
All items of this category of financial instruments are measured at amortised cost.

4.6 Financial assets at fair value through profit or loss

This item (4.6) comprises the financial assets regulated by IAS 39. It includes investments of liquidity in bonds, equities and units of UCITS. Further details of "Held-to-maturity investments", "Loans and receivables" and "Financial assets at fair value through profit or loss" are provided in the annex "Detail of Financial Assets".

Information as per IFRS 7.27B(a) about the fair value hierarchies in accordance with IFRS 7.27 is provided in annex 9 "Breakdown of financial assets and liabilities by level". Level 1 includes financial instruments listed in regulated markets, level 2 comprises unlisted securities and derivatives which are measured on the basis of directly observable market data, level 3 securities and financial instruments measured using valuation techniques based to a large extent on unobservable variables.

5. Sundry receivables (Item 5)

TABLE 6 (IN € THOUSAND)

SUNDRY RECEIVABLES	31-12-15	31-12-14
5.1 Receivables arising out of direct insurance business	1,324,599	1,300,592
5.2 Receivables arising out of reinsurance business	23,595	1,825
5.3 Other receivables	54,425	52,042
Total	**1,402,619**	**1,354,459**

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

Receivables arising out of direct insurance business

This item consists mainly of subrogation receivables from sovereign debtors amounting to € 1,111,257 thousand.

Receivables arising out of reinsurance business

This item refers to current account debit and credit balances for premiums, claims, commissions, deposits and related interest towards companies with which reinsurance business is transacted. The increase on the previous year-end balance is due to the activation of the Agreement with the MEF.

Other receivables

Other receivables are detailed below.

TABLE 7 (IN € THOUSAND)

OTHER RECEIVABLES	31-12-15	31-12-14
Receivables from tax authorities	5,476	6,602
Receivables for invoices to be issued	944	201
Premiums on options	0	525
Sundry receivables	48,005	44,714
Total	**54,425**	**52,042**

"Sundry receivables" (€ 37,572 thousand) mainly comprise receivables from policyholders in relation to their exposure. The aforesaid receivables are similar, as far as their related terms and conditions of repayment are concerned, to the receivables from foreign countries due directly to SACE.

6. Other assets (Item 6)

TABLE 8 (IN € THOUSAND)

OTHER ASSETS	**31-12-15**	**31-12-14**
6.1 Non-current assets or of a disposal group available-for-sale		
6.2. Deferred acquisition costs		
6.3. Deferred tax assets	206,427	140,254
6.4. Current tax assets	153,418	224,899
6.5 Other assets	9,932	11,618
Total	**369,777**	**376,771**

"Current tax assets" include receivables due from companies included in the tax consolidation scheme. "Deferred tax assets" reflect those deferred tax assets from the ordinary financial statements of companies included in the scope of consolidation and taxes relating to IAS adjustments to the consolidated financial statements as required and governed by IAS 12. For a more detailed breakdown of deferred tax assets and liabilities reference should be made to the "Income statement - Taxation" section.

7. Cash and cash equivalents (Item 7)

TABLE 9 (IN € THOUSAND)

CASH AND CASH EQUIVALENTS	**31-12-15**	**31-12-14**
Bank and Post Office demand deposits	181,983	100,196
Cash in hand	7	9
Total	**181,990**	**100,205**

This heading includes the financial assets defined by IAS 7.6.

8. Shareholders' equity

At 31 December 2015, shareholders' equity totalled € 4,769,737 thousand and comprises:

TABLE 10 (IN € THOUSAND)

SHAREHOLDERS' EQUITY	**31-12-15**	**31-12-14**
Group interest	**4,769,739**	**5,538,828**
Share capital	3,541,128	4,340,054
Retained earnings and other equity reserves	918,732	728,207
Other gains (losses) taken directly to equity	106	43
Group interest in the profit for the period/year	309,773	470,524
Minority interest		
Minority interest in the profit for the period/year		

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

9. Provisions

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

TABLE 11 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
Provisions for amounts due to policyholders	8,734	8,277
Provision for legal disputes	4,791	3,194
Provision for payments to agents	1,137	1,266
Other provisions	78,446	25,178
Total	**93,108**	**37,915**

“Other provisions” include € 47,022 thousand related to potential charges arising from the Agreement with the MEF to the extent of the amount calculated as 10% of the SACE’s equalisation provision for 2014 (article 8.1.a).
Movements in this item during 2015 are detailed below:

TABLE 12 (IN € THOUSAND)

DESCRIPTION	Amount
Opening balance	37,915
Provisions for the year	57,834
Utilisations for the year	2,641
Closing balance	**93,108**

10. Technical provisions

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

TABLE 13 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
Provision for unearned premiums - non-life business	2,174,539	1,711,241
Provision for claims outstanding - non-life business	709,201	646,199
Other provisions	1,005	916
Total	**2,884,745**	**2,358,356**

Further details are provided in the annex “Detail of technical provisions”.

11. Financial liabilities

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

TABLE 14 (IN € THOUSAND)

FINANCIAL LIABILITIES	31-12-15	31-12-14
4.1 Financial liabilities at fair value through profit or loss	31,249	48,655
4.2 Other financial liabilities	1,497,058	684,490
Total	**1,528,307**	**733,145**

Financial liabilities at fair value through profit or loss reflect the value of financial instruments in portfolio. Financial instruments are used for hedging or efficient management purposes; hedge accounting has not been applied for these instruments. The fair value of derivatives is determined on the basis of market parameters at the reporting date. Other financial liabilities include the loans granted by banks and financial institutions to SACE Fct. Other financial liabilities include the amounts due to ceding companies for factoring contracts and the subordinated loan, listed on the Luxembourg Stock Exchange, issued by the Parent SACE and equal to € 500 million. Further details of this item are provided in the annex “Detail of financial liabilities”.

12. Accounts payable

TABLE 15 (IN € THOUSAND)

ACCOUNTS PAYABLE	31-12-15	31-12-14
5.1 Accounts payable arising out of direct insurance business	30,690	34,634
5.2 Accounts payable arising out of reinsurance business	94,831	23,915
5.3 Other accounts payable	126,899	81,315
Total	**252,420**	**139,864**

This heading includes trade payables as per IAS 32 AG.

Accounts payable arising out of direct insurance business mainly include payables for amounts due to policyholders for deductibles on amounts recovered, equal to € 26,269 thousand.

Other accounts payable include:

TABLE 16 (IN € THOUSAND)

DESCRIPTION	31-12-15	31-12-14
Amounts due to suppliers	13,052	11,680
Provision for termination benefits	6,268	6,959
Sundry creditors	107,579	62,676
Total	**126,899**	**81,315**

Sundry creditors consist of costs for the year relating to employees (€ 7,885 thousand), payments received from creditors in connection with factoring activities and to be processed (€ 65,268 thousand).

13. Other liabilities

This heading is detailed as follows:

TABLE 17 (IN € THOUSAND)

OTHER LIABILITIES	31-12-15	31-12-14
6.1 Liability of a disposal group held for sale		
6.2 Deferred tax liabilities	184,576	153,546
6.3 Current tax liabilities	236,638	92,813
6.4 Other liabilities	4,836	4,601
Total	**426,050**	**250,960**

INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

14. Net premiums

This heading includes the premiums earned relating to insurance contracts under IFRS 4.2, net of amounts ceded to reinsurers. Gross premiums written amount to € 559,832 thousand. Indications regarding premiums income in 2015 segment by segment are provided in the Directors' Report. Further details can be found in the annex "Detail of insurance technical items".

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

This item comprises realised gains and losses and increases and decreases in the carrying amount of financial assets and liabilities at fair value through profit or loss. Specifically, it reflects the value of financial instruments used to hedge exchange rates (see also Other revenue for the component relating to exchange rate adjustments to portfolio receivables). Further details are provided in the annex "Financial and investment income (expense)".

16. Income from other financial instruments and investment property

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

Interest income

This item includes interest recognised using the effective interest method (IAS 39).

Other income

This item reflects income from rentals on investment property.

17. Other revenue

This item mainly includes exchange rate differences to be recognised in profit or loss as set forth in IAS 21 of € 195,750 thousand (2014: € 643,983 thousand).

18. Net claims incurred

This item includes (gross of payment costs and amounts ceded to reinsurers) the amount of claims paid (€ 285,410 thousand). Information about claims in 2015 by class of business is provided in the Directors' Report. Further details can be found in the annex "Detail of insurance technical items".

19. Expense relating to other financial instruments and investment property

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

Interest expense

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

Other expense

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

20. Management costs

Commissions and other acquisition expenses

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

Investment management charges

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

Other administrative expenses

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

21. Other expense

This heading includes:

- other net technical charges relating to insurance contracts (€ 9,372 thousand)
- impairment losses and additional provisions accrued during the year (€ 55,791 thousand)
- exchange rate differences recognised in profit or loss, as set forth in IAS 21 (€ 23,992 thousand)
- realised losses, depreciation of property, plant and equipment, not otherwise allocated to other cost items, and amortisation of intangible assets (€ 1,699 thousand).

22. Taxes

Taxes recognised in the consolidated income statement are as follows:

TABLE 18 (IN € THOUSAND)

INCOME TAX - Through profit or loss	**2015**	**2014**
Current taxes		
Expense for current taxes	233,945	86,528
Adjustments to prior year current taxes	-46	-952
Deferred taxes		122,758
Expense (income) due to recognition and elimination of temporary differences	-38,024	
Expense (income) due to changes in tax rates or new taxes	153	
Expense (income) arising from tax losses		
Expense (income) arising from impairment losses or reversals of impairment losses on deferred tax assets		
TOTAL INCOME TAX	**196,028**	**208,334**

The reconciliation between the tax liability stated in the 2015 consolidated financial statements and the theoretical tax liability, determined according to theoretical tax rates adopted in Italy, is as follows:

TABLE 19 (AS A PERCENTAGE)

RECONCILIATION BETWEEN AVERAGE EFFECTIVE AND THEORETICAL TAX RATES - BREAKDOWN	**2015**	**2014**
Ordinary rate applicable	34.32%	34.32%
Effect of increases/decreases	4.44%	(3.63%)
Tax rate on profit before taxes	**38.76%**	**30.69%**

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

TABLE 20 (IN € THOUSAND)

DEFERRED TAX ASSETS AND LIABILITIES	**Assets**		**Liabilities**		**Net**	
Related to:	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Intangible assets						
Unrealised revaluation	596	683			596	683
Equalisation and catastrophe reserves			45,967	47,896	-45,967	-47,896
Employee benefits			99	30	-99	-30
Assets at FV			24,196	22,613	-24,196	-22,613
Other items	205,831	139,571	114,313	83,007	91,517	56,564
Taxable losses						
Total gross deferred taxes	206,427	140,254	184,576	153,546	21,851	-13,292
Tax offsetting						
Total net tax (assets)/liabilities	**206,427**	**140,254**	**184,576**	**153,546**	**21,851**	**-13,292**

OTHER INFORMATION

Intra-group transactions and transactions with related parties

As part of their business, SACE and its subsidiaries were not party to any atypical transactions extraneous to their usual business conduct. Intra-group transactions, settled on an arm's length basis, are carried out through reinsurance relationships, the provision of services under specific outsourcing agreements (activities entrusted by the subsidiary SACE BT and by SACE Fct to the parent SACE for activities not part of the company core business - IT, communication, personnel management and internal audit). The offices of the Parent were leased at market prices. The subsidiaries also entered into lease contracts. These services made it possible to streamline operating functions and improve the standard of service. During the year, insurance transactions were carried out with companies controlled by Cassa depositi e prestiti, also settled at arm's length.
SACE's financial investment portfolio contains 2 bonds with a total nominal amount of € 84 million issued by the parent Cassa depositi e prestiti and purchased by SACE before the change of the majority shareholder. Furthermore, at 31 December 2015, time deposits amounted to € 2,035 million, of which € 11.6 million at the parent Cassa depositi e prestiti.

Fees paid to senior managers with strategic responsibility

Fees were paid in 2015 for € 2,937 thousand.

Patent box

During the year, the group companies exercised the option related to the reduced taxation regime of income arising from the use of intangible assets (Patent Box), governed by the Decree of the Ministry of the economic development together with the Ministry of the economy and finance of 30 July 2015, implementing the provisions of article 1(37) to (45) of Law No. 190 of 23 December 2014. To this end, the companies filed a request with the Revenue agency – Central assessment directorate for the preventive settlement, under a contradictory procedure, of the methods and criteria used to calculate the economic contribution to the generation of corporate income or loss arising from the direct use of the intangible assets subject to reduced taxation. In this respect, the group companies are awaiting the outcome of the international standard ruling procedure began pursuant to article 12 of the above Decree.

Independent auditors' fees

In accordance with Italian Legislative Decree No. 39 of 27 January 2010, the fees due for FY 2015 to PricewaterhouseCoopers for auditing the consolidated financial statements are shown in the table below.

TABLE 21(IN € THOUSAND)	**2015**
SACE audit	95
Audit of subsidiaries	211
Total	**306**

Events after the reporting date

Reference should be made to the Directors' Report.

ANNEXES TO THE NOTES

(ISVAP Regulation No. 7/2007 and subsequent additions)

(IN € THOUSAND)

ANNEX 1. DETAIL OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	At cost	Restated or at fair value	Total carrying amount
Investment property	12,602		12,602
Other property	71,488		71,488
Other property, plant and equipment	1,772		1,772
Other intangible assets	7,538		7,538

(IN € THOUSAND)

ANNEX 2. DETAIL OF REINSURERS' SHARE OF TECHNICAL PROVISIONS	Direct business		Indirect business		Total carrying amount	
	31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14
Non-life provisions	**463,712**	**83,202**	**1,303**	**1,467**	**465,015**	**84,669**
Provision for unearned premiums	353,546	37,772	848	779	354,394	38,551
Provision for claims outstanding	63,016	45,233	455	688	63,471	45,921
Other provisions	47,149	197			47,149	197
Life provisions						
Provision for sums to be paid						
Mathematical provisions						
Technical provisions when the investment risk is borne by the policyholders and provisions relating to pension fund administration						
Other provisions						
Total of Reinsurers' share of technical provisions	**463,712**	**83,202**	**1,303**	**1,467**	**465,015**	**84,669**

(IN € THOUSAND)

ANNEX 3. DETAIL OF FINANCIAL ASSETS

	Held-to-maturity investments		Loans and receivables		Available-for-sale financial assets		Financial assets at fair value through profit or loss				Total carrying amount	
							Financial assets held for trading		Financial assets designated at fair value through profit or loss			
	31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14
Equity instruments and derivatives measured at cost												
Equity instruments at fair value							35,674	39,553			35,674	39,553
- of which listed							35,675	37,593			35,675	37,593
Debt securities	1,591,256	1,691,001					53,747	86,118			1,645,003	1,777,120
- of which listed	1,591,256	1,691,001					53,747	86,118			1,645,003	1,777,120
Units of UCITS							575,688	558,573			575,688	558,573
Loans and receivables with insured banks			50	504							50	504
Interbank loans and receivables												
Deposits with ceding companies			564	26							564	26
Financial asset components of insurance policies												
Other loans and receivables			5,125,091	4,637,780							5,125,091	4,637,780
Non-hedge derivatives							43,889	19,213			43,889	19,213
Hedging derivatives												
Other financial investments												
Total	**1,591,256**	**1,691,001**	**5,125,705**	**4,638,310**			**708,998**	**703,458**			**7,425,959**	**7,032,769**

(IN € THOUSAND)

ANNEX 4. DETAIL OF TECHNICAL PROVISIONS	Direct business		Indirect business		Total carrying amount	
	31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14
Non-life provisions	**2,786,882**	**2,285,379**	**97,863**	**72,977**	**2,884,745**	**2,358,356**
Provision for unearned premiums	2,085,251	1,646,400	89,288	64,841	2,174,539	1,711,241
Provision for claims outstanding	700,713	638,063	8,488	8,136	709,201	646,199
Other provisions	918	916	87	0	1,005	916
of which provisions made following liability adequacy tests						
Life provisions						
Provision for sums to be paid						
Mathematical provisions						
Technical provisions when the investment risk is borne by the policyholders and provisions relating to pension fund administration						
Other provisions						
of which provisions made following liability adequacy tests						
of which deferred liabilities to policy holders						
Total technical provisions	**2,786,882**	**2,285,379**	**97,863**	**72,977**	**2,884,745**	**2,358,356**

(IN € THOUSAND)

ANNEX 5. DETAIL OF FINANCIAL LIABILITIES	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total carrying amount	
	Financial liabilities held for trading		Financial liabilities designated at fair value through profit or loss					
	31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14
Participating financial instruments								
Subordinated liabilities					14,500		14,500	
Liabilities from financial contracts arising from:								
- policies where the investment risk is borne by policyholders								
- pension fund administration								
- other policies								
Deposits received from reinsurers					15,873	17,816	15,873	17,816
Financial liability components of insurance policies								
Debt securities issued					517,199		517,199	
Due to banks					410,626	198,265	410,626	198,265
Interbank liabilities								
Other loans obtained					521,067	460,000	521,067	460,000
Non-hedge derivatives and forward contracts	31,249	48,655					31,249	48,655
Hedging derivatives								
Other financial liabilities					17,793	8,409	17,793	8,409
Total	**31,249**	**48,655**			**1,497,058**	**684,490**	**1,528,307**	**733,145**

(IN € THOUSAND)

ANNEX 6. DETAIL OF TECHNICAL INSURANCE ITEMS		2015			2014		
		Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount
NET PREMIUMS		**96,534**	**23,415**	**119,949**	**407,536**	**-22,353**	**385,182**
a	Written premiums	559,832	-104,370	455,462	390,432	-29,605	360,827
b	Change in the provision for unearned premiums	-463,298	127,785	-335,513	17,103	7,252	24,355
NET CLAIMS INCURRED		**225,213**	**-10,545**	**214,667**	**-55,603**	**-22,606**	**-78,209**
a	Claims paid	300,394	-14,984	285,410	407,893	-29,610	378,283
b	Change in the provision for claims outstanding	44,898	795	45,693	-144,115	4,847	-139,268
c	Change in recoveries	-125,392	3,573	-121,819	-319,238	1,997	-317,241
d	Change in other technical provisions	5,314	71	5,385	-143	160	17

Life business							
NET PREMIUMS							
NET CLAIMS INCURRED							
a	Claims paid						
b	Change in the provision for claims outstanding						
c	Change in mathematical provisions						
d	Change in technical provisions where the investment risk is borne by the policyholders and relating to pension fund administration						
e	Change in other technical provisions						

(IN € THOUSAND)

ANNEX 7. FINANCIAL AND INVESTMENT INCOME AND EXPENSE		Interest	Other income	Other expense	Realised gains	Realised losses	Total realised income and expense	Unrealised gains		Unrealised losses		Total unrealised income and expense	Total income and expense	
								Fair value gains	Reversal of impairment losses	Fair value losses	Impairment losses		31-12-15	31-12-14
Investment income (expense)		**151,226**	**1,680**	**(655)**	**1,332,654**	**(911,319)**	**573,587**	**105,387**		**(81,959)**	**(2,533)**	**20,895**	**594,483**	**(214,383)**
a	On investment property		800	(655)			145				(1,285)	(1,285)	(1,140)	484
b	Relating to equity investments in subsidiaries, associates and joint ventures							9,149		(8,971)		178	178	206
c	On held-to-maturity investments	50,655			164		50,818						50,818	74,848
d	On loans and receivables	97,136				(1,161)	95,975	5,259		(2,201)		3,058	99,033	113,162
e	On available-for-sale financial assets													
f	On held-for-trading financial assets	3,436	880		1,332,490	(910,158)	426,649	90,979		(70,788)	(1,248)	18,944	445,594	(403,083)
g	Financial assets at fair value through profit or loss													
Other receivables - income (expense)		**3,935**					**3,935**						**3,935**	**3,855**
Cash and cash equivalents - income (expense)		**7,917**					**7,917**						**7,917**	**19,667**
Financial liabilities - income (expense)		**(4,245)**					**(4,245)**						**(4,245)**	**(2,107)**
a	On held-for-trading financial liabilities													
b	Financial liabilities at fair value through profit or loss													
c	Other financial liabilities	(4,245)					(4,245)						(4,245)	(2,107)
Indebtedness		**(17,494)**					**(17,494)**						**(17,494)**	**(176)**
Total		**141,339**	**1,680**	**(655)**	**1,332,654**	**(911,319)**	**563,699**	**105,387**		**(81,959)**	**(2,533)**	**20,895**	**584,595**	**(193,145)**

(IN € THOUSAND)

ANNEX 8. DETAIL OF INSURANCE BUSINESS COSTS		**Non-life business**		**Life business**	
		31-12-15	**31-12-14**	**31-12-15**	**31-12-14**
Gross commissions and other acquisition expense		45,629	44,107		
a	Acquisition commissions	12,777	12,776		
b	Other acquisition costs	30,799	29,063		
c	Change in deferred acquisition costs	0	0		
d	Collecting commissions	2,053	2,268		
Reinsurance commissions and profit-sharing		-22,887	-2,786		
Investment management charges		5,430	3,981		
Other administrative expenses		50,825	56,386		
Total		**78,998**	**101,688**		

(IN € THOUSAND)

ANNEX 9. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING AND NON-RECURRING BASIS: BREAKDOWN BY FAIR VALUE LEVELS		Level 1		Level 2		Level 3		Total	
		31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14
Assets and liabilities measured at fair value on a recurring basis									
Available-for-sale financial assets									
Financial assets at fair value through profit or loss	Financial assets held for trading	658,501	679,767	50,497	23,691			708,998	703,458
	Other financial instruments at fair value through profit or loss								
Investment property									
Property, plant and equipment									
Intangible assets									
Total assets measured at fair value on a recurring basis		**658,501**	**679,767**	**50,497**	**23,691**			**708,998**	**703,458**
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading			31,249	48,655			31,249	48,655
	Financial liabilities at fair value through profit or loss								
Total liabilities measured at fair value on a recurring basis				**31,249**	**48,655**			**31,249**	**48,655**
Assets and liabilities measured at fair value on a non-recurring basis									
Non-current assets or of a disposal group available-for-sale									
Liabilities of a disposal group held for sale									

(IN € THOUSAND)

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

	Carrying amount		Fair value							
			Level 1		Level 2		Level 3		Total	
	31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14
Assets										
Held-to-maturity investments	1,591,256	1,691,001	1,790,530	1,880,536			10	24	1,790,540	1,880,560
Loans and receivables	5,125,705	4,638,310					5,125,705	4,638,310	5,125,705	4,638,310
Equity investments in subsidiaries, associates and joint ventures	7,954	7,776			7,954	7,776			7,954	7,776
Investment property	12,602	12,590			12,602	12,590			12,602	12,590
Property, plant and equipment	73,260	75,447			73,260	75,447			73,260	75,447
Total assets	**6,810,777**	**6,425,124**	**1,790,530**	**1,880,536**	**93,816**	**95,813**	**5,125,715**	**4,638,334**	**7,010,061**	**6,614,683**
Liabilities										
Other financial liabilities	1,497,058	684,490	503,369				965,325	684,490	1,468,694	684,490

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

The legal representatives of the company (*)

Alessandro Castellano (**)

The Statutory Auditors

Marcello Cosconati

Alessandra Rosa

Giuliano Segre

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

(*) For foreign companies, the document must be signed by the general representative for Italy.
(**) Indicate the position of the person who signs.

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

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

- the adequacy in relation to the characteristics of the company and
- the effective application

of the administrative and accounting procedures used to prepare the consolidated financial statements for the year ended at 31 December 2015.

The adequacy of the administrative and accounting procedures used to prepare the consolidated financial statements for the year ended at 31 December 2015 was assessed on the basis of a process defined by SACE in accordance with generally recognised international standards.

We hereby also certify that:

- the consolidated financial statements at 31 December 2015:
  - correspond to the results of company records and accounting entries
  - were drawn up according to the International Financial Reporting Standards adopted by the European Union pursuant to Regulation (EC) 1606/2002, the provisions of Legislative Decree 38/2005, the Italian Civil Code, Legislative Decree 209 of 7 September 2005 and the applicable ISVAP regulations and circulars and that to the best of our knowledge they give a true and fair view of the state of affairs, the financial standing and the operating result of the company and the group of companies included in the scope of consolidation
- the report on operations includes a fair review of the operating performance and result and the situation of the company and all the consolidated companies, together with a description of the main risks and uncertainties to which they are exposed.

Rome, 16 March 2016

Chief Executive Officer
Alessandro Castellano

Executive Officer
Roberto Taricco

REPORT OF THE BOARD OF STATUTORY AUDITORS

REPORT OF THE BOARD OF STATUTORY AUDITORS
on the consolidated financial statements at 31 December 2015

Dear Shareholders,

As stated in the Notes, the scope of consolidation of SACE includes:

- SACE, which directs and coordinates its direct subsidiaries
- SACE Fct, wholly owned
- SACE BT, wholly owned
- SACE SRV, wholly-owned through SACE BT
- SACE do Brasil Representações, 99.95% directly owned and 0.05% indirectly owned through SACE SRV.

SACE has no treasury shares or shares in the parent, Cassa depositi e prestiti
The consolidated financial statements at 31 December 2015 of SACE have been prepared, based on the provisions of Legislative Decree No. 38 of 28 February 2005, in accordance with IAS/IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Union and in the technical formats required under IVASS Regulation No. 7/2007.
The basis of measurement and consolidation adopted is explained in the Notes.

Together with the consolidated financial statements, the Directors of SACE provided us with the reporting package at 31 December 2015, drawn up for the purposes of preparing the consolidated financial statements of the parent Cassa depositi e prestiti and based on the instructions issued by the Bank of Italy, as well as those of the Shareholder.

The Independent Auditors PricewaterhouseCoopers carried out the legally-required audit of the consolidated financial statements. We did not carry out any direct control on the financial statements of consolidated companies as this is the responsibility of the individual controlling bodies. We acknowledge that the reports issued by the latter, concerning the part for which they are responsible, do not reveal any irregularities, qualifications, specific issues or limitations.

Furthermore, as part of our institutional supervisory activities, we checked the following:

- compliance with measurement criteria, basis of consolidation and other legal requirements, especially those concerning the formation of the scope of consolidation, the date of reference of data and rules of consolidation
- the adequacy of the detailed information contained in the Directors' Report and in the Notes and consistency with the information provided in the consolidated financial statements.

We acknowledge that, in their report, the independent auditors PricewaterhouseCoopers, confirmed that the 2015 consolidated financial statements have been drawn up clearly and give a true and fair view of assets, financial position, results of operations, changes in equity and cash flows of SACE and its subsidiaries.

For all other findings and comments on the consolidated financial statements at 31 December 2015 under our responsibility, reference should be made to the Report on the financial statements of SACE, which underlines the key aspects of the financial statements of the same, whose operations continued to have significant repercussions on the consolidated financial statements throughout 2015.

In our opinion, based on that stated above, the consolidated financial statements at 31 December 2015 – which show a net profit of € 309,773 thousand, total assets of € 9,954,369 thousand, total liabilities of € 5,184,630 thousand and consolidated shareholders' equity of € 4,769,739 thousand – which are the result of financial statements with no exceptions, specific issues, qualifications or limitations, fairly represent the consolidated financial position and results of operations of SACE and its subsidiaries, in accordance with the aforesaid laws governing consolidated financial statements.

Rome, 11 April 2016

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

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INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the Shareholder of
SACE SpA

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2015

We have audited the accompanying consolidated financial statements of the SACE Group, which comprise the balance sheet as of 31 December 2015, the income statement, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of SACE SpA are responsible for the preparation of consolidated financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree n° 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view, in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers SpA

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Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the SACE Group as of 31 December 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union.

REPORT ON COMPLIANCE WITH OTHER LAWS AND REGULATIONS

Opinion on the consistency of the report on operations with the consolidated financial statements

We have performed the procedures required under auditing standard (SA Italia) n° 720B in order to express an opinion, as required by law, on the consistency of the report on operations, which is the responsibility of the directors of SACE SpA, with the consolidated financial statements of the SACE Group as of 31 December 2015. In our opinion, the report on operations is consistent with the consolidated financial statements of the SACE Group as of 31 December 2015.

Rome, 11 April 2016

PricewaterhouseCoopers SpA

Signed by

Alberto Buscaglia
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

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SACE

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