

Annual Report

2017

Our commitment to Italy's exporters



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2017

Our commitment to Italy's exporters

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EXPORTING POPSICLES TO GREENLAND.

No feat is impossible for Italian companies.

With the right partner and the most effective tools, Italian businesses can go further than they think - this belief represents our mission in supporting companies as they tackle challenges in international markets, steering them towards distant and ambitious goals, and the concept promoted in our first advertising campaign.

For over 40 years, at SACE SIMEST - two entities brought together into the Italian Export and Internationalisation Hub of the CDP Group - we have been providing the tools and resources to make the world-class quality and competitiveness of Italian products stand out across the globe.

This Annual Report is evidence of the results achieved in 2017, through data, analyses and stories of firms we are proud to support globally.



“Italian export on the rise despite the uncertainty”

**Beniamino
Quintieri**
Chairman



This is a crucial time for Italian businesses looking to foreign markets, amid an economic recovery offering opportunities and persistent risks and new protectionist fears that pose challenges. In 2017, international trade showed widespread growth, involving as many as 120 economies globally.

Italy was no exception. For the first time, our exports rose to record levels (+7.4%) worth 450 billion euro, accounting for more than 30% of the country's GDP. Exports and internationalisation, which had already proved to be decisive during the crisis years, confirmed yet again that they were the hallmarks of the Italian System and the essential drivers of the country's economic development.

The question is whether or not it will be possible to replicate last year's performance in 2018. Several trends bode well: from the global upturn in investments to rising demand from the major emerging economies—which account for slightly less than half of our exports (44%) and where Italy's products still have ample margins to unleash their full potential.

Italian companies are called upon to navigate challenging markets, fraught with geo-political tensions that extend far beyond the Middle East, with large debts—which raise concerns about the solvency of counterparties—and with uncertainty about the recovery of the commodities cycle, that will widen the discrepancy between emerging and advanced economies.

Italian firms will not have to grapple with tackling these markets on their own. SACE SIMEST will support those that decide to take the path towards internationalisation. In 2017, over 20 thousand firms relied on SACE SIMEST's financial insurance tools in 198 countries around the globe. This kind of support is reflected also in the growth of the portfolio of insured transactions, which reached a record high of 94 billion euro—up 9% from 2016—and whose underlying assets are the products made by Italian companies. Our transaction portfolio consists of all the exports

we have supported, of the foreign investments we have insured, and of the loans we have facilitated. This all translates into increased revenue for Italian companies.

And it is exactly along these lines that, for the first time, the CDP Group decided to measure the impact of its operations on Italy's businesses and on the Italian economy. The study, carried out in collaboration with Prometeia, took into consideration transactions carried out over the last decade, quantifying the Hub's impact not just on the individual corporate customer, but also throughout its production chain.

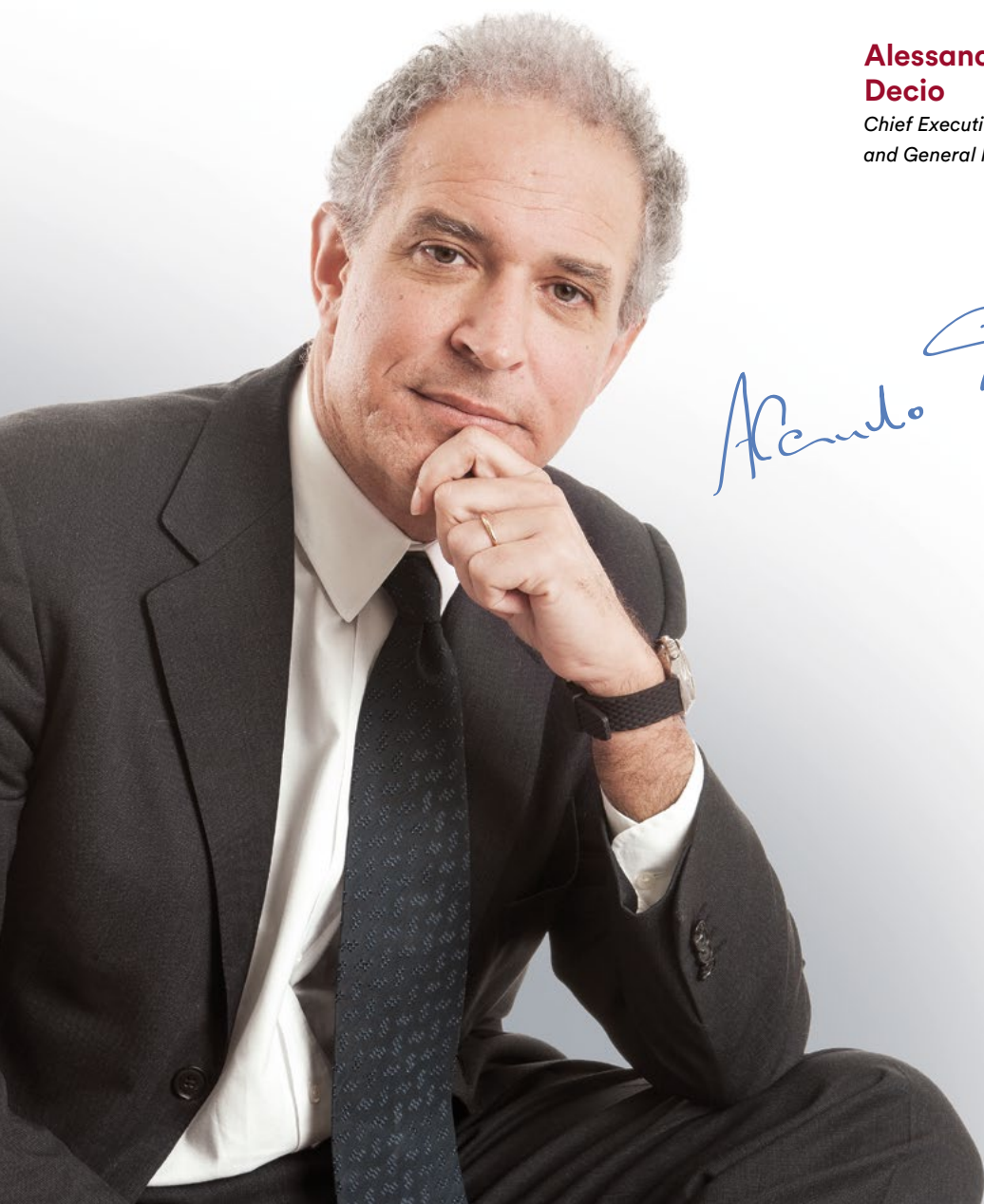
The findings make us especially proud. The estimated overall impact in terms of increased sales generated by the companies supported amounted to 16.3 billion euro—which increase to 52 billion euro when the indirect impact on production chains as well as consumer spending are also taken into account. Of these 52 billion euro, 42% pertain to small and medium-sized enterprises. In terms of GDP and employment, the Hub helped generate 19 billion euro (1.1% of GDP) and supports 220 thousand jobs.

The results achieved in the first two years of the Business Plan make us proud of what we have accomplished thus far and spurs us on to pursue even more ambitious goals, in the knowledge that our efforts can make a difference to the national economic system. I wish to take this opportunity to thank everyone in SACE SIMEST, who strive every day to render the impossible possible.

“Maximum support to our exporters, Italy’s key growth driver”

Alessandro Decio

*Chief Executive Officer
and General Manager*



2017 was a year of outstanding results for SACE SIMEST and for our mission to support the growth of Italian businesses around the world—and Italy’s future in conjunction with it.

During the year, we mobilised over 25 billion euro to further exports and internationalisation, up 41% from 2016. This was achieved thanks to the contribution of all the companies belonging to the Hub together with the Shareholder, Cassa depositi e prestiti, in pursuit of our primary aim of maximising our support to Italy’s economy while at the same ensuring economic sustainability. SACE’s activities in its support of exports—guarantees on loans extended to foreign buyers of Italian goods and services as well as insurance against the risk of default—accounted for 61% of the total resources mobilised. Support for internationalisation, in which SIMEST plays a part, accounted for 12% while the credit insurance services, sureties, and construction risk insurance offered by SACE BT as well as SACE Fct’s factoring services accounted for 27%. SACE SRV also played a crucial role, recovering 36 million euro in foreign receivables on behalf of more than one thousand SMEs.

This outstanding team achievement is a huge leap forward when compared with the ambitious targets set out in the 2016-2020 Business Plan and with our European peers. In 2017, we were the top export credit agency in terms of medium-long term resources mobilised to support exports of capital goods.

SACE SIMEST has consolidated its position as a significant self-sustainable economic policy instrument. Faced with a growth in volumes, we bolstered our financial position, with the Solvency Capital Ratio up from 154% in 2016 to 177%; we improved our operational efficiency, with the cost/income ratio down from 14% to 10%; and we maintained profitability below the level achieved in 2016 (ROE 5.9%), but nonetheless sustainable and in line with the targets as set out in the Business Plan.

We are ready to do our utmost. Firstly, we will double down on our efforts in emerging markets which offer enormous opportunities and where SACE SIMEST plays a crucial role in guaranteeing that Italian products maintain a position in keeping with their potential. It is no coincidence that the areas in which we

grew the most in 2017 were in Sub-Saharan Africa, in the Middle East and in North Africa—all complex and dynamic regions where we more than doubled the volume of new transactions. We will continue to work in these and in other expanding emerging markets with new and more effective initiatives such as the Push Strategy—a programme that supports economic diplomacy efforts, thanks to which we were able to offer 650 million euro in credit facilities to major foreign buyers so as to facilitate the purchasing of Italian goods and services.

Doing our utmost also includes promoting networking with economic players as well as fostering collaboration with banks to enhance the complementarity of our roles for the benefit of businesses. In 2017, this allowed lenders to provide 7.5 billion euro worth of financing guaranteed by SACE to support Italian exports, up 44% from the previous year.

Finally, doing our utmost translates into always putting businesses first, providing solutions that are both practicable and appropriate to their needs. A considerable amount of work remains to be done and we are already doing much in this regard. In 2017, we boosted the number of medium-sized enterprises by 21%; we served 5,000 SMEs with ad hoc initiatives devoted to Italy’s strategic supply chains, and we provided subsidised loans to support the international growth plans of 400 SMEs—more than double the number of the previous year, while processing times were more than halved.

We are, however, determined to do much more as we seek to support a greater number of SMEs. In order to accomplish this, we launched a major digitisation plan, that, since 2017, has enabled us to expand the range of services available at www.sacesimest.it.

I am sure that our current commitment will bear fruit in terms of future results. For these day-to-day efforts, which consist of professional expertise and courage in equal measure, I and the members of the Board would like to thank each and every individual at SACE SIMEST and wish everyone all the best for the future challenges that lie ahead.

Alongside Italian businesses in impossible feats

No feat is impossible for Italian companies. This is the concept of the advertising campaign launched by SACE SIMEST to celebrate the talent and courage of Italy's enterprise - which, thanks to its high-quality products and dogged entrepreneurs, is able to achieve success and recognition across the globe.

Working together with companies to conquer foreign markets - including emerging and "frontier" ones - SACE SIMEST, the Italian Export and Internationalisation Hub of the Cassa depositi e prestiti Group, offers a comprehensive and one-of-a-kind range of products and services to make them more competitive when it comes to exports and internationalisation: from credit and foreign investment insurance to guarantees on bank loans, subsidised credit facilities, equity investments, sureties to participate in tenders or win contracts, protection against construction risks, and factoring and debt collection services.

Our offerings are complemented by analytical tools developed by a team of economists that study the trends of Italy's industry as well as 198 countries. Taken together, this is a bona fide toolbox for those firms that are entering foreign markets and want to expand their business into untapped geographies. The Risk Map, the Export Opportunity Index, the Investment Opportunity Index, and the Export Report are the main tools developed by SACE to provide an authoritative overview of risks and opportunities, helping Italian businesses shape their international strategies.

Together with SMEs to conquer foreign markets

With us you can.



Boost your exports

With us, you can offer your foreign customers payment extensions or loans at competitive conditions in order to purchase your products and services, by protecting yourself against the risk of insolvency and benefiting from an interest rate subsidy.



Insure your receivables and convert them into cash

With us, you can insure your sales in Italy and abroad against the risk of non-payment and transform your receivables into liquidity.



Invest worldwide

With us, you can establish new businesses or take over equity investments abroad, relying on a solid partner. Furthermore, you can insure your investments against political risks.



Know customers and markets

With us, you can get an assessment of your Italian and foreign customers' reliability, studies and research on countries and sectors as well as training and advisory services, relying on the experience accrued in the assessment and management of risks over forty years of activity.



Finance your growth worldwide

With us, you can finance your international development projects, subsidised credit facilities or bond issues.



Obtain guarantees for tenders

With us, you can obtain the guarantees required to participate in tenders and be-awarded orders all over the world, settle your payment commitments and protect your site against construction risks.

Digital services to run faster

In a world where digital technology collapses physical distances and the speed of the web requires reimagining business processes, also the SACE SIMEST Hub sees digitisation as a priority.

Italy's industrial fabric is made of several small and medium businesses that represent the core of the country's economy as well as the quality of Italian products. The Italian Export and Internationalisation Hub targets exactly these firms with tailor-made digital tools capable of meeting their needs in an effective and efficient manner.

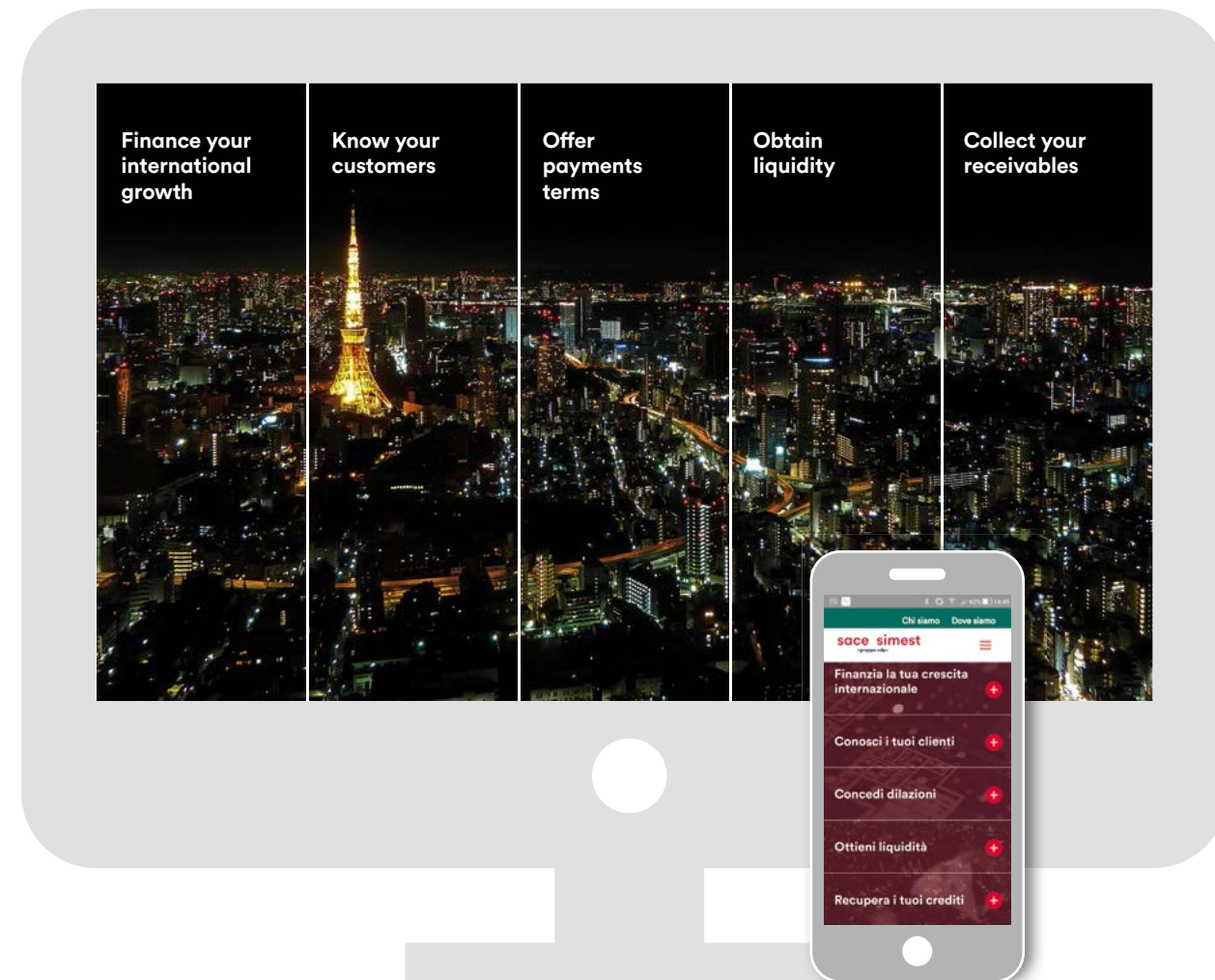
During the year, we launched sacesimest.it - the new portal that makes 5 services for SMEs available online. Through the platform, they can directly request subsidised loans, credit insurance, assessments of the credit worthiness of Italian and international customers, and factoring and debt collection services.

Besides developing an end-to-end offering, the Hub has also launched a process to streamline its prod-

ucts, reducing the amount of contract documents required to obtain guarantees and allowing to access insurance and financial tools more quickly. One of the projects scheduled to launch in 2018 is Education to Export: the goal is to develop an online platform through which entrepreneurs, export managers, and risk managers at Italian firms will be able to access an innovative programme that will lead them to success in international markets. Said programme will offer a *bona fide* digital journey - a customised and constantly evolving experience tailored to the needs of entrepreneurs. The online modules will be complemented by in-person meetings with SACE SIMEST's experts, including in partnership with other leading internationalisation players, to identify new business opportunities and obtain tailor-made advice throughout the definition and implementation of international growth projects.

Fast,
simple,
and digital:

sacesimest.it
is the new portal
for SMEs



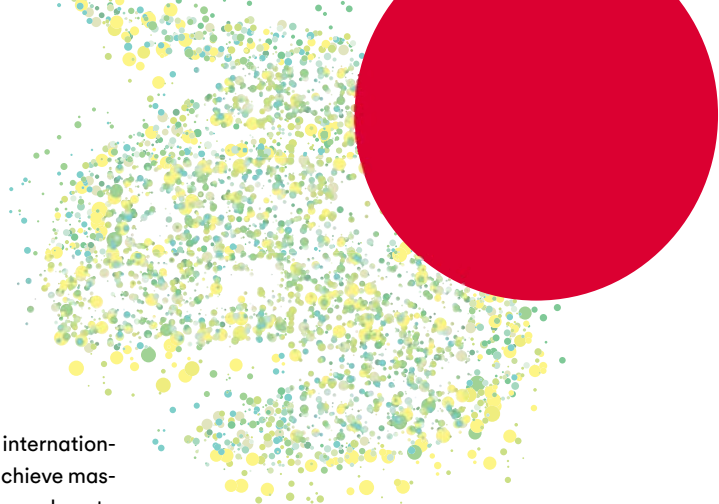
Close to entrepreneurs in Italy and around the world



The companies that decide to expand internationally, diversifying their export markets, achieve massive success - but can also expose themselves to risks. When facing the - often complex - dynamics of foreign markets, being able to rely on an expert partner capable of supporting the company's internationalisation and exports with specialised products and in-depth studies is key.

With 14 offices in Italy and over 40 years of experience, the SACE SIMEST Hub supports companies on the ground, working side-by-side to develop successful international strategies. This network represents a single point of reference to access all the internationalisation offerings of SACE, SIMEST and CDP, with an approach that allows to work in synergy in order to quickly and effectively meet the needs of Italian businesses - and especially SMEs. In addition, our presence is augmented and strengthened by the partnerships with local banks and institutions, offering a customised service born from the combination of different sets of expertise. Internationally, the SACE SIMEST network includes 10 offices located in countries or areas that are strategic for Italy's exports.

Some employees
of SACE SIMEST.
From left to right:
Giuseppe Marino
Fabrizio Ferrari
Elisa Lodi
Stefano Saloni
Barbara Celari
Pierluigi Viti
Marianna Trionfante
Marco Comella



The foreign branches monitor the country's potential by nurturing relationships with banks and institutions as well as leading local counterparties.

The Push Strategy was born exactly from this expertise acquired on the ground. Under this fresh and proactive approach, SACE selects foreign buyers and offers them medium/long-term credit lines at competitive rates to facilitate purchases of Italian goods and services or strengthen existing business relations.

Our network of professionals supports companies on the ground

A tangible commitment to Italy's economy

commitment



The SACE SIMEST Hub supports the growth of Italy's businesses and national economic system. For internationally-oriented companies, the Hub's support is crucial to finalise export transactions in non-traditional markets, obtain loans on better terms, and boost their competitiveness.

For Italy as a whole, it is a key tool to increase exports, which currently account for nearly one third of GDP, and give the country an international presence fitting of its potential. It is with this awareness that SACE SIMEST has always put social responsibility front and centre. Over the years, the Hub has developed a more mature approach to maximise its contribution to Italy's economic and social growth. Corporate Shared Value (CSV) pro-

poses a new *modus operandi* that reconciles the generation of economic value with a broader systemic vision that places more emphasis on society and the environment - as well as the ability to understand the

needs of stakeholders and convert these into tools to support business strategies. Starting from this year, the CDP Group has decided to quantify the impact of its operations on Italy's businesses and economy by conducting a study in partnership with Prometeia. The findings show a significant boost to sales - 16.3 billion euro, which rise to 52 billion

euro when considering the impact on supply chains - as well as GDP and employment: 19 billion euro (1.1% of GDP) and nearly 220 thousand jobs supported.s

Supporting 220,000 jobs and generating 19 billion euro of GDP

Some employees of SACE SIMEST.
From left to right:
Gianluca Cabula
Sabrina Raccamarich
Serena Mannu
Prospero Astarita
Cecilia Galli
Marco Ferioli

Exporting ice-cream to Mongolia

In Mongolia with Technogel

SACE insured 665 thousand euro worth of products sold by Technogel, an SME based in Bergamo, in Mongolia. For over 60 years, Technogel has been producing high-quality ice-cream making machines and systems and exporting them to more than 60 countries.

€665
thousand

A world in which to grow, with the right tools

Faster-than-expected growth, but now caution is warranted

In 2017, the world economy surprised to the upside as GDP grew by 3.7% - faster than the estimated 3.4%. This expansion was broad-based across all regions.

Advanced economies picked up despite facing several political risks. The euro-area grew by 2.4%, reacting positively to the risks associated with issues emerged during the year such as the Brexit negotiations, Catalonia's crisis, and Germany's political stalemate. The United States also beat expectations, but there is some uncertainty - especially about the new political agenda of the Trump administration when it comes to trade and immigration.



Pierluigi
Ciabattoni

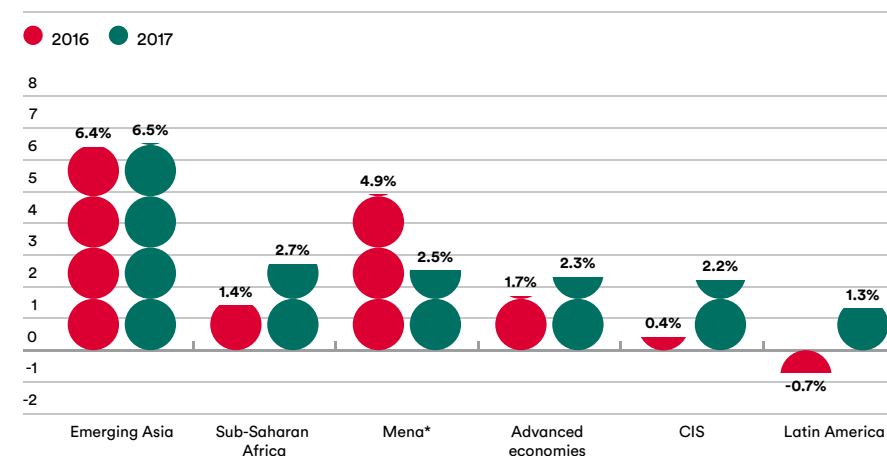
In 2017, one of the focuses across these geographies were the starkly different monetary policy decisions. The European Central Bank maintained an expansionary stance while the Federal Reserve continued to gradually raise interest rates. Despite this divergence, the euro slightly gained on the dollar in the second half of the year, buoyed by the economic growth of the 19 euro-area member states and the uncertainty over US politics.

As for emerging countries, some major economies such as Russia and Brazil recovered on the back of the modest rebound in oil and commodity prices, consolidating their performance. Asia did remarkably well, as India and China grew by nearly 7% - although the latter must address fundamental issues, such as the level of private and local government debt, to ensure its growth remains sus-

tainable. The countries in the Middle East and North Africa (Mena) as well as Sub-Saharan Africa expanded by more than 2%, with the former slowing down and the latter picking up compared to 2016; meanwhile, Latin America reversed the negative trend and returned to growth.

Broad-based growth across all regions

GDP change by geographic area



* Including Pakistan and Afghanistan.

Source: International Monetary Fund (January 2018)

In Cameroon with Leonardo

SACE guaranteed 1,2 million euro to support the construction work management agreement for a football stadium and a multifunctional sports complex in Cameroon entered into by the Pisa-based SME Leonardo Srl. The complex will be inaugurated during the 2019 African Cup. Leonardo is an architectural design company that operates mainly in the public sector.

€1.2 million

A feeling of déjà vu

However, in 2017 the international community got a feeling of *déjà vu* and increasingly came under the impression that the Goldilocks economy scenario seen in 2007 has come back, with an economic balance resting on fragile foundations: robust economic growth, inflation under control, favourable financial conditions (thanks to accommodating monetary policy stances), low market volatility, and a timid recovery in commodity prices. The expression is inspired by the well-known Scandinavian fairy tale Goldilocks, where the young protagonist finds that she prefers porridge which is neither too hot nor too cold, but has just the right temperature.

Therefore, on the tenth anniversary of the global financial crisis, we could be facing once again the same huge imbalances; the combination of low yields and subdued volatility pushes investors to use leverage in order to boost returns - as showed by the steady growth in some instruments that go in this direction. This stage of the business cycle may be fragile, as it is premised on growth remaining moderate; an acceleration in global GDP growth could cause central banks to raise rates, fuelling concerns among market participants that an excessively rapid monetary tightening might generate unforeseen negative repercussions.

Towards a Goldilocks economy scenario

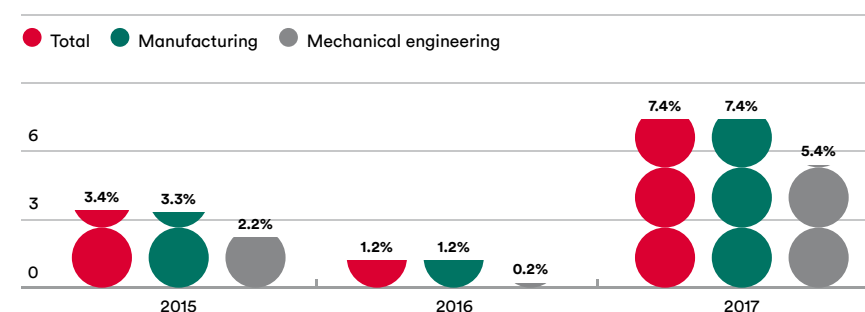
A recovery that is also Italian

Against this backdrop, Italy's economy put in its best annual performance since 2010, growing by 1.5% on the back of domestic demand (driven by both household spending and the resurgence in investments, especially in capital goods). This newfound strength is reflected also in business demographic data: the net balance of new business starts and discontinued operations in the first nine months of the year was positive 38 thousand units (excluding companies struck off the register because they are no longer in business). The revival of consumer spending has caused a sharp increase in Italian imports, reducing the trade surplus (down 4.6% from the prior year to 47 billion euro). This is all the more surprising when considering the steady rise in exports (+7.4%) thanks to the recovery in international trade. Foreign demand growth was driven by both EU and non-EU countries (+6.7% and +8.2%, respectively). China, Russia, Poland, and Spain were among the fastest-growing destinations, while sales to Opec countries declined year-on-year. Focusing on individual segments, exports were driven mainly by the rising sales of motor vehicles, chemical-pharmaceutical products (which are not typical of Italy's sectoral specialisation model), metal products, food and beverage, and mechanical engineering.



Marina Paturi

Total Italian exports of manufactured goods and machinery (% Change)



The outlook for the months ahead

2018 seems to be on the same path as the year just ended, with the world economy and international trade expected to continue growing. The business outlook shows some bright spots, such as the rising number of interconnections between Asia and Europe (with opportunities arising from projects such as the OBOR – one belt, one road, the road and maritime network connecting China to the Old World) and the revival of investments in commodities. Of the 198 countries included in the Risk Map - the annual study conducted by SACE's economists - on

average 138 saw their risk profile either improve or remain unchanged compared to last year. Approximately 75% of Italian exports go to these countries, whose credit rating appears to be fairly stable. More specifically, 32 countries received an upgrade in terms of risk classification within the ten classes identified by SACE, and Italy is in a strong position when it comes to exporting to these markets: in 2016, they accounted for nearly 70 billion euro of Italian exports, or 17% of the total.

75% of Italian exports go to countries with a stable credit risk

Around the world with Mecaer Aviation

SACE guaranteed a 5 million euro loan extended to Mecaer Aviation Group to support investments in research and development that will bolster the company's presence in international markets. Mecaer is based in Piedmont and operates in the aviation industry, producing landing and flight control systems as well as cabin comfort systems for helicopters and business jets.

€5 million

In Tunisia with the Marzotto Group

The Marzotto Group, a Veneto-based company and a symbol of Italian excellence in the textile industry, insured 21 million euro worth of equity contributions and shareholder loans to the Tunisian subsidiary Filature de Lin Filin against political risks.

€21 million

SACE credit risk* upgrades and downgrades: a few examples

Countries with risk classification upgrade			Countries with risk classification downgrade		
Country	2018 average SACE credit risk	2018 vs 2017	Country	2018 average SACE credit risk	2018 vs 2017
Greece	79	-5	South Africa	52	+6
Egypt	76	-9	China	44	+7
Argentina	74	-8	Slovakia	31	+1
Slovenia	44	-9	South Korea	22	+2
Germany	17	-4	Switzerland	12	+2

* Risk classifications range from 0 (minimum risk) to 100 (maximum risk). The average credit risk represents the average risk of non-payment on the part of sovereign, banking and corporate counterparties.
Source: SACE, Istat

There are several downside risks for economic growth, including: an increase in financial market volatility, which in 2017 hit record lows; a potential escalation of geo-political tensions, such as the sanctions against Russia, the relationship between the United States and the Middle East, and North Korea; the return of protectionist tendencies, as already seen in the Nafta renegotiations; burgeoning private debt; the frictions within the European Union; and the Brexit negotiations.

The geographies that are currently driving growth are not exempt from risks, as showed by the political instability throughout the Silk Road (Balkan and “Stan” countries) or the social tensions in several oil economies (Venezuela, Nigeria).

10 geographies that account for nearly 38.5 billion euro of Italy’s exports (9% of the total) saw their risk profile deteriorate, including China (where the demand for Italian products reached 11 billion euro, up more than 20% from 2017), hurt by concerns over the high level of debt, as well as South Africa, El Salvador, and Suriname.

Which countries should Italian businesses focus on to seize the best opportunities offered by international markets? In its latest Export Report, SACE identified 15 high-priority geographies that together account for approximately 20% of Italy’s exports and for which the outlook is especially bright. These are more or less well-known destinations with room for growth and especially positive underlying factors for Italian products. The United States, China, Russia, the UAE, and the Czech Republic are some of the most promising geographies. Of these 15 countries, nearly half saw their risk profile improve in 2017, while the others maintained an average risk classification. 11 countries improved also in terms of political risk.

What could potentially cause imbalances in 2018? We will have to closely monitor the actual sustainability of global economic growth. Specifically, the ability of all counterparties to service their debts and the impact of deleveraging on emerging markets will make a difference. Also the volatility in commodity prices and its impact on demand in exporting countries will warrant close attention. Finally, another potential source of imbalances is represented by political risks—perhaps the factor that companies underestimate the most.

the world from 44 to 45 - and is even more severe in specific areas due to ethnic-religious conflicts (Afghanistan, Libya, Philippines, Bangladesh) as well as heightened political (Pakistan, Armenia and Azerbaijan, Serbia and Kosovo) and social tensions (Venezuela). Overall, Sub-Saharan Africa (Central African Republic, Democratic Republic of Congo, South Sudan) and the Middle East and North Africa (Yemen, Syria, Lebanon) remain the most challenging regions.

There remain several downside risks for economic growth

Still, these risks are present: socio-political instability, foreign exchange issues, and nationalist policies pose major challenges to the internationalisation of businesses. SACE’s Risk Map points to a slight improvement in this type of risks across the world - especially when it comes to the risk of seizure and expropriation (down from 52 to 50) as well as transfer and conversion risks (from 47 to 46). Specifically, the countries that made their regulatory framework more attractive to foreign investments, such as Colombia and Vietnam, made significant progress. In some oil economies, such as Nigeria, Azerbaijan, and Uzbekistan, the gradual rise in crude prices is boosting the availability of hard currency in the local economy, therefore easing foreign exchange restrictions as well as limits on the repatriation of profits for foreign entities. Meanwhile, the risk of political instability and violence has risen across



Daniele Di Capua

In Italy with the Cariplo Foundation

SACE, through its subsidiary SACE BT, issued sureties in favour of the Cariplo Foundation for the 8.5 million euro purchase of Spazio Oberdan in Milan. Designed by the architect Gae Aulenti, Spazio Oberdan will house the MEET - the new international centre dedicated to digital culture, creativity, and innovation.

€8.5 million



In addition, the election cycle in Latin America (Brazil, Colombia, Mexico, and Venezuela will go to the polls in 2018) could fuel instability: the anti-establishment sentiment is on the rise, boosting populist movements that may curtail business freedom. This could cause the context in which foreign companies operate to significantly deteriorate. Political risks are frequently described as “tail risks”, because they include events that occur at the ends of a normal distribution curve and are often unexpected. Their impact is not always immediately apparent, but they can affect both the ability of counterparties to repay their debts as well as expose local investments to considerable losses. Despite the several risks to the downside, interna-

tionalisation and exports will continue to support Italy's economy also in 2018. The concern for the feeling of *déjà vu* of 2007's Goldilocks economy seems overblown: we are not on the brink of a global crisis. That said, we cannot rule out the possibility of imbalances, which will likely remain limited to specific areas and associated with the multiple latent financial and geopolitical risks.

Companies often underestimate political risks, known also as “tail risks”

SACE political risk* upgrades and downgrades: a few examples

Countries with risk classification upgrade			Countries with risk classification downgrade		
Country	2018 average SACE political risk	2018 vs 2017	Country	2018 average SACE political risk	2018 vs 2017
Egypt	70	-8	Pakistan	84	+5
Kenya	59	-2	Philippines	53	+5
Argentina	57	-12	Spain	24	+4
Brazil	50	-1	Austria	12	+4
Mexico	39	-1	Ireland	11	+2

* The SACE Political Risk Index ranges from 0 (low risk) to 100 (high risk). The index is calculated as the simple average of political violence, expropriation, and transfer risks for each individual country.

Source: SACE

Around the world with Granarolo

Together, CDP, SACE and SIMEST have supported the internationalisation of Granarolo, a historic dairy firm based in Emilia. Granarolo launched a 60 million euro bond issue, underwritten equally by CDP and SACE's Export Development Fund, to support the 2016-2019 Business Plan and its strategies in international markets, with acquisitions planned in France, Chile, Brazil, and New Zealand. In addition, SIMEST underwrote a 30% capital increase in the subsidiary Granarolo France SAS, totalling 15 million euro.

€75 million

A year dedicated to Italian businesses around the world

Towards a more structured and pro-active approach to exports and internationalisation

Against a backdrop of global economic growth, in which exports and internationalisation will be key strategic drivers, Italian businesses must be able to rely on adequate and innovative tools to seize all the opportunities offered by foreign markets.

For several years now, the Hub has been investing in corporate education, providing a comprehensive toolbox to be ready to tackle international challenges. In partnership with local trade associations, training providers, and universities, SACE has developed training initiatives dedicated mainly to SMEs, allowing participants to acquire a set of strategic and operational skills to successfully launch an internationalisation process or strengthen their presence in foreign markets.

Education to Export is a new project launching in 2018 that seeks to promote an export culture among entrepreneurs, raise their awareness about SACE SIMEST's products, and show how these can

be key to the success of their internationalisation strategies.

To improve the matching of demand and supply, SACE SIMEST is organising business matching events between foreign buyers and Italian firms as part of the new Push Strategy. The goal of the programme is to promote networking between potential subcontractors - especially small and medium businesses that are unlikely to become part of the supply chains of leading international counterparties on their own.

Our experience in international markets to support businesses

Making exports more competitive

Offering payments terms or loans at favourable rates to your foreign customers is key to boosting your competitiveness - especially in international markets. Businesses can rely on SACE's export credit solutions - especially in complex and little-known markets where properly assessing the credit worthiness of counterparties is anything but of minor importance. Besides receiving support throughout the internationalisation process - from the analysis of the counterparty to contract negotiations - the company that chooses SACE's insurance products is able to offer its customers attractive financial packages with longer payments terms. In complex transactions, which require arranging medium/long-term lines of credit by involving banks, SACE offers guarantees on the loans extended to foreign principals for the purchase of goods or services. In these transactions, SIMEST can provide additional support in the form of an interest subsidy, making the financial package even more competitive.



Chiara Granati

In Argentina with Marini

With SACE's support, Marini has exported 3.9 million euro worth of products to Argentina, offering competitive payments solutions to its customers there. The Romagna-based company is a leading manufacturer of asphalt plants, having sold more than 3,000 of them across the world, and has a widespread sales and support network.

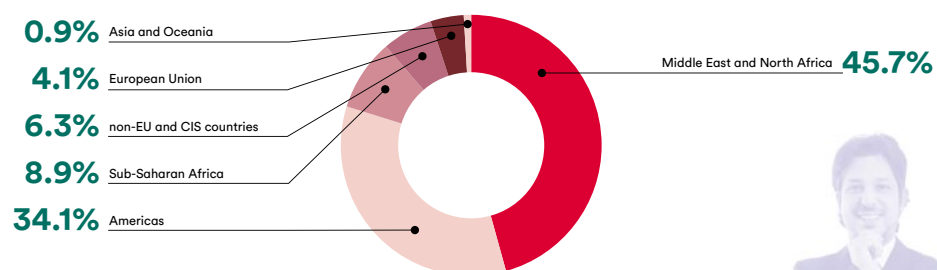
€3.9 million

In 2017, SACE mobilised 15.1 billion euro (up 58% from the previous year and including 0.6 million euro worth of exports supported in partnership with the product company SACE Fct) to support Italian exports, insuring both exporters and lenders against non-payment risks. In addition, SIMEST offered 260 million euro worth of interest subsidies as part of supplier's credit transactions (+19% compared to 2016).

SACE turned in a strong performance in high-potential markets, chief among them the Middle East and North Africa (45.7%) - driven by Qatar, the United

Arab Emirates, Turkey, and Egypt - the Americas (34.1%), led by the United States thanks to the cruise industry, and Sub-Saharan Africa (8.9%), which includes "frontier" destinations such as Kenya, Angola, and Cameroon.

Resources mobilised by SACE to support exports by geography (2017)



The segments that benefited the most from SACE's guarantees were the cruise industry (36.9%) - where SACE supports also the entire supply chain of small and medium subcontractors of large shipyards - infrastructure and construction (6.4%), and the electric power industry (4.9%). In terms of exports volumes supported, the mechanical industry - one of Italy's flagship exporting sectors - came in first (31%).



Giovanni
Raimondo

Financing international growth

The international expansion of a company is premised on its ability to secure financing and credit to support its growth strategies. This requires knowing the tools offered by the main programmes that help businesses become more competitive - and the Hub is a key ally in this regard. SIMEST manages the 394/81 Fund on behalf of the Italian Ministry of Economic Development, extending subsidised loans to businesses to support different types of initiatives: from feasibility studies to the start-up of businesses structures in foreign countries, the development of technical support programmes for employee training

purposes, the participation in exhibitions, trade fairs, and missions coordinated with other national entities, and the capitalisation of small and medium exporters. In addition, SIMEST can step in to offer loan subsidies: in 2017, it approved 147 million euro worth of subsidised loans to promote internationalisation efforts (+58% compared to 2016), mainly in favour of SMEs. Overall, we reached 52 countries, including the United States, China, and Albania.

SACE's guarantees are another tool that businesses can use to facilitate access to funding. Italian companies can use this product to finance their working capital and the investments associated with internationalisation efforts.

Loans and guarantees are key to growing abroad

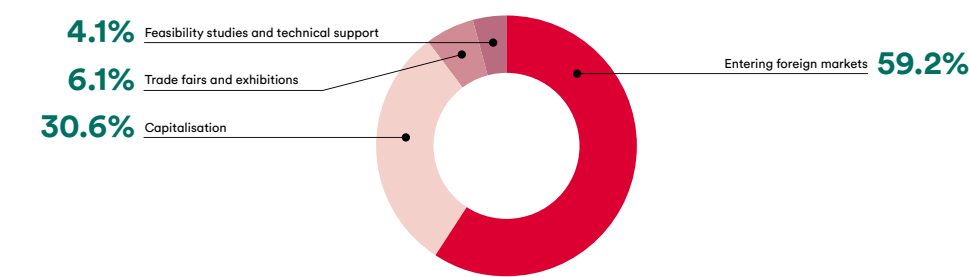
SACE's guarantees are another tool that businesses can use to facilitate access to funding. Italian companies can use this product to finance their working capital and the investments associated with internationalisation efforts.

In Japan with MooRER

SIMEST supported the international expansion of MooRER, a company based in Verona that operates in the Personal Luxury Goods sector and is a world leader in the production of high-end quilted jackets and outerwear. The 2.4 million euro loan will go towards the opening of a mono-brand store in downtown Tokyo as well as strengthening MooRER's presence in Japan.

€2.4 million

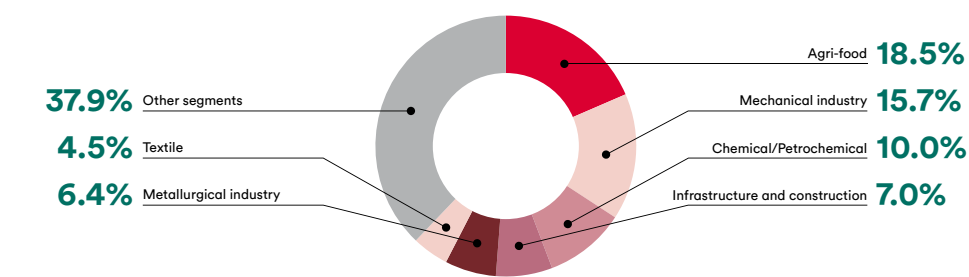
Resources mobilised by SIMEST through subsidised loans to support internationalisation efforts by type of activity (2017)



In 2017, SACE guaranteed 1.2 billion euro in this area (+119% compared to 2016). Dedicated to small and medium businesses, the guarantee for the internationalisation of SMEs is the tool that, through partnerships with banks (especially local ones), helps companies access funding for multiple purposes: working capital support, direct investments abroad, investments in research and development in Italy, expenses for the purchase or

renewal of machinery and equipment, communication and marketing, and participating in trade fairs. In 2017, SACE guaranteed 134 million euro worth of loans, supporting 260 SMEs. At a moment when the capital market increasingly represents a strategic funding channel, the Export Development Fund is another important tool available to businesses. Created by SACE and managed by Amundi Sgr,

Resources mobilised by SACE to support the internationalisation of SMEs by segment (2017)



the Fund has 350 million euro in assets - including 175 million euro from SACE and as many from the EIB, the European Investment Bank, with a guarantee provided by SACE. Reserved for professional investors, the Fund invests in secured or unsecured bonds with fixed or floating rate coupons and repayment in instalments or at maturity issued by unlisted export- and internationalisation-oriented Italian firms. These can use the bond issues underwritten by the Fund to finance a wide range of initiatives: from direct investments abroad - such as acquisitions, mergers, or joint ventures - to investments in research and development in Italy, expenses for the purchase or renewal of machinery and equipment, and communication and marketing. In 2017, SACE supported 131 million euro worth of bond issues launched by 7 Italian companies (compared to 11 million euro in 2016). Finally, in 2017 SACE adopted a pro-active approach to boost the competitiveness of Italian businesses across the world. It launched the Push Strategy, a programme through which SACE leads the way for Italian exporters in high-potential emerging markets. Under this

approach, SACE offers major foreign buyers in target countries medium/long-term credit lines at competitive rates to facilitate purchases of Italian goods and services or strengthen existing business relations. In 2017, 570 million euro worth of resources were mobilised under the Push Strategy in favour of counterparties in Kuwait and Turkey.

570 million euro in resources mobilised under the Push Strategy

In Turkey with IMM

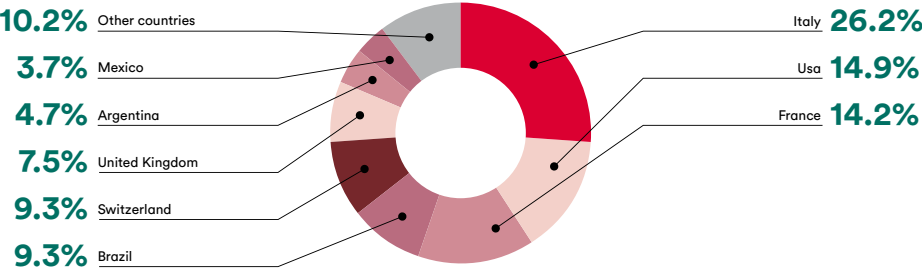
SACE guaranteed a 100 million euro loan in favour of the Istanbul Metropolitan Municipality (IMM), the largest of the 30 metropolitan municipalities in Turkey as well as the country's main economic and financial hub. The transaction is part of the new Push Strategy to facilitate the award of contracts to Italian firms.

€100 million

Investing abroad

In a scenario where Global Value Chains deeply affect global investment and trade flows, for exporters having a local presence can be a winning strategy. Setting up joint ventures or other kind of establishments in your reference markets is a strong driver for competitiveness and an effective tool to support business strategies - either to penetrate new destinations or increase your share of markets already acquired.

SIMEST's direct investments by country (2017)



Furthermore, given the considerable geopolitical uncertainty in multiple areas around the world where several Italian companies operate, SACE's Investments Policy represents a reliable ally: it protects both equity abroad and loans to foreign subsidiaries, and allows to limit or offset losses or the failure to repatriate amounts related to investments (for example, dividends, profits, repayments of shareholder's loans) as a result of war or civil unrest, exchange controls, direct or indirect expropriation, and the revocation of contracts with local public counterparties. Starting from this year, in order to meet the demands of businesses, the Investments Policy will protect

Last year, SIMEST finalised 107 million euro (+4% compared to 2016) worth of direct investments in companies - in addition to 10 million euro in equity investments of the public Venture Capital Fund managed on behalf of Italy's Ministry of Economic Development and 138 million euro worth of equity loan subsidies. At 31 December 2017, SIMEST owned 240 equity investments.

also against the risk of business interruption. In 2017, several companies chose the Investments Policy to support their business abroad. SACE mobilised 26 million euro in this area - mainly with regard to transactions conducted in Africa.

Alongside companies throughout the internationalisation process



In Panama with EXA

SACE, through the product company SACE SRV, collected more than 200 thousand dollars in receivables due to the Tuscany-based firm EXA from a Panamanian lender. EXA is a general contractor that specialises in the luxury retail segment and operates in international markets on behalf of high-profile brands such as Dolce & Gabbana, Louis Vuitton, Tiffany & Co.

\$200
thousand



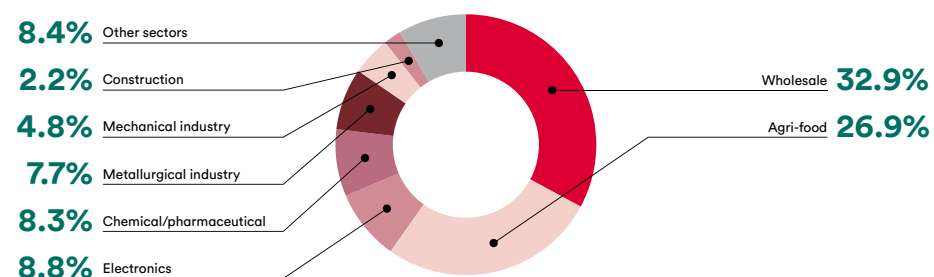
Maria Concetta Pipitone

Insuring and collecting receivables

The growing risks and volatility across all markets require exporters to get credit insurance. This option allows to improve and streamline the management of cash flows - especially when combined with solutions such as receivable discounting or factoring (Trade Finance), which enable businesses to discount their receivables in advance.

With SACE, the company can insure its short-term receivables (through the operating entity SACE BT) - either individual transactions or the total sales generated in Italy or abroad. In 2017, SACE mobilised 1.4 billion euro in this area. The companies that relied on SACE BT's products were largely SMEs (79%) from industries such as wholesale (32.9%), agri-food (26.9%), and electronics (8.8%).

Resources mobilised by SACE BT by segment (2017)



Debt collection is a key ally of “last resort”, and SACE (through the operating entity SACE SRV) offers nearly unrivalled expertise in this highly specialised service in Italy - especially as far as transactions in emerging markets are concerned.

In 2017, SACE SRV managed 20,000 mandates, serving over 1,000 businesses and collecting 36 million euro worth of receivables in Italy and abroad.

Turning receivables into liquidity

The factoring solutions offered by SACE through the operating entity SACE Fct allow companies to generate liquidity through the recourse or non-recourse factoring of receivables due from private- or public-sector counterparties in Italy or abroad. Besides conventional factoring, SACE provides businesses with Reverse Factoring services dedicated to Italy’s large industrial companies and their suppliers, supporting the production chain by optimising cash flows. SACE Fct mobilised 4.6 billion euro in 2017 (+3%), including 910 million euro related to export credit transactions backed by SACE through the Trade Finance tool.



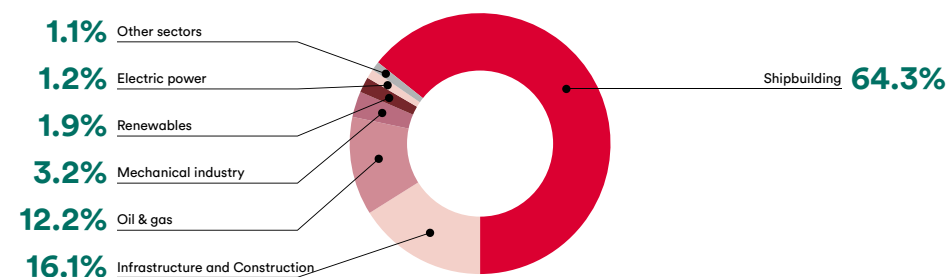
Anna Vespertino

Obtaining guarantees for tenders and contracts

Introducing yourself to principals with the right guarantees is key to participating in tenders or winning contracts in Italy and abroad. SACE, together with the operating entity SACE BT - offering products that protect from the risks associated with the construction of facilities and civil works - stands alongside companies by issuing contractual guarantees and sureties required by law either directly

or in partnership with banks and insurance firms. In 2017, they mobilised 2.4 billion euro worth of guarantees in this area. The segments that benefited the most from SACE’s support included shipbuilding (64.3%), infrastructure and construction (16.1%), oil & gas (12.2%), and the mechanical industry (3.2%).

Resources mobilised by SACE to support international contracts by segment (2017)



In Italy with Castello di Rivoli

SACE, through the product entity SACE Fct, allowed Turin’s contemporary art museum Castello di Rivoli to convert 2.8 million euro worth of receivables due from the Piedmont Regional Government into liquidity. Under the agreement, also future accounts receivable are to be converted into cash. The deal allowed the museum to hold several exhibitions and collections.

€2.8 million

Bringing the sun to Madagascar

In Madagascar with Tozzi Green

The SACE SIMEST Hub supported the growth of the Ravenna-based renewable energy company Tozzi Green in Madagascar. SIMEST acquired 49% of the Malagasy subsidiary for 6.5 million euro, while SACE guaranteed a 10 million euro loan. These new resources will allow Tozzi Green to build a hydroelectric power plant that will provide electricity to the capital Antananarivo.

€16.5 million

Our performance, supporting Italian businesses

Strategy

In 2017, exports were once again a key driver of economic growth for Italy. The SACE SIMEST Hub continued on the path set out by the 2016-2020 Business Plan to maximise its support to Italian businesses while ensuring the financial and economic sustainability of its operations.

In the first two years of the Plan, the Hub mobilised 43.2 billion euro, i.e. 39% of its five-year goal (111 billion euro).

To serve more and more small and medium businesses, we strengthened our offices across Italy,

the partnerships with banks and institutions, and the synergies between the operating entities, as well as made a strong push to digitise and streamline our offerings. In addition, we launched the SACE SIMEST Hub's first media campaign to raise awareness about the services it provides as well as promote a culture of internationalisation among businesses.

Under the digitisation plan, the Hub is to make 7 million euro in investments in 2017 and 2018 that will concern all the entities within its scope. The new portal sacesimest.it gives access to five services dedicated to SMEs: subsidised loans, assessment of customers' credit worthiness, credit insurance, factoring, and debt collection. We also launched a process to streamline our product range that will gradually reduce contract documents and response times.

**In the first two years
of the Business Plan,
the Hub mobilised
43.2 billion Euro**

We placed special emphasis on the production chains of the Italian economy's strategic industries, involving more than 5,000 businesses as part of a programme dedicated to small and medium subcontractors of segments such as oil & gas, electronics, automotive, aviation, and shipbuilding.

Besides directly supporting Italian exports across the world through our conventional insurance and financial products, in 2017 we launched the Push Strategy programme, as part of which SACE offers medium/long-term lines of credit to major foreign counterparties in order to facilitate the award of contracts to Italian businesses. The programme is the result of a new pro-active approach supporting economic diplomacy efforts and seeks to increase the share of exports sold to high-potential emerging markets where Italian products are currently under-represented.

In co-ordination with the whole CDP Group, we continue looking for synergies between the Hub's operating entities. The restructuring of the distribution network allowed to assign one manager to each corporate customer for the purpose of accessing SACE SIMEST's offerings, which currently include a wide range of insurance and financial services capable of meeting the company's needs throughout the internationalisation process.

The sharp increase in mobilised resources seen in 2017 (+41%) was made possible by the reinsurance agreement with Italy's Ministry of Economy and Finance, which enabled SACE to take on more risks in segments that are strategic to Italy's economy - supporting large companies and the broad network of small and medium subcontractors.

As volumes rose steadily, SACE bolstered its financial position, with the Solvency Capital Ratio up from 154% in 2016 to 177% and the cost-income ratio down from 14% to 10% as a result of the quest for efficiency gains. SACE's profitability (ROE: 5.9%) declined compared to 2016 but was nonetheless sustainable and in line with the Business Plan's targets.

In 2018, we will continue pursuing the strategic objectives set out in the Plan, committing to expanding the number of corporate customers (be they medium, small, or micro), improving the quality of our services and the effectiveness of the sales network, and promoting the culture of internationalisation as well as the tools available to businesses.



**Tiziana
Giustiniani**

Mobilised Resources

In 2017, the Export and Internationalisation Hub mobilised 25.3 billion euro to support companies operating abroad - the highest level in SACE's history, up 41.3% from 2016.

The resources mobilised to support Italian exports

totalled 15.4 billion euro, rising 56.7% compared to the prior year and accounting for 60.8% of the total. 3 billion euro went to support internationalisation efforts (+130.2%), while other insurance and financial services mobilised 6.9 billion euro (+1.8%).

Resources mobilised by company (millions of euro)*			
	2017	2016	% Change
SACE	17,738	10,579	67.7%
SIMEST	661	545	21.3%
SACE BT	3,192	4,044	-21.1%
SACE FCT	3,708	2,732	35.7%
Total	25,298	17,900	41.3%

* Net of the resources mobilised by subsidiaries, referring to export credit transactions guaranteed by SACE.

SACE's new outstanding guarantees amounted to 17.7 billion euro, up sharply from 10.6 billion euro in 2016 (+67.7%), of which 85% went to support exports and 15% internationalisation efforts. New commitments largely referred to transactions in the Middle East and North Africa (42.8%), the Americas (28%), and Sub-Saharan Africa. The main industrial sectors were the cruise industry, oil & gas, infrastructure and construction, and the electric power industry. Overall, SIMEST mobilised 661 million euro (+21.3% compared to the prior year), of which 61% consisted in subsidised loans and equity investments and 39% went to support exports. On top of this, there were 11.2 billion euro in interest subsidies provided as part of export finance transactions guaranteed by SACE. 86% of subsidised loans, which totalled 147 million euro, went to SMEs to support their internationalisation efforts - especially in the United States, China, Albania, and the United Arab Emirates.

The equity investments held directly and through the Venture Capital Fund totalled 116 million euro and concerned 42 Italian firms.

SACE BT mobilised 3.2 billion euro, down 21.1% year-on-year. Of these, 1.4 billion euro arose from credit insurance operations (-27.2%) - 65% in Italy, and the remaining 35% abroad. The largest sectors for this business line were wholesale (32.9% of volumes), agri-food (26.9%), and electronics (8.8%). SACE BT's Suretyship line insured 1.8 billion euro worth of transactions (-15.5%).

**A record year:
+41.3% in resources
mobilised**

The resources mobilised by SACE Fct amounted to 3.7 billion euro, up 35.7% year-on-year - and there were also 0.9 billion euro referring to export credit transactions guaranteed by SACE. Non-recourse factoring accounted for 88.6% of the total. The largest industries in terms of accounts receivable financed were construction (29.7%), metallurgy (18.3%), and energy (15.2%). As for the breakdown of turnover by debtors, 41.3% referred to transactions with Italian firms, 40.6% to foreign debtors, and 17.7% to accounts receivable due from Italy's Public Administration.

of the Company's business.

SIMEST's support to internationalisation and export credit transactions generated 45.3 in net banking income, essentially in line with the prior year.

SACE Fct's factoring operations generated 30.5 million euro in net banking income, up 22%. This amount consisted of 79.9% net interest income and 20.1% net fee and commission income.

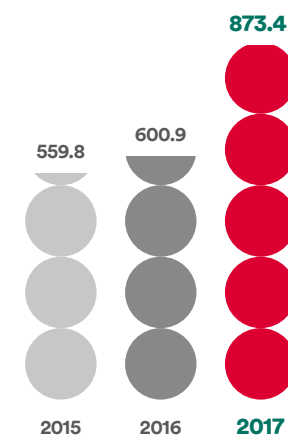
Revenues

Considering the entire scope of operation of SACE and its subsidiaries, overall revenues amounted to 949.2 million euro, with 92% arising from insurance activities and the remaining 8% from financing activities. Gross consolidated premiums amounted to 873.4 million euro, up 45% from the prior year. 841.8 million euro came from direct operations and 31.7 million euro from indirect ones (inward reinsurance).

SACE's support to exports and internationalisation, largely consisting in medium/long-term transactions in geographies with a medium/high risk profile, generated 804.4 million euro in gross premiums, up 50.6% year-on-year, with credit insurance transactions accounting for a dominant 89% of the total. SACE BT generated 76.3 million euro in gross premiums, down 5% from 80.3 million euro in 2016. Specifically, the Suretyship line made the greatest contribution to premiums, raising 34 million euro, while the Credit line generated 23.6 million euro and Other Damage to Property 15.8 million euro. The remaining 2.9 million euro came from non-life lines, which represent a marginal but growing part

**Gross consolidated
premiums rose
by 45% from 2016**

Gross consolidated premiums
(millions of euro)

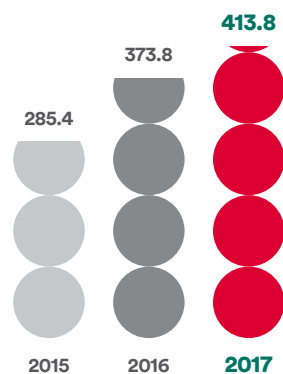


Claims and collections

The claims paid in 2017, net of reinsurance, amounted to 413.8 million euro at the consolidated level, up 10.7% compared to 2016.

SACE paid 369.8 million euro in claims (+6%), largely referring to insured transactions with counterparties located in Germany, Russia, Ukraine, and Poland. The most affected sectors were the shipbuilding, metallurgical and aviation industries. SACE BT paid 44.1 million euro in claims, down 15.6%.

Consolidated claims paid
(millions of euro)



SACE collected 153.3 million euro in receivables due from sovereign counterparties, declining sharply compared to 731.4 million euro in the prior year. 2016's performance was attributable to the exceptional collection of receivables due from Iran under the Settlement Agreement entered into with the Iranian Finance Ministry and Central Bank in January 2016. In 2017, political collections largely referred

to payments under bilateral agreements with Iraq, Ecuador, Argentina, and Cuba. SACE collected 221.1 million euro in trade receivables, up sharply from 23.1 million euro in 2016, as part of restructuring agreements finalised during the year concerning large claims.

SACE BT collected 4.5 million euro (+12.5%), largely related to the Credit line.



Donatella
Occhionero

Full-year results

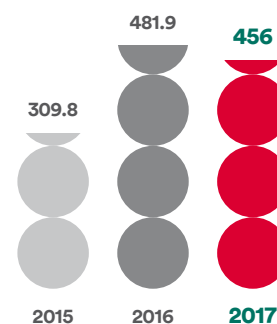
Consolidated net profit, calculated pursuant to IAS-IFRS, totalled 456 million euro, down 5% from 481.9 million euro in 2016.

SACE's profit for the year, calculated pursuant to ITA-GAAP, amounted to 274.9 million euro, down 9.4% year-on-year - largely because of the contraction in financing activities. The ROE stood at 5.9%. SIMEST reported 3.6 million euro in net profit, down 68% from the prior year - mainly because of the impairment of equity investments.

SACE BT ended the year with a profit of 1.6 million euro, down 43.5% from 2016. The result included the positive contribution from SACE SRV, which reported 780 thousand euro in net profit - up steadily from 274 thousand euro in 2016.

SACE Fct generated 3.2 million euro in net profit, down 32.2% from 4.8 million euro in 2016, largely due to adjustments on counterparties.

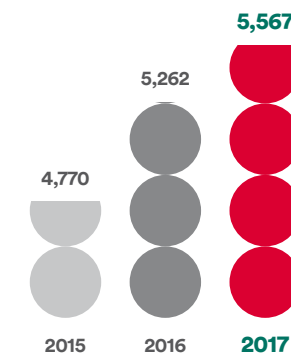
Consolidated net profit
(millions of euro)



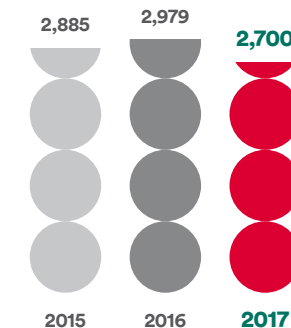
Equity and technical reserves

As at December 31, 2017, consolidated equity amounted to 5.6 billion euro, up from 5.3 billion euro in the previous year. The share capital, fully paid up, totalled 3.7 billion euro, and the technical reserves 2.7 billion euro (-9%).

Equity
(millions of euro)



Technical reserves
(millions of euro)



Consolidated balance sheet (thousands of euro)

Assets	2017	2016
Intangible assets	16,450	16,004
Property, plant and equipment	52,869	72,737
Technical reserves to be borne by reinsurers	777,523	678,482
Investments	4,629,488	6,177,281
Sundry receivables	752,044	934,711
Other assets	163,325	127,624
Cash and cash equivalents	4,985,369	2,686,572
Total assets	11,377,067	10,693,411
Liabilities	2017	2016
Equity	5,566,994	5,262,285
Provisions	80,747	89,947
Technical reserves	2,700,001	2,979,294
Financial liabilities	2,407,221	1,937,123
Payables	317,056	211,446
Other liabilities	305,049	213,317
Total equity and liabilities	11,377,067	10,693,411

Consolidated income statement (thousands of euro)

	2017	2016
Gross premiums	873,434	600,922
Change in the premium reserve	56,675	-189,280
Outward reinsurance premiums for the year	-96,043	-6,745
Net premiums earned	834,066	404,897
Commission income	28,763	26,334
Income or expense from financial instruments at fair value through profit or loss	-108,129	250,223
Income from other financial instruments and real estate investments	153,210	356,722
Other revenue	24,397	108,321
Total revenue and income	932,307	1,146,497
Amounts paid and change in technical reserves	-18,742	285,740
Shares of claims borne by reinsurers	-37,317	-22,875
Net claims-related expenses	-56,059	262,865
Commission expense	1,421	1,188
Expense from other financial instruments and real estate investments	53,479	34,531
Operating expenses	112,681	87,802
Other costs	189,117	83,606
Total costs and expenses	300,638	469,993
Profit before tax	631,669	676,505
Tax expense	175,670	194,610
Profit for the year net of taxes	455,999	481,895
of which attributable to the group	455,129	481,128
of which attributable to minority interests	870	767

Selling digital services in Silicon Valley

In the United States with The Digital Box

SACE guaranteed a 300 thousand euro loan to support the growth of The Digital Box in the United States. The innovative Apulia-based SME offers IT services as well as creates and distributes digital content specifically designed for mobile devices.

€300
thousand

Managing risk looking forward

The role of Risk Management

Taking risks is a crucial part of SACE's business operations, and the ability to manage them is key for the organisation. Therefore, SACE has developed a Risk Management approach focused on managing the risk portfolio to ensure sustainable growth in the medium/long term and in line with the core principles of the relevant regulations. Risk management and monitoring operations are the responsibility of a single structure. Through an

integrated process, this structure contributes to strategic decisions as well as the operational and financial stability of SACE and its operating companies. On an annual basis, the structure defines the risk appetite framework, i.e. the set of metrics, processes, and systems supporting the proper management of the level and type of risk the Company is willing to take in accordance with its strategic objectives.



In addition, the Risk Management function determines the current and future internal capital requirements for material risks, ensuring the measurement and integrated control of risks based on the overall exposure, preparing appropriate detection, assessment, monitoring, and reporting procedures, and performing scenario analyses and stress tests. Finally, it supervises technical reserves together with the other relevant functions and monitors operations aimed at optimising the capital structure as well as reserve and liquidity management (asset liability management).

Reinsurance

Reinsurance is a key part of the integrated risk control and management system. Through reinsurance, the company makes its portfolio more balanced by sharing risks with reliable insurance counterparties as well as boosts its underwriting capacity, thus stabilising its financial performance and bolstering its financial position.

To protect their portfolio and achieve their strategic goals, SACE and SACE BT use reinsurance in line with market standards as well as export credit best practices.

Through a dedicated structure, SACE manages reinsurance-related operations and monitors the relevant risks, ensuring consistency between the cession plan and the reinsurance strategy approved by the Board of Directors. In 2017, the reinsured share of the portfolio rose steadily, as the total amount ceded vaulted past 16 billion euro. Once again in 2017, a significant portion of the portfolio was transferred to Italy's Ministry of Economy and Finance under the Agreement between SACE and the MEF approved with the Prime Ministerial Decree of November 20, 2014, filed with the Italian Court of Auditors on December 23, 2014. Nearly all the remainder was ceded to the private reinsurance market - specifically the Lloyd's of London.



The ability to manage risks is key for SACE

Gabriele Conti

The Hub's counterparties portfolio

The overall portfolio of the CDP Group's Italian Export and Internationalisation Hub includes 104,006 counterparties, including 1,543 referring to SACE, 99,413 to SACE BT, 1,526 to SACE Fct, 75 to SIMEST, and 1,449 shared among the Hub's various entities. Such integrated operations testify to the Hub's ability to meet the many different needs of the companies competing in international markets. Specifically, all the Companies included within the scope share five counterparties, while SACE, SACE BCT, and SACE Fct share 46 counterparties - which operate mainly in the infrastructure and construction sector.

SACE's private portfolio includes more than 2,420 counterparties at risk, including 687 shared with SACE BT - which manages over 100 thousand counterparties in the Credit and Suretyship lines. 90% of the shared counterparties are Italian companies, concentrated mainly in the mechanical and metallurgical sectors as well as the agri-food industry. In terms of exposure, the sectors most at risk are infrastructure and construction, telecommunications, and electric power as far as Italian counterparties are concerned, while foreign counterparties operate mainly in the cruise, oil & gas, transportation, chemical/petrochemical, and metallurgical industries.

SACE Fct is exposed to over 2,205 counterparties, including 533 shared with SACE BT and 87 with SACE. 97% of the counterparties shared by SACE Fct and SACE are foreign - and 98% of these are involved in Trade Finance transactions - and operate mainly in the mechanical as well as the textile and clothing industries. 74% of the counterparties shared by SACE Fct and SACE BT are Italian: 98% are private-sector companies (including 26% in wholesale and retail), and the remaining 2% are local Public Administration entities (with Municipalities accounting for 98% of the total). The sectors most at risk in terms of exposure are wholesale

and retail, the metallurgical industry, and the mining industry.

SIMEST's portfolio, which consists of the equity investments made alongside Italian partners, includes 171 counterparties. SIMEST shares 19 counterparties with SACE - concentrated mainly in communication and IT services as well as the mechanical industry in terms of exposure - and 31 with SACE BT - largely in the metallurgical industry. SACE and SACE BT share 33 counterparties, operating mainly in the agri-food and chemical/petrochemical sectors, while SACE BT and SACE Fct share 6 counterparties.



Maria Gloria
Fagiolo

SACE's risk portfolio

SACE's total exposure, calculated as the sum of receivables and outstanding guarantees (principal and interest), amounted to 50.6 billion euro, up 15.3% from 2016. The upward trend seen in 2016 and 2015 continued largely because of the increase in the portfolio of guarantees, which totalled 49.9

billion euro or 98.7% as a proportion of the overall exposure. The receivables portfolio amounted to 632.2 million euro, declining steadily compared to 2016 (-21.4%), with sovereign receivables accounting for 77.3% and trade receivables for 22.7%.

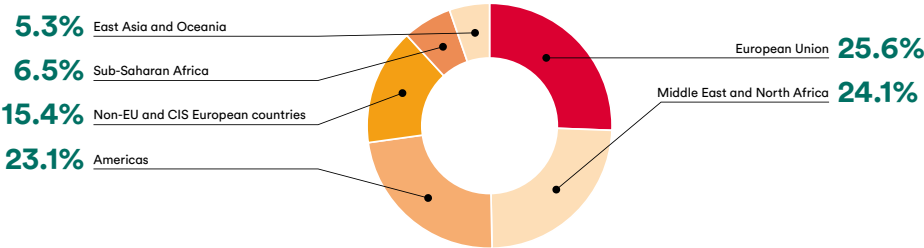
SACE's total exposure (millions of euro)

Exposure	2017	2016	% Change
Outstanding guarantees	49,929.5	43,037.4	16.0%
- Principal	43,789.9	37,210.6	17.7%
- Interest	6,139.5	5,826.8	5.4%
Receivables	632.2	803.8	-21.4%
Total exposure	50,561.6	43,841.2	15.3%

Based on the breakdown of the overall portfolio by geo-economic area, the European Union ranked first in terms of exposure - 25.6%, compared to 36.3% in 2016. However, there was a change at the top: Italy is no longer the first country by concentration, as the United States now account for 14% of the total. There was an increase in the exposure

to the Middle East and North Africa, from 15.2% to 24.1%; the Americas, from 20.5% to 23.1%; and Sub-Saharan Africa, from 3.9% to 6.5% - the most significant rise. Non-EU and CIS European countries declined as a proportion of the overall portfolio from 16.3% to 15.4% - and so did East Asia and Oceania, down from 7.8% to 5.3%.

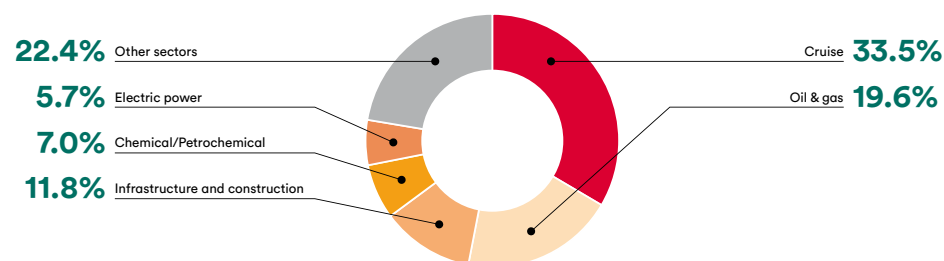
SACE's total exposure by geo-economic area (at December 31, 2017)



The level of sector concentration remains high, with the top five sectors accounting for 77.6% of the overall private portfolio. The cruise industry once again ranked first by exposure, rising from 23.1% to

33.5% as a proportion of the total, followed by oil & gas (19.6%), infrastructure and construction (11.8%), and the chemical/petrochemical industry (7%).

SACE's guarantees portfolio by industrial sector (at December 31, 2017)



SACE BT's risk portfolio

SACE BT's overall exposure at December 31, 2017 amounted to 41.3 billion euro, up 2.5% from 2016.

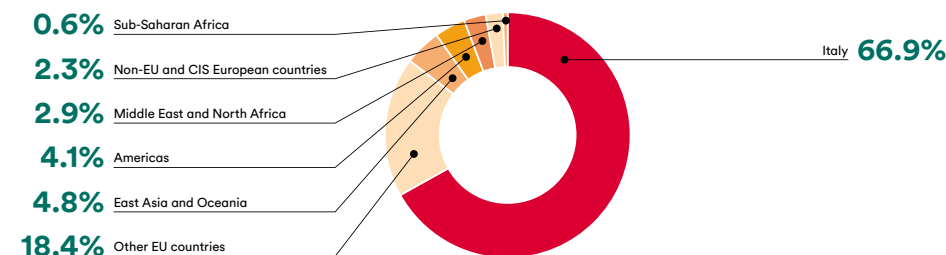
SACE BT's total exposure by business line (millions of euro)

Exposure	2017	2016	% Change
Credit	9,695.7	8,894.1	9.0%
Surety Bonds	6,234.7	6,634.6	-6.0%
Other Damage to Property	25,353.3	24,733.7	2.5%
Total	41,283.7	40,262.4	2.5%

The Credit line included 113,597 outstanding lines of credits (+1.5%), totalling 9.7 billion euro. The outstanding ceilings are mainly concentrated in the

European Union (85.4%), with Italy accounting for 66.9% of the total.

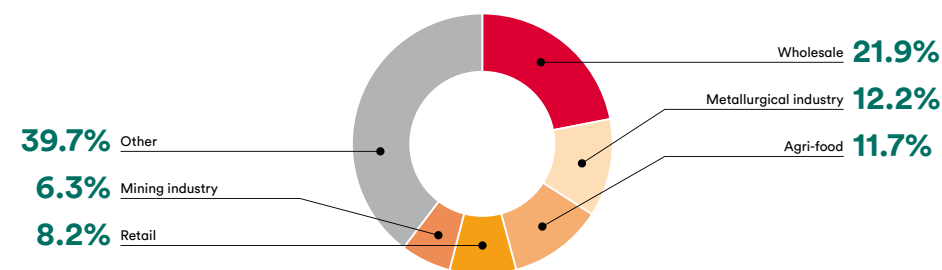
SACE BT's exposure in the Credit line by geographic area (at December 31, 2017)



The wholesale, metallurgical and agri-food industries were the portfolio's three largest industrial

sectors, accounting for 21.9%, 12.2%, and 11.7% of the total, respectively.

SACE BT's exposure in the Credit line by industrial sector (at December 31, 2017)



The exposure of the Suretyship line - i.e. the amount of insured capital - amounted to 6.2 billion euro (-6%). The guarantees related to tenders accounted for 66.7% of outstanding risks, followed by those on payments and tax refunds (27.8%). The portfolio consisted of nearly 33 thousand contracts and is concentrated in Northern Italy (66.9%).

The nominal exposure, ceilings, and capital insured of the Construction/Other Damage to Property portfolio

totalled 25.4 billion euro, rising by 2.5% year-on-year. Of these, 21.8 billion euro referred to the Construction portfolio, and 3.6 billion euro to policies of the Non-life lines. There were 7,797 policies outstanding (+0.8%). CAR and EAR policies accounted for 45.4% of the nominal exposure, Decennial Liability policies for 40.2%, and the policies of the Non-Life Lines for 14.4%.

SACE Fct's risk portfolio

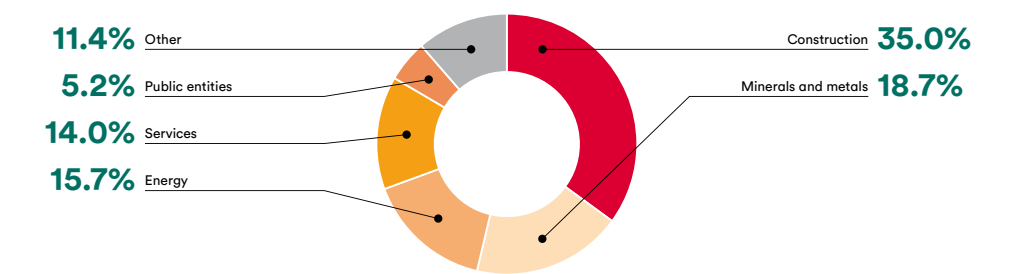
At December 31, 2017, SACE Fct reported 1.9 billion euro in total receivables, down 7.3% year-on-year. These largely referred to non-recourse transactions, which accounted for 92.5% of the total.

SACE Fct's total exposure by business line (millions of euro)

Exposure	2017	2016	% Change
Non-recourse factoring	1,778.1	1,920.8	-7.4%
Recourse factoring	143.2	152.5	-5.9%
Total	1,921.3	2,073.3	-7.3%

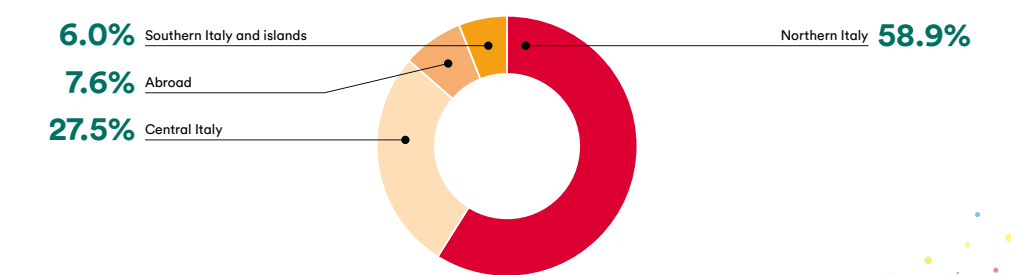
The breakdown of total receivables by industrial sector of the transferor shows a concentration in the construction and public works sector, which accounted for 35% of the total (down from 40.3% in 2016), followed by minerals and metals (18.7%) and energy products (15.7%).

SACE Fct's total receivables by transferor's industrial sector (at December 31, 2017)



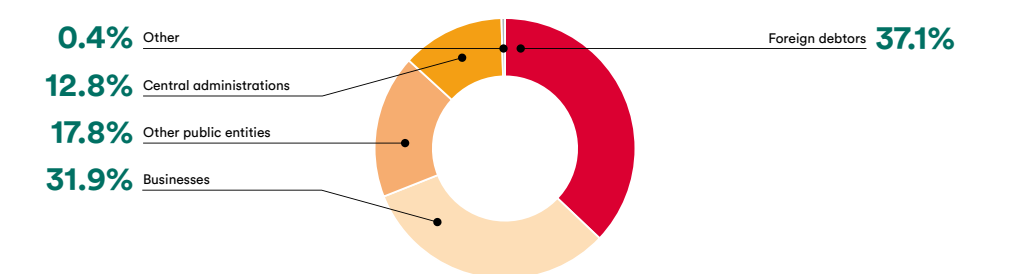
The breakdown by geographic area of the transferor shows a higher percentage of residents in Northern Italy, rising from 47.6% to 58.9%, and a lower presence of foreign transferors, down to 7.6% from 17.7% in 2016.

SACE Fct's total receivables by transferor's geographic area (at December 31, 2017)



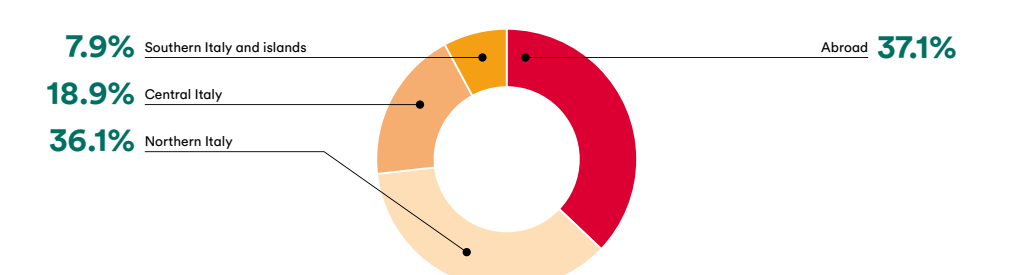
The breakdown of total receivables by the sector of the debtor shows that private-sector counterparties outnumbered those within the scope of the public administration (69.4% versus 30.6%).

SACE Fct's total receivables by debtor's sector (at December 31, 2017)



The breakdown of total receivables by the geographic area of the debtor shows a decline in foreign debtors from 48.8% to 37.1% as a proportion of the total.

SACE Fct's total receivables by debtor's geographic area (at December 31, 2017)



SIMEST's risk portfolio

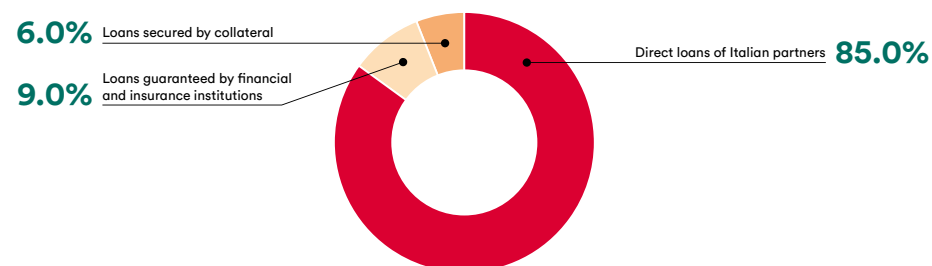
At December 31, 2017, SIMEST's exposure totalled approximately 514 million euro (+3.8%). The direct loans of Italian partners for the forward purchase of equity investments amounted to approximately 436 million euro (+6.3%); the loans backed by bank

and/or insurance guarantees totalled nearly 48 million euro (-17.2%); and those secured by collateral amounted to 31 million euro (+10.7%).

SIMEST's total exposure (millions of euro)

Exposure	2017	2016	% Change
Direct loans of Italian partners	436	410	6.3%
Loans guaranteed by financial and insurance institutions	48	58	-17.2%
Loans secured by collateral	31	28	10.7%
Total	514	496	3.8%

SIMEST's outstanding exposure by type of guarantee (at December 31, 2017)



The wholesale, automotive and mechanical industries were the portfolio's three largest sectors,

accounting for 18.4%, 15.5%, and 14.9% of the total, respectively.

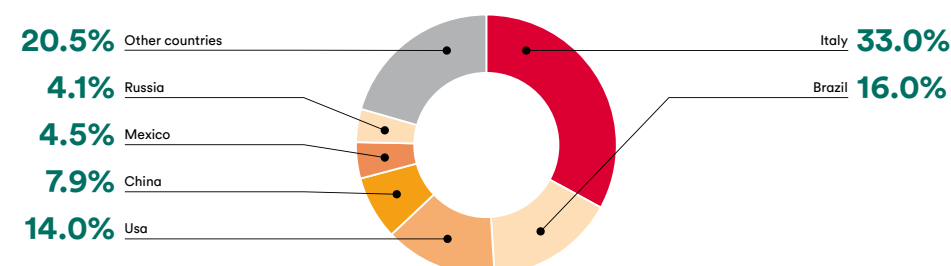
SIMEST's outstanding exposure by industrial sector (at December 31, 2017)



The breakdown of the portfolio by geographic area shows that the top 10 countries in which SIMEST is present through the target companies accounted for nearly 90% of the total, while the remaining 10% refers to other 26 countries. The largest expo-

sure was towards Italy - accounting for 33% of the portfolio - Brazil (16%), and the United States (14%). Overall, the top 3 countries by exposure accounted for nearly 63% of the portfolio.

SIMEST's outstanding exposure by geographic area (at December 31, 2017)



The financial portfolio

SACE's financing activities are aimed at protecting the value of the company's assets, balancing the

risks taken as part of insurance operations, and helping achieve the company's goals.

Financial investments (millions of euro)

Type of investment	2017	2016	% Change
Money-market investments	5,001.6	4,130.9	21.1%
Bonds	1,698.4	2,383.4	-28.7%
UCITS investments	638.0	642.0	-0.6%
Equities	6.2	4.3	44.2%
Total	7,344.2	7,160.6	2.6%

At the end of 2017, the consolidated financial investments totalled approximately 7.3 billion euro, compared to 7.2 billion euro in the prior year. The portfolio consisted of 68.1% money-market instruments,

23.1% bonds, 8.7% units of UCITSs (Undertakings for Collective Investment in Transferable Securities) - which invest mainly in bonds and equities - and 0.1% equities.

Teaching Mexicans how to take a siesta

In Mexico with Natuzzi

SACE guaranteed a 2.5 million euro loan to Natuzzi, the Apulia-based global leader in the design and manufacturing of sofas and other furniture. The loan will go towards consolidating Natuzzi's position in Mexico through the opening of new stores as well as marketing investments.

€2.5 million

Beyond the numbers, our people and our values

SACE is committed to supporting the Italian businesses that want to stand out and be competitive in international markets. This has been our mission for over 40 years now, and we have been pursuing it with passion and professionalism, accepting the ambitious challenge of working alongside our customers in an increasingly efficient and effective manner. Winning this challenge requires the skills and commitment of the people that work at SACE and SIMEST - an extremely valuable 'human capital'. Therefore, for SACE promoting the growth of its employees and their different professional skills is crucial.

We have created a work environment that puts the person front and centre. We offer each individual significant opportunities to grow professionally and personally, and we strive to ensure everyone can achieve a work-life balance - a prerequisite for people's well-being and efficiency. SACE promotes a corporate culture based on the values of merit and equal opportunity. It is committed to fighting all forms of discrimination based on sexual orientation, ethnicity, nationality, culture, religion, political beliefs, age, or disabilities. It guarantees a work environment that recognises and values diversity as a source of wealth.



Marco
Lombardo

The Hub in figures

Today, the Italian Export and Internationalisation Hub has 912 employees. About 58% are at SACE, and the rest at the other Companies: 148 at SACE BT, 139 at SIMEST, 72 at SACE Fct, and 27 at SACE SRV.

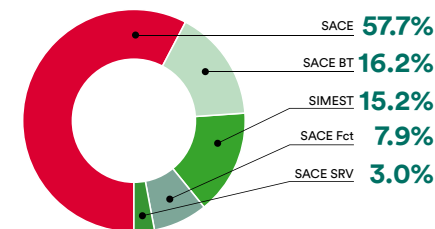
76.8% of our employees work in Rome, 21.5% at other Italian offices, and 1.8% abroad. 4.4% are foreign, and there are 25 different nationalities within the company - a melting pot that guarantees cultural diversity and a fruitful exchange between people. 43.6% of our employees are 40 years old or younger, and 74.8% are university graduates.

In absolute terms, 442 are men and 470 women, who account for 51.5% of the total workforce and 23.6% of management - a significant proportion compared to the national average and a testament to SACE's focus on promoting female talent and leadership within the company. This commitment is

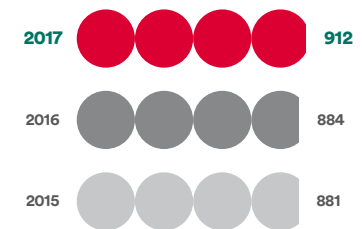
underlined by the participation in Valore D, the association set up by 12 large companies to strengthen women's role in business.

The salary gap between men and women appears to be immaterial, pointing to substantial equality in pay between the two genders. SACE reported a shrinking salary gap between men and women - especially as far as middle and senior managers are concerned. In 2017, SACE hired 112 employees, including 68 less than 36 years old; 46 of them were women. It also offered 76 internships, providing young graduates with an opportunity to grow professionally in the work area they are most interested in. 39.5% of those who completed their internship during 2017 were hired on different types of contracts.

Employees by company



Employees by year

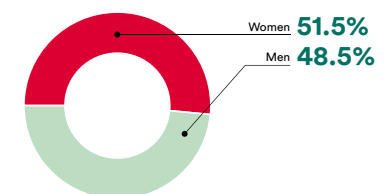


Recruiting

Competence and strong motivation are key for professional growth. Every year, SACE recruits industry professionals and young talents participating in higher education. It attends Italy's largest job fairs and collaborates with top universities, graduate schools and postgraduate master's programmes. This ensures a fruitful exchange of skills and helps us recruit the best candidates. Since 2012, SACE has been participating in the Bocconi Merit Awards programme, sponsoring one of the seventy scholar-

ships granted to the most deserving first-year students of master's degree courses.

Employees by gender



Training

Training and continuous learning are the key to working effectively at all times. The opportunity of staying abreast of industry best practices and sharing innovative approaches significantly helps keeping your personal curiosity and flexibility of thought alive. SACE has designed training courses for its employees to accompany them in their professional growth. Specifically, new hires participate in a dedicated training programme (Induction Plan) to facilitate their integration into the Company. During 2017, considering all the channels made available to employees in the classroom and online,

SACE guaranteed an average of 23 hours of training per person, for a total of 20,909 hours, as well as offered technical training workshops: 921 participants and 1,821 hours in the classroom and online. SACE supports the professional growth of its employees, designing custom career paths that take into account each one's skills and potential. Through job rotation, a system SACE introduced with a strong conviction, employees have the opportunity to perform duties other than the their own. Job rotation can be seen as a direct form of training: it helps spread skills throughout the organisation and allows everyone to quickly gain hands-on experience within different functions or segments, expanding their career opportunities. This makes the work experience at SACE even more rewarding. Finally, SACE offers employees the possibility to take on other roles at its foreign offices - an experience that further enriches professional growth opportunities.

**Promoting people
as the basis
of our excellence**

**Cristiana
Sabene**

Our values

Work and life: the right balance

The satisfaction and enthusiasm of employees are the key to a company's success. SACE has always been sensitive to this topic and seeks to allow everyone to strike the right work-life balance. This vision reflects our focus on social sustainability and translates into a programme consisting of several initiatives to ensure a balanced use of time and energy. The project "telework from home", which started a few years ago, enables anyone to work from home a few days of the week and for certain periods of time if they need to, using a workstation provided by the company. In this regard, we successfully completed the "smart working" pilot project, which allows working from home one day a week. The technology used by the Company ensures day-to-day interactions with the work environment and colleagues.

To address mobility-related issues and develop solutions to optimise commuting, SACE has appointed a mobility manager - a professional responsible for all aspects that help mitigate our

impact on traffic and the environment. In addition, we launched a number of mobility initiatives, such as subsidies for public transport passes, services offering real-time information on traffic and public transport waiting times, and the bike point - a fleet of bicycles employees can use for short trips. At the Rome and Milan offices, where some employees have chosen the bike as their means of transport, we created a reserved parking area.

SACE also has two initiatives dedicated to the families of employees. On the "Take your kids to work" day, the company opens its door to small children, allowing them to experience their parents' work environment for a day while playing and having fun.

For older children and their friends in the fourth or fifth year of high school, SACE promotes the "Push to Open" programme, which introduces them to the world of work. The programme takes place largely online, with 5 webcasts and through social networks, and includes also intercompany workshops.

Furthermore, in 2016 SACE launched the project: "Adopt a school", which extends this training programme to the students of a school in a peripheral area.

The focus on health is a pillar of corporate welfare. SACE offers employees health insurance and cancer screening tests every two years for those aged 45 or older. In addition, to promote a healthy and active lifestyle, SACE's offices feature a gym with state-of-the-art equipment that all employees can access. Personal well-being also depends on mental and physical balance. Health protection is further supplemented by training courses with nutritionists for the treatment of eating disorders, the organisation of first aid and fire prevention teams, and the deployment of medical devices at the company's offices. In cooperation with the Red Cross, SACE also organises courses on first aid and paediatric foreign body airway obstruction removal.

The series of meetings "A tu per tu con..." ("Face to face with...") continued in 2017, featuring external guests that, by sharing their experience, presented virtuous management models and offered insights on current issues.

**Work-life balance
and flexibility in an
increasingly smart
environment**

Angela
Bortoluz



Value for the environment and society

Development is sustainable when it seeks to improve quality of life in the long term. SACE accepted this major challenge by promoting a corporate sustainability culture aimed at protecting the well-being of future generations.

Refining the company's waste sorting and recycling system, improving energy efficiency, and raising awareness about reducing waste are some of the initiatives that SACE pursues at its offices, contributing also to the promotion of an environmental sustainability culture.

The Company supports health research and prevention by collaborating with the Veronesi Foundation on a Project about Food and Health, which seeks to study how eating habits correlate to the onset of cancer in the elderly - as they are usually overlooked in epidemiological studies. In addition, it supports Komen Italia's secondary breast cancer prevention project for socially and economically disadvantaged women.

SACE contributes to the Theatre and Music Art and Rehabilitation programme promoted by Lega

del Filo d'Oro and dedicated to deafblind and multi-sensory impaired individuals, allowing them to try new experiences and let their aptitudes emerge. In 2017, SACE continued its partnership with Rondine Cittadella per la pace - a project to promote a culture of dialogue and peace at a World House located in a medieval town in the province of Arezzo. Every year, this facility hosts students of different cultures from conflict areas across the world. In addition, SACE is a Corporate Golden Donor of the Italian National Trust (Fondo Ambiente Italiano, FAI), which protects Italy's artistic and natural heritage.

In the belief that even small gestures of solidarity can make a difference, every year SACE hosts blood drives - in 2017, its employees generously donated 100 blood bags to the Bambino Gesù Paediatric Hospital in Rome - and enthusiastically participates in "Race for the Cure", a charitable race to raise funds for the fight against breast cancer: 240 people between SACE's employees and their relatives participated in the 2017 edition.

**Sustainable
development is
our best investment
for the future**

Building a metro in the desert

In Qatar with 3TI Progetti

SACE guaranteed a performance bond issued in favour of 3TI Progetti, a Rome-based engineering company that designs transport, social, water, and environmental infrastructure. With SACE's support, 3TI won a 9 million euro contract for the provision of design services for the "Red Line South Underground" of Doha's metro in Qatar.

€9
million

Transparency at the core of our management

Corporate structure

SACE is a joint-stock company wholly owned by Cassa depositi e prestiti and owns 76% of SIMEST, a joint-stock company which has been supporting the growth of Italian businesses by law since 1991 through the internationalisation of their operations. In addition, SACE wholly owns SACE Fct, a joint-stock company operating in the factoring sector, and SACE BT, a joint-stock company operating in the Credit, Suretyship, and Other Damage to Property lines. In turn, SACE BT wholly owns SACE SRV, a limited liability company specialised in debt collection and information asset management. SACE carries out management and coordination activities for its subsidiaries, ensuring their operations comply with, among other things, the strategy devised by the Parent Company.



Laura
Guzzo

Regulatory framework

SACE provides guarantees and insurance for political, catastrophe, economic, commercial, and currency risks Italian entities are exposed to when doing business abroad, in accordance with Italian Legislative Decree 143/1998 and the relevant CIPE Resolutions. In addition, SACE is authorised to provide guarantees and insurance for transactions that are strategically important for Italy's economy in terms of internationalisation, economic security, and the activation of production processes pursuant to Italian Law 296/2006, as well as risks of non-collection of receivables due from Public Administrations pursuant to Italian Legislative Decree 185/2008. The obligations undertaken by SACE in the performance of its duties are guaranteed by the Italian Government (Italian Legislative Decree 269/2003, Article 6, Paragraph 9), including pursuant to Italian Legislative Decree 91/2014, Article 32. SACE's operations are governed by European Union regulations (including Directive 29/1998) and the OECD's Arrangement on Officially Supported Export Credits ("Consensus"). SACE subscribes to the principles established by the Berne Union, an international organisation that brings together export credit companies and agencies to support investments.

Since 1991, SIMEST has been promoting investments by Italian businesses abroad through equity instruments, using its own funds (pursuant to Italian Law 100/1990) and, since 2004, by managing the public Venture Capital Fund. Moreover, SIMEST's investments allow Italian firms to access facilities (interest subsidies) for financing equity investments in companies outside the European Union. In addition, SIMEST acquires non-controlling interests in Italian businesses or their subsidiaries in the Euro-

pean Union on arm's length terms to help them expand their international reach. Since 1999, SIMEST has been managing facilities to support the internationalisation efforts of Italian businesses, in the form of financing for internationalisation (pursuant to Italian Law 133/2008, article 6) and financial support to exports through interest subsidies (pursuant to Italian Legislative Decree 143/1998). SIMEST is also one of Italy's financial institutions authorised by the EU to operate as a Lead Financial Institution as part of Partnership Programmes (NIF, LAIF, Trust Fund Africa, IFCA, etc.). The financing activities of SIMEST are subject to supervision by Italy's Court of Auditors.

Legality and transparency: the core principles of our operations

SACE BT, established in 2004, is authorised to provide insurance and is subject to supervision by IVASS (Italian Insurance Supervisory Authority). SACE Fct, established in 2009, is enrolled in the Register of Financial Intermediaries pursuant to the Consolidated Law on Banking, Article 106, and is subject to supervision by the Bank of Italy.

Code of Ethics and Organisational, Management and Control Model

The corporate governance system defines a set of rules and practices that govern the management and control of the Company. SACE's governance model is based on the principles of legality and transparency; the Company adopts a prevention and control system consisting of the Code of Ethics and the Organisational, Management and Control Model. The Code of Ethics expresses the values and principles that directors, statutory auditors, external auditors, managers, employees, contractors, and third parties who have relationships with SACE and its subsidiaries must subscribe to. The Code of Ethics is a separate document from the Model - even though it is related to the latter, as it is an integral part of the prevention system adopted.

A system of values shared internally and with all our stakeholders

Approved by the Board of Directors of SACE pursuant to Italian Legislative Decree 231/2001, the Model is the result of an in-depth analysis carried out within the corporate structure and consists of:

- a general section governing the principles of the Decree, the governance model, the principles of the internal control system, the Supervisory Board, the disciplinary system, staff training, and the dissemination of the model inside and outside the Company
- a special section that identifies the areas within SACE for which there is a potential risk of offences being committed and specifies a series of instruments to prevent them.

The Model intends to:

- optimise the corporate governance system
- allow to exempt SACE from administrative liability in case of offences
- set up a consistent prevention and control system, reducing the risk of offences committed in relation to the Company's business
- raise awareness among all individuals working in the name and on behalf of SACE about the risk of committing offences punishable with penalties against not only themselves, but also the Company
- inform all those working in any capacity in the name, on behalf or in the interest of SACE that any violation of the provisions of the Model shall result in disciplinary action, potentially including termination of employment
- reaffirm that the Company does not tolerate unlawful behaviour, as it is contrary to the ethical principles it subscribes to
- actively reprimand any behaviour in violation of the Model, through disciplinary or contractual measures.

The Model is addressed to directors and anyone with representation, administration and management responsibilities; individuals on employment agreements; third parties that have "subordinate" or "parasubordinate" employment relationships with the Company. The Supervisory Board exercises control functions in relation to the Model and the Code of Ethics: supervises the adequacy, updating and implementation of the Model; and verifies, to the extent of its responsibility, any violations of the Code of Ethics.



Alessia
Notargiacomo

Internal control and risk management system

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

Its objectives are:

- verifying the implementation of corporate strategies and policies
- implementing an adequate control of current and future risks as well as mitigating risks within the limits set out in the Company's risk appetite framework
- ensuring the effectiveness and efficiency of business processes
- ensuring the timeliness of the Company's information reporting system
- ensuring the reliability and integrity of accounting and operational information as well as the security of information and IT procedures
- safeguarding assets and their value as well as protecting against losses, including in the medium to long term
- ensuring the Company's operations comply with applicable laws, policy directives, regulations, and internal procedures.

Multi-level governance ensures an effective management of risks

Compliance

The Board of Directors is ultimately responsible for the system and ensures it remains comprehensive, functional and effective at all times, promoting ethical integrity and a culture of internal control so as to raise awareness among all employees about the importance of monitoring.

Top Management oversees the proper functioning and overall adequacy of the internal control and risk management system. Furthermore, it ensures employees are aware of their roles and responsibilities as well as actively engaged in the performance of controls, as these are an integral part of their work. To this end, Top Management defines the organisational structure, procedures, delegations of power, and responsibilities in detail. The internal control and risk management system is comprised of three levels of control.

The first level of control is the responsibility of the operational structures and the relevant managers. It involves identifying, assessing, monitoring, and mitigating risks arising from day-to-day operations. The structures thus ensure operations are performed properly as well as compliance with the operational limits assigned to them, in line with the risk objectives and procedures that comprise the risk management process. The second level of control is guaranteed by the Risk Management and Compliance functions. These two functions monitor the proper implementation of the risk management process, compliance with the operational limits assigned to the other functions, and the compliance of business operations with the law. The third level of control is the responsibility of the Internal Auditing function, which monitors and regularly assesses the effectiveness and efficiency of governance, risk management and control systems, in relation to the nature and level of risk involved.

The Compliance function systematically and continuously monitors regulatory developments; assesses the relevant impact on internal processes and rules; indicates the actions to be taken to comply with regulations. It monitors the risk of non-compliance, i.e. the risk of incurring legal or administrative sanctions, financial losses, or reputational damage as a result of the violation of laws, regulations, or corporate governance rules. It assesses the reputational risk associated with individual business transactions.

The constant monitoring of regulatory developments guarantees our operations

Internal Auditing

The Internal Auditing function carries out independent and objective internal advisory and assurance activities for SACE and its subsidiaries to improve organisational effectiveness and efficiency. It assists the Company in the pursuit of its goals with a systematic approach, generating value by assessing and improving governance, risk management and control processes as well as identifying sources of inefficiency in order to improve business performance. The Internal Auditing's mandate, approved by the Board of Directors, formalises the objectives, powers, responsibilities, and lines of reporting to top management regarding the results of the work carried out as well as the annual plan. The plan, approved by the Board of Directors, formalises the high-priority audits identified in accordance with the Company's strategic objectives and the assessment of current and future risks regarding business operations. The annual plan may be revised and adjusted in response to any significant change in the operations, programmes, systems, activities, risks, or control of the organisation.

The Internal Auditing function monitors all levels of the internal control system and fosters a culture of control, promoted by the Board of Directors. It operates in accordance with the relevant external regulations, the International Standards for the Professional Practice of Internal Auditing, and the Code of Ethics of the Institute of Internal auditors (IIA).

We assess the effectiveness and efficiency of the governance systems by conducting regular analyses



Giuseppe Pagnozzi

Corporate bodies

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

The Board of Directors is composed of nine members and has full powers concerning the administration of the Company and everything necessary to fulfil the company's purpose, in accordance with the provisions of the law and the Articles of Association. The Board of Directors assesses the adequacy of SACE's organisational, administrative and accounting structures, constantly monitoring its actual performance and examining the strategic, business, and financial plans. The Board of Directors is ultimately responsible for the internal control system and plays a key role in identifying, assessing, and controlling the most significant risks for the Company.

The Board of Statutory Auditors supervises compliance with the law and the Articles of Association, adherence to the principles of sound management, and the adequacy and proper functioning of the organisational, administrative and accounting structures.

The Chairman of the Board of Directors is the legal representative of the Company, while the Chief Executive Officer, who also holds the office of General Manager, has the power to legally represent the Company and signature authority in dealings with third parties, as well as to manage the Company in accordance with the powers delegated to him and the guidelines laid down by the Board of Directors.

In 2017, the Company voluntarily set up two Board Committees:

- the Control and Risks Committee, which supports the Board of Directors as far as risks and the internal control system are concerned by providing advice and making proposals
- the Related Parties Committee, which issues reasoned opinions in advance on the Company's interest in entering into material transactions with related parties as well as the convenience and the substantive and procedural fairness of the relevant terms and conditions.

In addition, there are also several internal committees, including:

- the Steering Committee, which examines and assesses the strategies and objectives of SACE and its subsidiaries; assesses and monitors the various aspects of the performance of their operations and business; examines the operational and management guidelines
- the Transactions Committee, which assesses the proposed transactions delegated to the Board of Directors and examines transactions falling under the responsibility of the Chief Executive Officer, assessing their eligibility
- the Risks Committee, which helps define the Company's strategies and guidelines concerning the management and transfer of risks as well as provides opinions on how to improve the overall quality of exposures
- the Investment Committee, which defines portfolio investment strategies on a regular basis, monitoring the operating performance and outlook for investments as well as proposing updates of the guidelines to the decision-making body
- the Business Performance Committee, which analyses the interim results and business outlook for SACE and its subsidiaries.

Company officers and control bodies

Board of Directors

(appointed at the Shareholders' Meeting of 14 June 2016 and in office for three financial years)

Beniamino Quintieri *Chairman* **Alessandro Decio** *Chief Executive Officer and General Manager*

Marilisa Allegrini <i>Director</i> (****)	Antonella Baldino <i>Director</i> (**)	Paolo Dal Pino <i>Director</i> (*)	Rodolfo Errore <i>Director</i> (****) (1)
Simonetta Iarlori <i>Director</i> (2)	Alessandra Ferone <i>Director</i> (3) (**)	Giuseppe Maresca <i>Director</i> (1)	Federico Merola <i>Director</i> (**) (***)

Board of Statutory Auditors

(appointed at the Shareholders' Meeting of 14 June 2016 and in office for three financial years)

Franco Tutino *Chairman*
Roberta Battistin *Standing Auditor*
Giuliano Segre *Standing Auditor*
Francesco Di Carlo *Deputy Auditor*
Antonia Di Bella *Deputy Auditor*

Guido Carlino
Acting Representative of the Court of Auditors
 (in office since 17 February 2015)

PricewaterhouseCoopers S.p.A.
External auditors

(appointed for the 2015/2023 period by the Shareholders' Meeting of 23 April 2015)

Note:

- (1) appointed by the Shareholders' Meeting of 12 September 2017
 (2) until 24 October 2017
 (3) since 30 November 2017
 (*) Chairman of the Control and Risks Committee
 (**) Member of the Control and Risks Committee
 (***) Chairman of the Related Parties Committee
 (****) Member of the Related Parties Committee

Giovanni Abbadia • Vincenzo Abbate • Clelia Abbonizio • Tiziana Abbruzzese • Cristina Abbruzzese • Andrea Abrate • Claudia Roberta Accardi • Simonetta Acri • Lorenzo Adinolfi • Roberta Airò • Stefano Ala • Maria Maddalena Albano • Marinella Alberichi • Valerio Alessandrini • Paolo Alfieri • Roberto Allara • Fabrizio Allegretto • Edmea Alloggia • Mariangela Alvino • Alessandro Amendolito • Gianluca Amero • Saverio Amoroso • Gautam Amrish Bhansali • Francesca Andreani • Valentina Andreani • Rosina Andreoli • Annalisa Angeletti • Sonia Angelini • Domenico Aniello • Daniela Anniballe • Nazario Antelmo • Luigi Antonelli • Giuseppe Arcaro • Maria Cristina Armenia • Sabrina Arnone • Laura Arpini • Fulvia Maria Arrigoni • Giuseppe Ascierto • Anna Maria Asta • Prospero Astarita • Bernardo Attolico • Barbara Audano • Ambra Auriemma • Gianfranco Avellini • Sandeep Babbar • Danilo Bacci • Ruggero Baffari • Gabriella Baldassarre • Massimo Baldini • Roberta Balduini • Cristina Balestra • Cristian Balestrini • Fabio Ballerini • Emanuela Ballini • Enrico Barberi • Vittoria Barchietto • Dario Barigelli • Maria Barilaro • Alessandro Barile • Matteo Barnabè • Maria Del Carmen Barral Diz • Lorenzo Bartoli • Nazzaro Bartolini • Antonio Bartolo • Orlando Basile • Andrea Basili • Roberto Basilicata • Nicola Bassi • Luca Bassotti • Martina Bastia • Daisy Bastoni • Marco Battaglia • Luciana Battaglini • Franco Bellamente • Roberta Bellavia • Nicola Bellini • Stefano Bellucci • Pasquale Belmonte • Elma Benassi • Giovanna Chiara Beretta • Rossella Bernardo • Michela Bertini • Anna Bertolotti • Milo Bertoni • Matteo Bertuccioli • Fabio Bevilacqua • Francesco Bevilacqua • Alberto Biagiotti • Luca Bianchi • Cristina Bianco • Martin Biffi • Monica Biffi • Raffaella Bigotti • Francesco Biondo • Luciano Bisceglia • Stefano Bisogni • Giammarco Boccia • Roberto Bodoyra • Maria Pia Bonanni • Addolorata Bonetti • Paolo Bonetti • Francesca Bontempi • Danilo Boragine • Ezio Franco Borciani • Alessandro 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Glossary

ANCILLARY RISKS: risks which are additional to the credit risk such as production risk, unfair call of bonds, or destruction risk.

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

BANK RISK: risk associated with transactions guaranteed by banks.

CLAIMS RESERVE: technical reserve consisting of the total amount which, after a careful assessment performed on the basis of impartial factors, are considered necessary to cover the payment of claims occurring during the current year or in previous years and not yet paid, as well as settlement costs.

CREDIT INSURANCE: insurance activities protecting against the risk of insolvency and/or non-payment of trade receivables to financial stakeholders, on the basis of goods or services contracts.

EXPORT CREDIT: insurance and guarantee activities protecting against commercial and political risks related to payment obligations within an export operation.

EXPORT CREDIT AGENCY (ECA): Export Credit Agency.

FACTORING: contract by which a company (transferor) transfers its trade receivables to a financial company (factor), which becomes the holder of the receivables and can provide the transferor with credit management services, financing and guarantees against debtor defaults.

GROSS PREMIUM: total amount due to the insurer, resulting from the outstanding guarantee and referring to the entire coverage period.

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

INDEMNITY: amount due from the insurer as compensation for damages suffered by an insured following a claim.

INTEREST RATE SUBSIDY FOR EQUITY INVESTMENTS (OF SIMEST): non-repayable interest rate subsidy for financing equity investments in a foreign non-EU company by an Italian company.

INTEREST RATE SUBSIDY FOR EXPORT CREDIT (OF SIMEST): interest rate subsidy on medium/long-term loans granted by Italian or foreign banks in support of exports of capital goods.

INWARD REINSURANCE: a transaction by which an insurance company (reinsurer) takes on part of the risk insured by another insurer (reinsured).

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

MARKETABLE RISKS ("MARKET"): according to OECD regulations, political and commercial risks relating to credits with a tenor of less than 24 months and to debtors established in EU member countries or other first-category countries in the OECD area.

MOBILISED RESOURCES (BY SACE): guarantees approved during the period of reference.

MOBILISED RESOURCES (BY SACE BT): volumes insured in the Credit and Suretyship branches during the period of reference relating to new contracts.

MOBILISED RESOURCES (BY SACE FCT): total amount of receivables transferred to the factoring company (turnover) during the period of reference.

MOBILISED RESOURCES (BY SIMEST): volume of subsidised loans, investments and interest subsidies disbursed during the period of reference

NON-LIFE LINES: guarantees covering damage to persons and/or property as a result of fire, theft or damage relating to third party liability.

NON-MARKETABLE RISKS ("NON-MARKET"): according to OECD regulations, political and commercial risks relating to credits with a tenor of more than 24 months or to debtors not established in EU member countries or other first-category countries in the OECD area.

OUTSTANDING COMMITMENT (OF SACE): total principal amount of guarantees outstanding as at the date of reference.

OUTSTANDING COMMITMENT (OF SACE BT): for the Credit branch, the total amount of credit lines granted, net of the amount not covered under the policy; for the Suretyship branch, the sum of capital insured; for the Other Damage to Property branch, the total amount of capital insured and policy limits.

OUTSTANDING COMMITMENT (OF SACE FCT): total receivables, or the amount of loans outstanding as at the date of reference.

OUTSTANDING GUARANTEE: with regard to SACE, an insurance policy approved by the competent bodies and issued, for which the first instalment of the premium has been collected.

OUTWARD REINSURANCE: a transaction by which an insurer (reinsured) transfers part of its risk exposure to an insurance policy onto another insurance company (reinsurer).

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

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

SOVEREIGN RISK: risk associated with transactions supported by sovereign guarantees, i.e. issued by the Ministry of Economics and Finance or by other entities empowered to commit the State.

TECHNICAL RESERVE: amounts that insurance providers must set aside and recognise in their financial statements to meet their obligations to the insured.

TOTAL EXPOSURE (OF SACE): total outstanding commitments in principal and interest and performing loans.

VALUE AT RISK: maximum potential loss in the reference time period with a certain confidence level (usually 95-99%).

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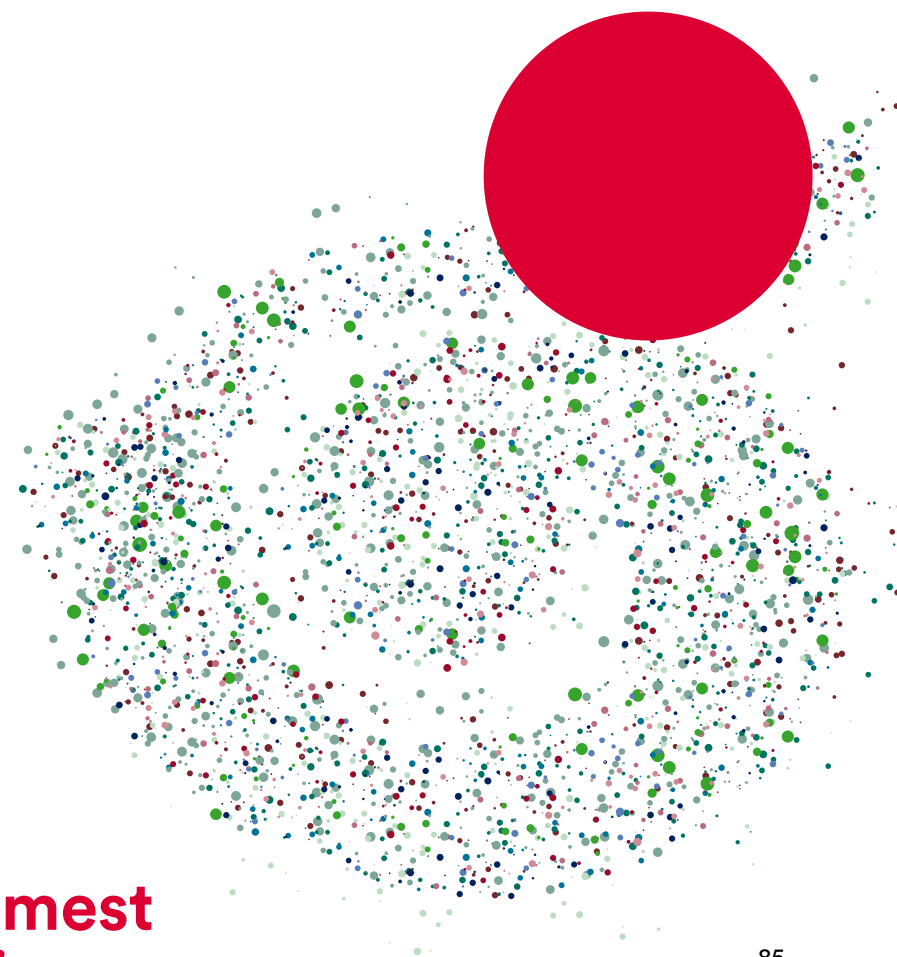
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Our commitment to creating value



sace simest
•gruppo cdp•

Sustainability strategies and management

Our commitment to helping Italian businesses grow in the global market is based on the awareness that we are responsible for ensuring environmental sustainability as well as the well-being of our stakeholders and employees. **The goal to create economic value is part of a systemic vision** where the focus on society and the environment is key to business success, and therefore a driver of **long-term growth and well-being for the entire Italian economic system.**

Sustainability is a cornerstone of our strategy, and every activity within and without the organisation is constantly driven by the principles set out in the Company's Code of Ethics. This clearly states that the **exporting** and **internationalisation** activities of Italian firms must **give back value to the social and environmental context** in which they are carried out.

Our values

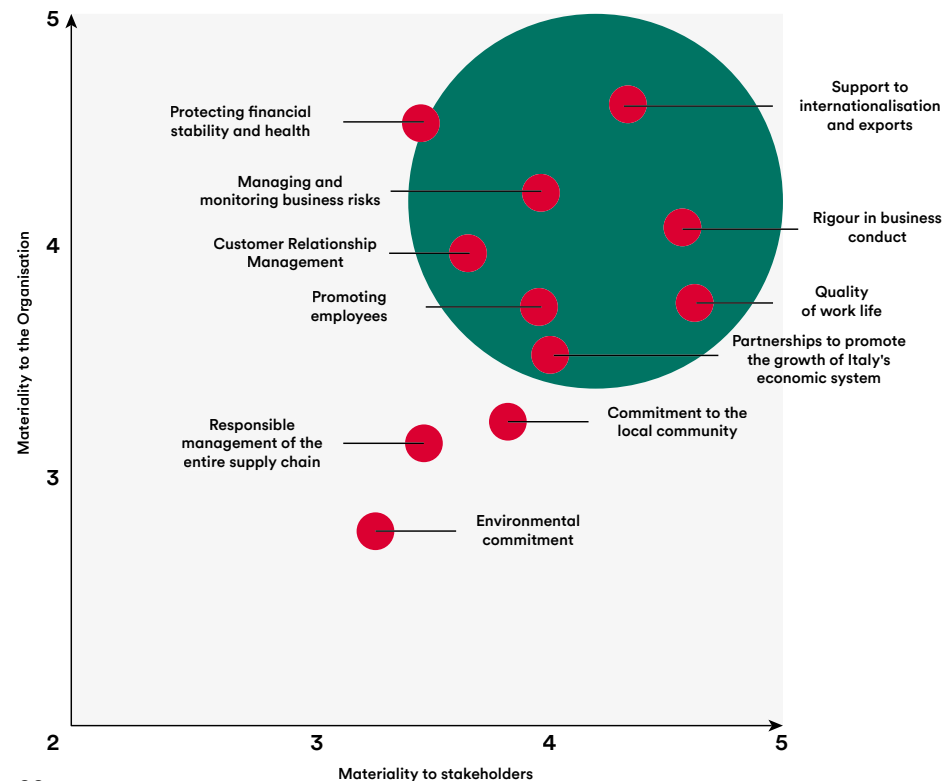


The materiality analysis to establish our priorities

A company's operations involve "material" aspects that may have a significant social, economic and environmental impact on the organisation as well as the judgements and decisions of stakeholders. SACE identifies and assesses the factors that can influence the creation of value in the short, medium, and long-term through a materiality analysis conducted in accordance with the main two international standards: AA1000 and the "G4 Sustainability Reporting Guidelines" of the Global Reporting Initiative – GRI. This analysis also allows preparing

a guide to effectively meet the needs and expectations of internal and external stakeholders, ranking the topics identified as material by priority. This objectively helps define business strategies. The result of this exercise is a matrix showing the level of the company's commitment to each topic and the relevant materiality perceived and validated by stakeholders, gathered through specific listening and engagement initiatives.

SACE's materiality matrix



Engaging with stakeholders to generate shared value

2016 and 2017 brought major changes for SACE and the context in which it operates: from the redefinition of the strategy - also in light of the role that Cassa depositi e prestiti's 2016 - 2020 Strategic Plan assigns to SACE - to the transfer of SIMEST's ownership, resulting in the creation of the Italian Export and Internationalisation Hub, and the arrival of new people at the top and in key positions within the organisation. The Corporate Shared Value (CSV) Department contributed to this by advancing and strengthening accountability practices, promoting a conversation about the value SACE is able to generate for the organisation as well as its stakeholders,

and creating a culture of engagement on sustainability topics both within and without the Company. In this regard, SACE considered it key to advance on its path to sustainability, and specifically to:

- strengthen its ability to listen to and engage with external and internal stakeholders in order to better meet their needs and expectations, manage risks, and protect its reputation
- promote SACE's commitments, actions, and results in terms of sustainability and the creation of shared value.

Our stakeholders



People

Employees
Trade unions



Suppliers

Consultants
Suppliers of goods and services



Shareholders

Cassa depositi e prestiti
Other investors



Customers

Small and medium businesses
Large businesses
Public-sector companies
Banks
Insurance and reinsurance companies
Third-party beneficiaries



Institutions

National and international institutions
Local entities
Supervisory and control authorities



Community

Media
Non-governmental organisations
Environmental associations
Non-profit
Students and academia



Partners

Export credit companies
Financial institutions
Network of intermediaries

The importance of engagement

Building a strong relationship of mutual trust with stakeholders is crucial, as their satisfaction is correlated with the Company's ability to achieve success and generate profits. Carefully managing stakeholders requires being aware of their interests, and therefore to comprehensively structure ways and operational methods to engage with them so as to regularly obtain:

- an indicator of the quality of the relationship
- insights on topics material to stakeholders, potential areas for improvement, and the threats and opportunities inherent to the relationship.

Fully embedding engagement into business processes requires designing it to deliver meaningful results for the operations of all the Company's functions.

SACE has decided to listen to its stakeholders to:

- define the extent to which material topics affect their judgements and decisions
- verify the perception of their relationship with the Company
- understand their medium/long-term needs and expectations to support strategic planning
- create and design new products, services, and business areas together with stakeholders
- determine with their contribution how to invest the Company's resources in community initiatives
- understand how the Company's operations are perceived as a whole.

Stakeholder engagement has been oriented to understanding how stakeholders perceive SACE's commitment to material topics for the purposes of generating shared value.

To effectively monitor the quality of our relationship

with stakeholders, we engaged with several parties, including different types of customers, central and local institutions, supervisory authorities, and partners.

The output of this exercise was:



stakeholders' assessment of SACE's ability to generate shared value and in-depth analysis of the contents of the value generated



comparison between stakeholders' perception and the actual commitment to material topics, highlighting potential alignments/misalignments



mapping of the potential risks (strategic, reputational, operational) associated with stakeholders' perception of the level of commitment.

Our stakeholder engagement model

1. Tree of material topics

Defining the tree of material topics (through desk analyses of internal and external material as well as targeted interviews with internal Departments), allows identifying the action areas that are most strategic to SACE and on which stakeholders place most of their expectations, with a view to creating shared value. The tree thus becomes a management tool.

2. Engagement planning

The engagement process has been designed by defining in detail:

- the contents of the initiatives that are instrumental to achieving the agreed objectives. Specifically:
 - the level of stakeholders' satisfaction and appreciation of the ways in which SACE is committed to the material topics
 - a (mainly qualitative) analysis of how the relationship with SACE affects stakeholders
- a detailed list of stakeholders to engage in terms of categories and sub-categories as well as specific entities
- the most appropriate engagement method for each type of stakeholder.

3. Engagement execution

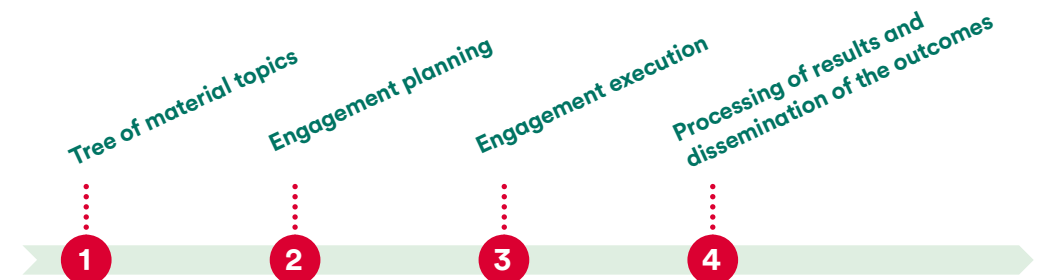
Engagement activities comprised both qualitative and quantitative approaches in order to address the need for in-depth analyses as well as to obtain a representative view of stakeholders' judgements.

4. Processing of results and dissemination of the outcomes

The results of the engagement process produced a detailed report of the findings.

Following the Forum, SACE launched a structured listening and engagement initiative with Top Management to:

- continue overseeing the relationship between the business strategy, vision, mission, and sustainability strategy, in line with the new Business Plan
- gather feedback and address it to identify the expectations concerning SACE's role
- assess the organisation's ability to respond and identify improvement targets, guidelines, and actions to execute and implement a sustainability strategy.



Value added as a measure of success

The changes occurred over the last 20 years and the increasing complexity of international trade processes require businesses—especially smaller ones—to have the best insurance and financial tools to tackle export transactions that inevitably present risks associated with the type of country concerned and the counterparty, the materiality of the amounts involved, and the term of the transactions.

In this sense, the services SACE provides are crucial, as they create **value added in the short-term**, allowing also less-structured private-sector entities to tackle international markets, **as well as the medium/long-term**, fostering a propensity to export that can gradually make businesses more dynamic, productive, and profitable (earning by exporting). SACE's support is most effective when it comes to the procurement of capital goods, which requires medium/long-term payment terms. Therefore, for SACE value added, i.e. the wealth the company generates and distributes among its stakeholders, is key to measur-

ing the impact of the transactions it supports on society, and the relevant indicator is reported in the separate financial statements prepared pursuant to ITA GAAP. SACE's investments are accounted for using the equity method, therefore their results are included in the separate financial statements (as using the equity method is tantamount to consolidating investments). The difference between the Economic Value generated directly by SACE and the Economic Value distributed totalled 124.9 million euro and represented the Economic Value withheld. SACE's consolidated financial statements at December 31, 2017, prepared in accordance with IAS/IFRS, reported a 456 million euro net profit.

Economic Value retained by SACE and results of the different companies (millions of euro)

	SACE	SACE BT	SACE SRV	SACE Fct	SIMEST
Direct Economic Value generated (Revenues)	630.5	51.2	9.9	30.5	45.3
Operating costs	209.3	36.5	7.2	19.4	21.4
Personnel costs	61.1	12.2	1.8	6.7	14.5
Dividend paid to shareholder	150.0	-	-	-	2.6
Taxes	85.2	1.0	0.2	1.2	5.8
Economic Value distributed	505.6	49.6	9.2	27.2	44.3
Economic Value retained (value added)	124.9	1.6	0.8	3.3	1.0

Promoting people to invest in the future

SACE's excellence is based on people. Promoting employees and their quality of life is at the centre of programmes and initiatives concerning both the professional and personal realms. We aim to ensure the satisfaction of each employee through an advanced welfare structure which places special emphasis on work-life balance and policies to promote women, intergenerational dialogue, and the full integration of disabled human resources. SACE also supports parenthood, and in 2016 the retention rate among employees who took parental leave was 100%.

Moreover, SACE obtained the BS OHSAS occupational health and safety management certification, as described in our Occupational Health and Safety Policy. In addition to the several welfare benefits outlined in the Collective Bargaining Agreements of the insurance and banking industry, SACE's employees also enjoy additional benefits under Company-Level Agreements and Company Regulations.

Our company welfare initiatives



Health insurance paid for by the Company and extendable at the employee's discretion and expense, with the option to extend it to the spouse/partner/children



Occupational and non-occupational accident insurance for all employees



Life insurance for all employees



Interest subsidies on mortgages for first homes



Additional employer contribution for the employees who choose to pay their TFR (post-employment benefits) into the Occupational Pension Scheme



Cancer screening test paid for by the Company for employees aged 45 or older



Work-life balance measures, including: several type of part-time opportunities; telework, additional leave for educational purposes, childbirth, sick child care, medical check-up, physiotherapy, hospital admission of, or surgery on family members, and bereavement; extensions of leaves of absence



Social-education benefits for the children of employees

Our commitment to the local community

SACE promotes a corporate culture that can generate value both within and without the organisation. To this end, it supports multiple activities for the local communities, such as company volunteering initiatives for employees or providing support to several non-profit associations.

In 2017, SACE spearheaded **#adottaunaclasse** (#adoptaclass), an initiative launched as part of the **“Push to Open”** (P2O) work orientation programme for students in the final years of high school. At the end of this innovative 6-month experience, which integrated tools such as e-learning, live streaming, chats, and company training workshops, a job shadowing initiative at SACE’s offices allowed participants to see first-hand the work being done at the company in order to guide them in their future decisions. The participants were 250 students from schools in socially disadvantaged areas of the Italian cities (Bari, Naples, Rome, Urbino, Florence, and Rho) where SACE has offices—combining corporate social responsibility with the care for the local community.

With
#adottaunaclasse,
SACE has supported
250 students
from schools in
disadvantaged areas

SACE supports health research and prevention by collaborating with the **Veronesi Foundation** on the **“Food and Health”** project, which studies how eating habits correlate to the onset of cancer in the elderly—as these are usually overlooked in epidemiological studies.

In addition, the company also supports **Komen Italia** in upgrading the diagnostic equipment of the Mammography Mobile Unit, boosting the effectiveness of secondary female cancer prevention programmes dedicated mainly to economically and socially disadvantaged women.

SACE also promotes blood drives at its offices in Rome and Milan in partnership with **Bambino Gesù Paediatric Hospital** and **Avis**, respectively. Furthermore, the Company regularly participates in **Race for the Cure**, a charitable race to raise funds for the fight against breast cancer, and has contributed to the “Theatre and Music Rehabilitation” programme of **Lega del Filo d’Oro**, which seeks to discover the potential of deafblind and multi-sensory impaired individuals.

Rondine cittadella per la pace is a world house located in the medieval town of Rondine (province of Arezzo) that hosts 30 students from conflict areas every year. SACE supported the initiative with a scholarship programme to fund the education of two “enemy” students from countries at war with each other: the goal is to promote knowledge, dialogue, and peace in their respective social environments.

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

The right choices to protect the environment

In 2001, SACE set up a specific “Environment Unit” and implemented a system of guidelines to assess the environmental impact of both due diligence and export credit operations, going beyond a simple preventive analysis: based on the relevant level of complexity and potential impact on sustainability, the Company actively monitors the projects concerned, ensuring their compliance with international standards over time and helping address potential deviations. These assessments are conducted pursuant to the OECD recommendation

“Common Approaches on Environment and Officially Supported Export Credits”. Internally, SACE is committed to adopting environment-friendly strategies and measures such as the reduction of energy consumption, separate waste collection and recycling, and the development of Mobility Management programmes to meet commuting needs through low-environmental-impact solutions, including by offering specific training initiatives to employees.

SACE’s consumption



	UoM	2017
Electricity consumption	GJ	7,894
Gas consumption for Milan office only	sm3	15,119
Total water withdrawal	m3	11,453

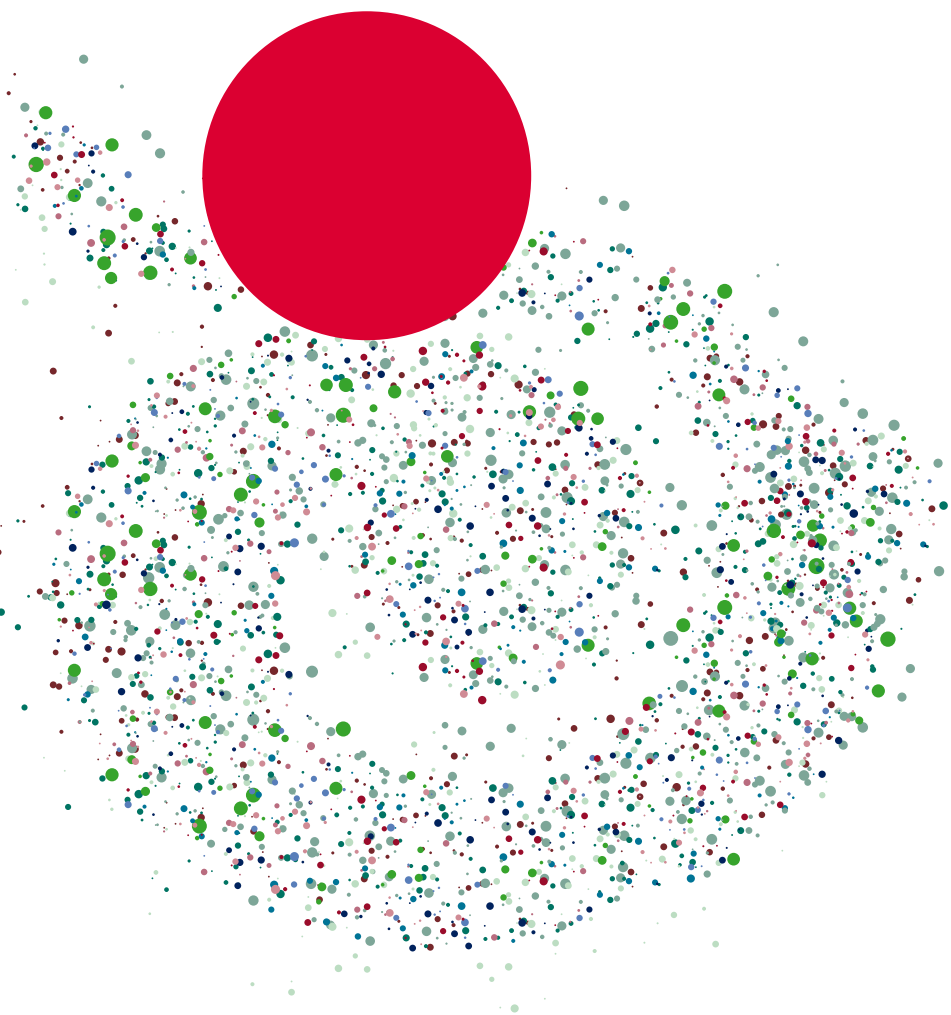
SACE’s direct emissions



Car	UoM	2017
CO2 Emissions	Tons	373
Conversion ratio	KGCO2e/KM	0.19816
Mileage	KM	1,882,181



Train	UoM	2017
CO2 Emissions	Tons	5,915
Conversion ratio	KGCO2e/KM	0.04678
Mileage	KM	126,451



Editorial project and coordination
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