DRIVING YOUR AMBITIONS

FINANCIAL STATEMENTS 2013

SACE

FINANCIAL STATEMENTS AND CONSOLIDATED 2013

SINGAPORE. Taoist Temple. Carlo Magistrelli, SACE

FINANCIAL STATEMENTS AT 31 DECEMBER 2013

Meeting of the Board of Directors of 27 March 2014

SACE S.p.A.

Registered Office and Head Office in Rome

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

Tax No. and Rome Companies Register

No. 05804521002 – R.E.A. 923591

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

SACE

COMPANY OFFICERS AND BOARDS

BOARD OF DIRECTORS

Chairman

Giovanni CASTELLANETA

CEO (*)

Alessandro CASTELLANO

Directors

Maria Elena CAPPELLO
Carlo MONTICELLI
Leone PATTOFATTO

BOARD OF STATUTORY AUDITORS

Chairman

Marcello COSCONATI

Standing Auditors

Alessandra ROSA
Giuliano SEGRE

Alternate Auditors

Edoardo ROSATI
Maria Enrica SPINARDI

STANDING DELEGATE OF THE COURT OF AUDITORS

Antonio FRITTELLA

EXTERNAL AUDITORS (**)

PRICEWATERHOUSECOOPERS S.p.A.

Company Boards appointed by the Shareholders' Meeting on 2 July 2013 and in office for three years.
(*) Appointed CEO by resolution of the Board of Directors on 17 July 2013.
(**) Appointed for the three-year period 2013 - 2015 by the shareholder's meeting of 15 April 2013.

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DIRECTORS' REPORT

1. THE ECONOMIC SCENARIO

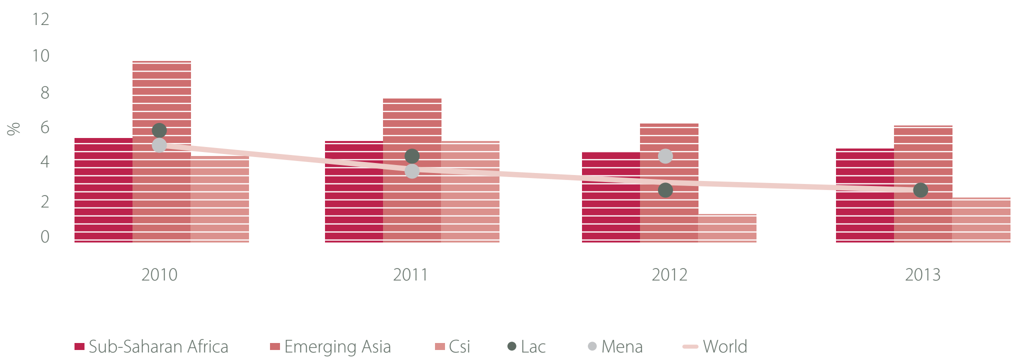
1.1. THE WORLD ECONOMY

2013 was a difficult year for the world economy. Most recent estimates of GDP growth put it at just below 3%, which is a decidedly low level of performance both in comparison to pre-financial crisis trends as well as to the values recorded during the past three-year period.

In advanced markets, there has been a substantial divergence between the Euro area, which has negative growth rates, and the other developed economies, which instead remained in positive territories. The United States have shown signals of recovery, which can be seen by the positive movements in investments and employment, as well as in the growth in the price of homes, even if the decrease in public spending, which climaxed in October with the partial closure of government offices, did slow down the momentum the economy has created. In Japan, the expansive fiscal and monetary policies the government has adopted, under the guidance of Shinzō Abe, have sustained growth and improved short-term outlooks, although the critical issues regarding the implementation of structural reforms and the definition of a credible strategy for consolidating public debt still remain. The Euro zone is finding it difficult to get out of the recession. 2013 was still a year of negative growth, due to the ongoing crisis in the Mediterranean economies. Unemployment rates still remain high, especially youth unemployment, and non-performing loans still persist, in particular in countries in the south of Europe that restrain the granting of new loans to companies.

The growth in emerging countries slowed down considerably, and this was particularly evident in the main economies, the so-called "Bric": the reasons are both due to economics (reduction in easy credit, slowdown in the positive cycle of the commodities), as well as structural problems (regulatory and infrastructure bottlenecks, depletion of the demographic dividend).

Change in GDP by geographical area



Source: FMI 2013

Summer experienced a mini currency crisis in emerging markets, caused by the fear in a change to the US expansive monetary policy (*tapering*) and the resulting temporary flight of short-term capital of from countries considered most risky. The impact that this sudden reorientation of portfolio flows had in some countries, and in particular in the so-called "fragile five" (India, Turkey, Indonesia, Brazil and South Africa), clearly demonstrated how important it will be in the future to pay greater attention when evaluating the different macroeconomic contexts. Economies with structural deficits in the current accounts and/or that depend on foreign short-term financial flows will probably experience monetary tension during 2014 as well as tightening in the conditions for accessing international capital markets.

1.2. The Italian economy and industrial sectors

The contraction in Italian GDP continued in 2013 (-1.9%), but in the third quarter, the country technically exited the recession, and in the fourth quarter a slight recovery was recorded. The drop in private consumption and investments led to further reduction in domestic demand. It is weighed down by the decrease in disposable income, the high level of unemployment and the continuing tensions in credit available to companies. A positive contribution towards growth came from net exports and signs of improvement have arrived from the resumption of new orders and in industry turnover as well as the slight progress in payment of PA debt.

During the year, industrial production decreased 3%. In November, however, there was a growth trend of 1.4% that interrupted a 26 month series of negative results. Year changes were negative for all the main industrial categories. The most significant decrease concerned capital goods and energy, accompanied by the negative performance of intermediate goods, which has decreased over the past three years.

1.3. Italian exports

The Italian trade balance, supported by the substantial surplus of non-energy products (+85 billion), reached 30.4 billion. This surplus is the result of the stability in exports (-0.1%) and the 5.5% decrease in imports. Exports were sustained by demand from non-EU countries (+1.3%), whereas there was a decrease in EU demand (-1.2%). The most dynamic countries were Belgium, China and Russia, with decreased sales to India, Switzerland and Spain. During the year, manufactured products that had significant growth abroad were pharmaceutical, food and leather products. SACE forecasts show that Italian exports of goods will grow by 6.8% in 2014, strengthened by a recovery in the international demand that has been expected for two years.

1.4. The outlook for 2014

The estimates for 2014 foresee a growth in global GDP (+3.7%), thanks to the consolidation in the growth in the United States and the resumption of economic activities in the Euro zone. There are still some risks of a downturn, connected in the short term to the adjustments being carried out in some emerging countries.

Italian GDP will start again to grow, even if at a rate below 1%, within a context of recovery that will be slow and relatively weak. Unemployment and non-performing loans will remain high, access to credit will improve, but not enough to help launch a recovery and the insolvency rates will decrease, even if it will be difficult for the numbers to reach positive levels during the year.

2. STRATEGY

2013 was a year characterised by weak growth in the world economy. Italy, which is still struggling, was particularly struck by the continuation of the liquidity crisis concerning financial intermediaries: it was our companies who suffered the most. The decrease in available financial resources had significant consequences on our investment capacity. At the same time, the high cost of financing worsened the commercial offerings of Italian exporters, which as a result benefitted competitors from other countries where they had better access to credit. In this context that is particularly complex for supporting internationalisation and exports, SACE was able to reach the objectives it set out in the 2011-2013 Industrial Plan and initiated strategies targeted towards satisfying the needs expressed by Italian companies, concentrating in particular on expanding their access to credit. Over the year, the funding for loans destined for Italian companies was supported by the collaboration between SACE and the European Investment Bank. The company also continued with the consolidation of its domestic network and with the strengthening of its international presence in markets strategic for Italian companies, with the opening of a new office of representation in Mexico. The analysis of the customer portfolio, the reorganisation of the commercial offering and the synergies created with SACE BT and SACE Fct led to the adoption of service models that are differentiated based on customer target and the development of new products, which will be launched during 2014. The forecasts for the Italian economy for the two year period 2014-2015 mark out a weak and slow recovery that is still driven by export. Internationalisation will again be the winning strategy to combat the crisis and search for new business opportunities. During the year, a new advisory program will start that combines SACE's expertise in taking on and evaluating risks with its knowledge about foreign markets, in order to offer Italian companies another tool, working together with them on their foreign development plans.

3. REPORT ON OPERATIONS

3.1. SHARE STRUCTURE AND SHARE CAPITAL

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

SACE S.p.A. does not hold its own shares or shares in the parent company, Cassa Depositi e Prestiti S.p.A.

The Shareholders' Meeting, regularly convoked by the Board of Directors, approved on 20 December 2013 to distribute the available reserves to its shareholder Cassa Depositi e Prestiti S.p.A. for a total of € 1,001,074 thousand.

3.2. NET PROFIT FOR THE YEAR

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

HIGHLIGHTS

(in € million)	2013	2012	Change
Gross premiums	316.4	299.3	6%
Claims	312.1	197.4	58%
Technical provisions	2,658.6	2,673.6	-1%
Investments (including other assets)	6,607.8	7,763.0	-15%
Shareholders' equity	4,850.8	5,808.3	-16%
Gross profit	491.3	393.7	25%
Net profit	277.7	255.1	9%
Commitments underwritten	8,703.5	8,519.5	2%

PROFIT & LOSS ACCOUNT

(in € million)	2013	2012
Gross premiums	316.4	299.3
Outward reinsurance premiums	(0.6)	(0.2)
Change in the provision for unearned premiums	106.2	56.5
Net premium income	422.0	355.6
Claims incurred	(312.1)	(197.4)
Change in recoveries	217.1	149.4
Change in the provision for claims outstanding	(55.7)	(318.1)
Claims incurred, net of recoveries	(150.7)	(366.1)
Change in the equalisation reserve	(37.9)	67.4
Investment return transferred from the non-technical account	126.3	126.4
Premium refunds and profit sharing	(17.3)	(3.7)
Operating expenses	(63.8)	(57.7)
Other technical income and charges	(1.7)	4.6
Balance on the technical account	**276.9**	**126.4**
Financial and other income	970.7	1,092.9
Investment management and financial charges	(648.4)	(700.6)
Investment return transferred to the technical account	(126.3)	(126.4)
Income from ordinary operations	**196.0**	**265.9**
Extraordinary income	20.2	1.9
Extraordinary charges	(1.9)	(0.5)
Balance on the non-technical account	**214.4**	**267.3**
Profit before taxes	**491.3**	**393.7**
Tax	(213.6)	(138.6)
Net profit	**277.7**	**255.1**

In 2013 SACE posted a net profit of € 277.7 million, higher than the € 255.1 million reported in 2012.

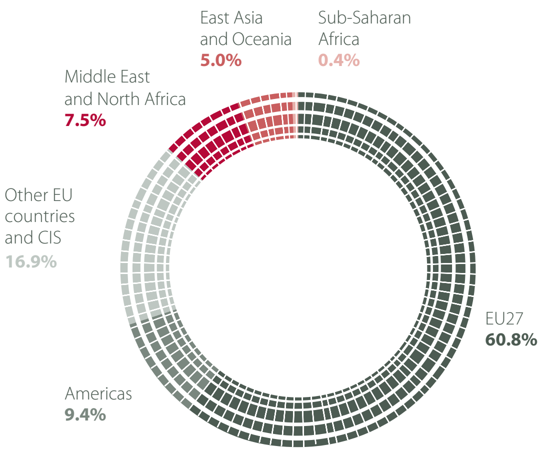
The main components of the result are discussed below:

- gross premiums, for a total of € 316.4 million, increased 6% in comparison to the previous year;
- the change in the provision for unearned premiums was positive and amounted to € 106.2 million;
- the change in the provisions for claims outstanding (€ 55.7 million) is mainly due to the amounts relating to reporting defaults by Ukraine and Polish debtors;
- the cost of claims paid increased compared to the same period in 2012 and amounted to € 312.1 million;
- the change in recoveries due to the management of subrogation credit amounting to € 217.1 million increased with respect to the previous year (€ 149.4 million);
- the change in operating expenses is due to the different classification of the productivity bonuses in comparison to the previous year, registering them under "Other expenses" as they were paid after the closing date of the annual accounts;
- the result of the non-technical account (net of extraordinary operations) was positive and amounted to € 196 million.

3.3. volumes

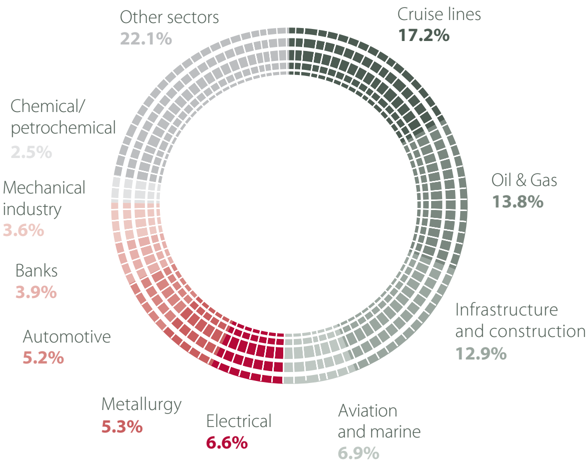
The value of guarantees approved in 2013 (in terms of principal and interest) amounted to € 8,703.5 million. New commitments were mainly directed towards the EU (60.8%), non-EU and CIS countries (16.9%) and the Americas (9.4%).

Commitments approved in 2013 by geo-economic area



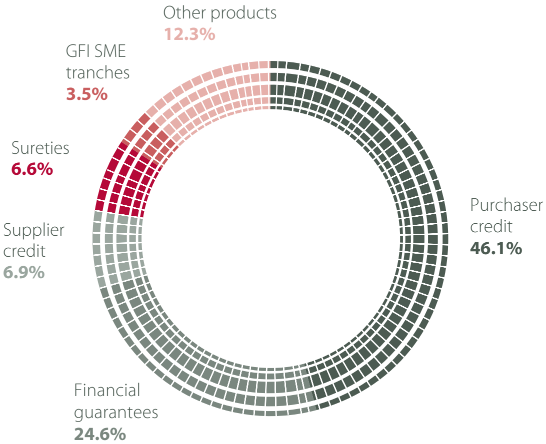
The main industrial sectors involved were cruise liners (17.2%), oil and gas (13.8%) and infrastructure and construction (12.9%).

Commitments approved in 2013 by industrial sector



The commitments approved were generated mainly by buyer credit policies (46.1%), financial guarantees (24.6%), and supplier credit policies (6.9%).

Commitments approved in 2013 by product



3.4. Changes in the insurance portfolio: internationalisation financial guarantees

In 2013 SACE issued 517 new guarantees (+42% in comparison to the previous year), for a total lending volume of € 510 million (+29% compared to 2012) and an exposure of € 301 million (+19% compared to 2012). In detail, around 72% of the guarantees were issued to SMEs and the remainder to corporations with a turnover of between € 50 and € 250 million. The average unitary turnover of guaranteed enterprises was € 35 million of which around 53% deriving from exports. Of the 517 loans guaranteed by SACE in 2013, as of 31 December 2013, 387 were granted for a total amount of € 369 million.

Internationalisation Guarantees: FY 2013

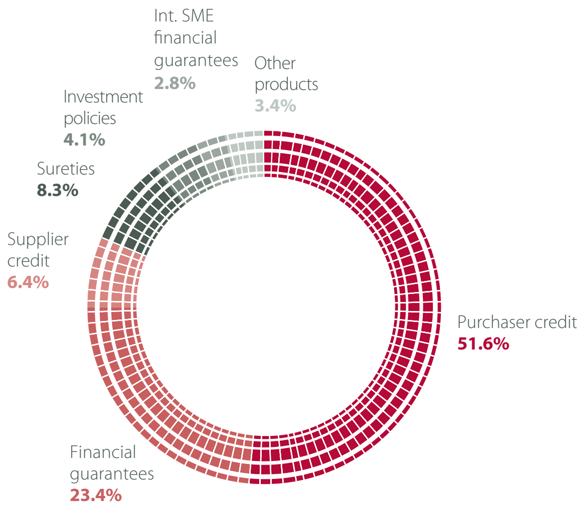
	Total portfolio	of which SME
Number of guarantees issued	517	372
Average turnover	€ 35 mln	€ 18 mln
Average % of export turnover	53%	52%
Guaranteed loan amount	€ 510 mln	€ 245 mln
Granted loan amount	€ 369 mln	€ 171 mln
Exposure approved (K + I)	€ 301 mln	€ 141 mln

The portfolio accumulated during the year was mainly concentrated in the regions of central and northern Italy: 21% of guarantees were issued to companies based in Veneto, 20% to companies based in Emilia Romagna, 16% to companies in Lombardy and 12% to those in Tuscany. The main industrial sectors involved were the mechanical (19%), trade and services (16%) and metallurgy (14%). The main use was the purchase, upgrade or refurbishment of plant and machinery (23%) investments abroad (20%). During the year claims of € 8.8 million were paid, increased from the previous year (+14%) and € 1.1 million worth of recoveries were made (-52% in comparison to 2012). This product has shown to be an instrument that supports GNP investment projects with an international orientation within a context of a shortage of financial resources, with a growth in guaranteed volumes of 19%. As of 31 December 2013 the outstanding commitments in relation to the loan portfolios accumulated between 2005 and 2013 amounted to € 568 million.

3.5. PREMIUMS

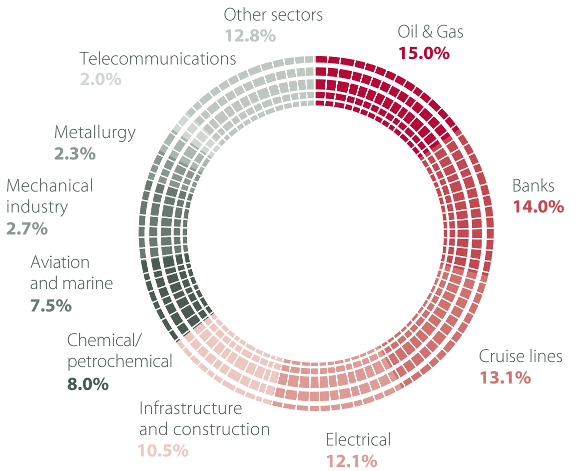
In 2013, gross premiums amounted to € 316.4 million and were generated for € 303.5 million by direct business and for € 12.9 million by indirect business (reinsurance provided). There was a 5.7% increase compared to 2012. The products that contributed most to premiums were the buyer credit policy (51.6%), financial guarantees (23.4%) and the supplier credit policy (6.4%).

Gross premiums by product



The industrial sectors that accounted for most of the new business premiums were Oil&Gas (15.0%), banking (14.0%), and cruise lines (13.1%).

Gross premiums by industrial sector



3.6. CLAIMS

Claims paid during 2013 (€ 312.1 million) were higher than in 2012 (€ 197.4 million). The amount refers mainly to claims relating to Iranian policies caused by difficulties the Iranian counterparties have in honouring payments mainly for penalties imposed on the country by the UN and the EU. The sectors most affected for commercial claims were the steel industry and mechanics.

3.7. RECOVERIES

In 2013 the proceeds for SACE's political recoveries was approx. € 156.1 million, which was higher than the corresponding value recorded in 2012, equal to € 125 million. This increase is mainly due to some isolated recoveries regarding Iran positions. As regards trade recoveries, the total amount collected due to SACE in 2013 amounted to approx. € 7.8 million.

The change in recoveries due to the management of subrogation credit amounting to € 217.1 million increased with respect to the previous year (€ 149.4 million)

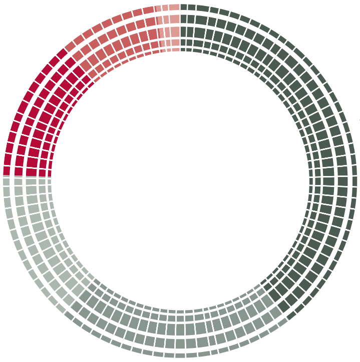
3.8. RISK PORTFOLIO

Total exposure, calculated as the sum of performing credits and outstanding guarantees (value of principal and interest), equalled € 35.3 billion, a 7.1% increase in comparison to 2012. Therefore the growth trend that suffered a significant slowdown last year restarted, mainly due to the effect of the guarantee portfolio, which represents 97.7% of total exposure, which includes the conclusion during the year of large-value operations. The credit portfolio increased by 9.7% compared with figures from the end of 2012: the increase is predominantly due to the sovereign component which accounts for 98.5% of all credits and increased by 10.1% compared to the end of 2012; in comparison to the trade component, which decreased 11.1%.

(in € million)	**2013**	**2012**	**Change**
Portfolio			
Outstanding guarantees	34,475.80	32,193.20	7.10%
principal	29,336.40	27,531.70	6.60%
interest	5,139.40	4,661.40	10.30%
Receivables	816.1	744.1	9.70%
Total exposure	**35,291.80**	**32,937.30**	**7.10%**

The analysis by geo-economic area shows that the highest exposure was towards EU countries (39.7% in relation to 37.2% in 2012), in particular exposure increased towards Italy, which remained in top place in terms of concentration, with a relative impact of 30%. Exposure also increased towards the Americas (14.2%, in comparison to 11.9% in 2012) and the countries of Sub-Saharan Africa (from 1.3% to 2%). Exposure decreased in other European countries and CIS (from 25.2% to 21.9%), East Asia and Oceania (from 10.3% to 9.2%) and the Middle East and North Africa (from 14.1% to 13%).

Total exposure by geo-economic area (%)



The analysis of the portfolio of outstanding guarantees in principal, the level of concentration towards Italy increased from 25.3% to 30% (remaining in first place), resulting in a slight increase in the value recorded for the top ten countries, which increased from 71.4% at the end of 2012 to 72%.

The analysis by type of risk shows an additional contraction of sovereign risk (-1.9%) and political risk (-3.2%). Exposure to private risk – considering both credit risk and surety bonds - remains the highest and accounts for 87.6% of the total portfolio (which also recording a 7.9% increase with respect to 2012).

(in € million)	2013	2012	Change
Type of risk			
Sovereign	1,729.7	1,763.0	-1.9%
Political	1,684.5	1,739.5	-3.2%
Private risk	25,711.4	23,820.8	7.9%
Ancillary	210.8	208.5	1.1%
Total	**29,336.4**	**27,531.8**	**6.6%**

Within private risk, corporate risk – the credit business – increased by 8.8%, but above all bank risk increased by +28.9%. On the other hand, there was a sharp fall in exposure to corporate risk – the surety business – of 14.6% as the release of sureties of a high amount was not offset by the completion of new transactions. Also exposure to the aviation sector (asset based) decreased in relation to the ATR operations (-17.8%). The secured component of the portfolio shows a significant increase, in particular regarding the structured finance component (+62.2%) for the completion of operations related to the cruise ship sector.

	2013	2012	Change
Type of risk			
Corporate - credit business	10,979.8	10,090.7	8.8%
Banking	2,543.3	1,973.8	28.9%
Aviation (Asset Based)	442.6	538.6	-17.8%
Backed corporate	2,093.4	1,825.2	14.7%
Project Finance	5,262.0	4,876.7	7.9%
Structured Finance	1,128.2	695.5	62.2%
Corporate - surety business	3,262.1	3,820.3	-14.6%
Total	**25,711.4**	**23,820.8**	**7.9%**

The sector-by-sector analysis continues to show a high level of concentration, with the largest five sectors accounting for 66.2% of the total private portfolio. The main sector continues to be Oil&Gas which accounts for 23% (26% in 2012), which reduced 12% compared with 2012.

3.9. Technical provisions

Technical provisions are calculated in order to cover the Best Estimate for the Provision for unearned premiums using the *CreditMetrics* method (calculating the expected loss of the entire portfolio until its run off), while for the Provision for claims outstanding they are prudently valuated by objectively analysing each claim. A risk margin is also determined to cover non-market-consistent components in the calculation model.

The total value is calculated as the sum of:

- The provision for premium instalments, amounting to € 1,274.9 million, calculated as the portion of outstanding risk on the basis of the gross premiums written. The provision is calculated on a *pro rata temporis* basis;
- The provision for unexpired risks, equal to € 250 million;
- The provision for claims outstanding, amounting to € 648 million;
- The equalisation provision for credit insurance business amounted to € 486 million.

3.10. Investments

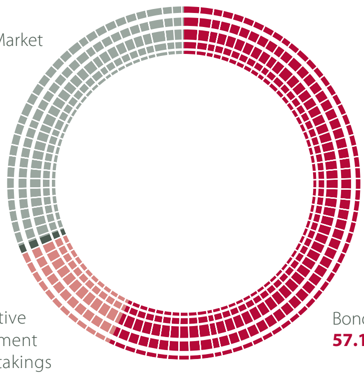
SACE's financial management activities are carried out according to the guidelines given by the Board of directors and have the objective of:

- optimising the capital structure;
- managing liquidity in order to achieve financial balance;
- counterbalancing the risks assumed by core business activities, inherent in the guarantee portfolio, through financial hedging operations.

This strategy is implemented through an integrated asset-liability management process by investing in highly liquid instruments with a limited risk profile.

The total number of assets at the end of 2013 was € 6,348.6 million and is broken down as follows: 57.1% are invested in bonds and other debt securities, 11.3% in shares of collective investment funds, 0.9% in shares and 30.7% in money market instruments.

Breakdown of investment portfolio by asset class



The non-current portfolio, equal to € 1,686.5 million, represents 26.6% of total assets and consists entirely of bonds, 88.3% of which are government bonds. The duration equals 3.68 years, whereas the average portfolio rating is BBB+, which has not changed in comparison to end of last year.

The investment portfolio, equal to € 4,662.1 million, is made up 41.6% of bonds and other debt securities, 15.4% of collective investment funds made up of bonds and shares, 1.2% of shares and 41.8% of money market instruments. The bond component of the investment portfolio has a duration of 0.30 years in line with the guidelines on the liquidity of investments and the expected rate developments. The average portfolio rating is BBB only for the bond component, which has not changed in comparison to the rating recorded at the end of 2012.

3.11. Reinsurance, relations with other export credit agencies (ECAs) and international organisations

SACE's reinsurance policy, steered towards maintaining and improving technical balance, is based on relationships with international market operators with top ratings. To date SACE has signed 24 reinsurance agreements with other ECAs. In 2013 SACE was the first ECA to conclude a reinsurance agreement with EXIAR, the new Russian agency for export credit insurance and investments controlled by the Russian development bank Vnesheconombank. During the year, SACE also continued its technical support activities for EXIAR (to complete the activities carried out until 2012), providing the Russian ECA with consultancy services as well as a training program that focused on the international regulatory context of reference for export credit, contracts and company procedures.

3.12. RISK MANAGEMENT

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

The company implements its risk management system in accordance with the applicable legal requirements.[1]

There are two main types of risks:

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

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

- **Liquidity risk:** the risk of the company being unable to meet financial obligations without suffering losses due to the inability to liquidate investments and other assets. For insurance portfolios liquidity risk is not significant since, in addition to the technical forms of underwriting which enable the settlement of the claim to be spread out over time, the investment policy is based heavily on the specific liquidity needs of investments. All the

(1) IVASS Regulation No. 20 of 26 March 2008.

securities in the portfolios used to cover technical reserves are traded in regulated markets and the short average life of the investments guarantees their rapid turnover.

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

The Risk Management division:

- Proposes methodologies and develops models and systems for the measurement and integrated control of risks for the company, monitoring the correct allocation of economic capital, in line with the related company guidelines and in compliance with the applicable legislation.
- Defines, develops and periodically reviews the system for the measurement and integrated control of the risk/yield ratio and creation of value for the individual risk taking units.
- Assists with defining the operational autonomy of company divisions, reporting any breaches of the limits to the Board of Directors, company managers and to the relative divisions;
- Determines the current future internal capital with regard to the relevant risks, ensuring the measurement and integrated control of overall risk exposure by defining the procedures for identifying, assessing, monitoring and reporting risks, including scenario analysis and stress tests.
- Pays attention to the levels of the technical provisions together with the competent functions.
- Issues periodical reports on changes in the risks assumed and the presence of any anomalous situations and exceeding of limits, and submits these to the Board of Directors, company management and heads of the operational divisions.

- Monitors transactions with the aim of optimising capital structure and the management of reserves and liquidity (ALM).
- Cooperates with other internal and external control functions and bodies, to which it sends periodical reports.

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

- The management committee: examines and shares the strategies and objectives of SACE and of other group companies; validates and monitors business plans, investigates key issues regarding management and operational guidance of SACE and of group companies.
- The Operations Committee: examines underwriting, indemnities, restructuring and other significant operations and assesses their permissibility compatibly with the risk management guidelines drawn up by Risk Management;
- The Investments Committee: Periodically defines company portfolio investment strategies to optimise the risk/yield profile of financial activities and the compliance of the guidelines established by the board of directors. Monitors the trends and outlook of investment performance, reporting any critical areas to the competent functions. Suggests that the deliberative body update the guidelines on financial activities.
- The Major Risk Committee: Examines the positions with particularly significant exposure, analysing from a performance, forecast and operating standpoint the level of concentration of technical risks (country risk, sector risk, counterparty risk) and financial risks; sets out and indicates, in line with the guidelines for managing the overall risk position defined by the risk management division, policies for improving the overall quality of the portfolio, preventing the deterioration of exposures and making recovery processes more effective.
- The Commercial Synergies and Product Committee: Monitors and promotes the development of commercial synergies between group companies, ensuring that commercial measures are coordinated and monitoring the level of client coverage; evaluates new commercial initiatives and opportunities for business development at group level in accordance with the established strategic guidelines; examines the group's product portfolio and its subsidiaries and the product policy proposals, evaluating potential synergies and governing possible risks of overlapping. Also analyses proposals for the development/restyling of SACE products; submits relevant matters to the Management Committee.

3.13. HUMAN RESOURCES

At 31 December 2013, employees totalled 467, an increase of 4% compared to the previous year. During the year, 42 people were hired and 26 left the company.

Distribution of staff by grade

Grade	No.	Distribution
Senior managers	28	6.0%
Managers	207	44.3%
Clerical staff	232	49.7%
Total	**467**	**100%**

Distribution of staff by age group

Age group	Distribution	Change
Under 25	0.6%	33.3%
Between 26 and 35	30.6%	2.9%
Between 36 and 55	57.8%	-1.7%
Over 55	11.0%	-0.9%

Distribution of staff by qualification

Qualification	Distribution	Change
Degree	62%	-
Secondary school certificate/other	38%	-

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

The training, which was provided to almost all employees, is continuing and in 2013, 15,224 hours of training were provided. Average gross pay per employee was equal to € 59.6 thousand, with an increase of 2.7% compared to the previous year, due to the salary increase according to the national collective employment contract. The average cost of labour fell by 3% compared to the previous year to € 93 thousand.

3.14. LITIGATION

At 31 December 2013, the company was party to 40 lawsuits, most of which relating to insurance commitments assumed prior to 1998. In particular, the company was defendant in 33 lawsuits, amounting potentially to around € 33.3 million, and plaintiff in 7 lawsuits, for around € 174.4 million. SACE BT S.p.A. has not appropriated any funds to potential liabilities, with the exception of the legal fees, regarding the decision of the European Community regarding the presumed "State aid" provided in favour of SACE BT by the shareholder SACE S.p.A.

3.15. CODE OF CONDUCT, AND ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO ITALIAN LEGISLATIVE DECREE 231/01

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

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

The document consists of:

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

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

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

Internal control and risk management system

The internal control system comprises of a set of rules, procedures and organisational structures aimed at ensuring the correct functioning and good performance of the company. The risk management system makes it possible to identify, evaluate and control the most significant risks.

The Board of Directors has ultimate responsibility for defining the strategies and policies for the internal control system and the risk management system, making sure they are always complete, functional and effective. Top Management is responsible for implementing these systems in line with the issued instructions.

The internal control and risk management system has different levels of control: (i) the operative structures/functions carried out by the line controls (1st level), which ensures that the operations are carried out properly, (ii) the risk management and compliance functions that carry out the controls (2nd level) with respect to risk management and consistency of the processes and the internal documentation with the regulations concerning the company and (iii) the Internal Auditing function that performs periodic checks (3rd level).

Internal auditing

Internal Auditing carries out an independent and objective activities for the monitoring, assessment and adjustment (also by providing support and consultancy activities to the other company functions) of the adequacy, efficacy and efficiency of the risk, control and governance management systems targeted towards ensuring: the obtainment of the organisation's strategic objectives, the reliability and integrity of the accounting, financial and operative information, the efficacy and efficiency of the operations and programs, the safeguarding of the company's assets and compliance with laws, regulations, directives, procedures and contracts.

The mandate that was given to Internal Auditing, which was approved by the Board of Directors, formulates the purposes, powers and responsibilities of the function as well as the methods and frequency with which it reports the results of its activities as well as its annual plan to the governing body, top management and the board of statutory auditors. The annual plan, which is approved by the Board of Directors, formulates the priority verifications that have been identified, in line with the company's objectives on the basis of a structured process of the analysis and prioritisation of the main risks.

Internal Auditing works to distribute the culture of control promoted by the Board of Administrators, to all levels of the company organisation, and works together with the other functions and bodies responsible for control activates. Their activities are carried out in compliance with the external legislation of reference, the international standards defined by the Institute of Internal Auditors and the market best practices.

3.16. SOCIAL AND CULTURAL COMMITMENTS

Once again, in 2013 SACE confirmed its commitment to social and cultural concerns by supporting non-profit organisations with financial contributions and through the voluntary participation of a growing number of employees. It renewed its support to Dynamo Camp, a recreational therapy summer camp designed to host children and young people suffering from serious illness for free, the "Race for the Cure" initiative by Komen Italia, an association active in the fight against breast cancer and Meyer children's hospital in Florence as a "Company Friend".

In 2013 SACE continued to support UNICEF's "Pigotta" project, WWF initiatives and was confirmed a "Corporate Golden Donor" of the FAI, an association with the aim of safeguarding the artistic and natural heritage of Italy. Blood donation days were organised in collaboration with Bambino Gesù children's hospital in Rome and Avis of Milan.

SACE also actively protects the environment, with energy-efficiency, energy-saving measures and by upgrading the waste recycling system within the company (collection of unused cell phones to be given to developing countries). During the European sustainable mobility week, in addition to participating in the initiative, SACE declared a "bike to work day", to encourage its workers to ride a bike to and from work.

3.17. parent company and subsidiaries

The subsidiary SACE Fct ended the year with a positive net result equal to € 15,109 thousand, whereas SACE BT and Sace Do Brasil reported a negative net result, respectively € 3,948 thousand and € 630 thousand; SACE SRV, which is indirectly owned via SACE BT, obtained a positive result equal to € 671 thousand.

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

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

With reference to relations with the parent company Cassa Depositi e Prestiti S.p.A. it should be noted that in 2013 insurance guarantees were issued which generated income in 2013 for premiums of approximately € 40 million, SACE's financial investment portfolio contains 3 bonds with a total nominal value equal to € 104 million issued by the parent company Cassa Depositi e Prestiti and purchased by SACE before the change of the controlling shareholder. Furthermore on 31/12/2013 there were € 350 million as time deposits at the parent company Cassa Depositi e Prestiti S.p.A.

The Shareholders' Meeting approved on 20 December 2013 to distribute the available reserves to its shareholder Cassa Depositi e Prestiti S.p.A. for a total of € 1,001,074 thousand.

3.18 other information

a) Domestic consolidated tax scheme

Due to the participation in the national consolidated tax scheme, in 2013 the company determined one single taxable basis for IRES with its subsidiaries SACE BT S.p.A., SACE SRV S.r.l. and SACE Fct S.p.A.

3.19. main events after the closure of the year and business outlook

On the basis of the results for the opening months of the year, the earnings prospects assumed in the 2013-2015 industrial plan are confirmed.

4. PROPOSED ALLOCATION OF NET PROFIT

The shareholder is asked to approve the financial statements as at 31 December 2013 and the allocation of the net profit of € 277,652,689 as follows:

€	277,652,689	Net profit
€	13,882,634	to the legal reserve as required by article 2430 of the Italian Civil Code
€	15,108,651	to "Other Reserves", the result of the write-up of the value of the investments through the application of the equity method (pursuant to article 2426 (1) point 4 of the Italian Civil Code)
€	248,661,404	according to resolutions to be passed by the shareholders' meeting

Rome, 27 March 2014

On behalf of the Board of Directors

CEO

Alessandro Castellano

BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

ANNEX I

Company	**SACE S.p.A.**	
Subscribed capital	EUR 4,340,053,892	Paid EUR 4,340,053,892
Registered offices	ROME	

	FINANCIAL STATEMENTS
FY	**Balance Sheet 2013**
	(Value in €)

BALANCE SHEET
ASSETS

							Current year	
A. SUBSCRIBED CAPITAL UNPAID							1	
of which called-up capital			2	0				
B. INTANGIBLE ASSETS								
1. Acquisition commissions to be amortised								
a) life business	3	0						
b) non-life business	4	0	5	0				
2. Other acquisition costs			6	0				
3. Start-up and expansion costs			7	0				
4. Goodwill			8	0				
5. Other multi-year costs			9	311,674			10	311,674
C. INVESTMENTS								
I - Land and buildings								
1. Property used for own activities			11	64,415,953				
2. Property used by third parties			12	1,642,966				
3. Other properties			13	0				
4. Other property rights			14	0				
5. Construction in progress and payments on account			15	0	16	66,058,919		
II - Investments in group companies and other companies in which significant interest is held								
1. Shares and interests:								
a) controlling companies	17	0						
b) subsidiary companies	18	164,494,233						
c) affiliated companies	19	0						
d) associated companies	20	7,570,358						
e) other companies	21	0	22	172,064,591				
2. Debt securities issued by:								
a) controlling companies	23	0						
b) subsidiary companies	24	0						
c) affiliated companies	25	0						
d) associated companies	26	0						
e) other companies	27	0	28	0				
3. Loans to:								
a) controlling companies	29	0						
b) subsidiary companies	30	1,000,000,000						
c) affiliated companies	31	0						
d) associated companies	32	0						
e) other companies	33	0	34	1,000,000,000	35	1,172,064,591		
				to be carried forward				311,674

Previous year			
			181 0
	182 0		
183 0			
184 0	185 0		
	186 0		
	187 0		
	188 0		
	189 339,054		190 339,054
	191 65,086,757		
	192 1,667,605		
	193 0		
	194 0		
	195 0	196 66,754,363	
197 0			
198 152,643,753			
199 0			
200 7,488,067			
201 0	202 160,131,820		
203 0			
204 0			
205 0			
206 0			
207 0	208 0		
209 0			
210 1,000,000,000			
211 0			
212 0			
213 0	214 1,000,000,000	215 1,160,131,820	
	to be carried forward		339,054

BALANCE SHEET
ASSETS

								Current year	
carried forward									311,674
C. INVESTMENTS (continued)									
III - Other financial investments									
1. Shares and interests									
a) Listed shares	36	54,865,202							
b) Unlisted shares	37	1,149,600							
c) Interests	38	0	39	56,014,802					
2. Shares in common investment funds			40	717,886,670					
3. Debt securities and other fixed-income securities									
a) listed	41	2,819,320,599							
b) unlisted	42	0							
c) convertible debentures	43	0	44	2,819,320,599					
4. Loans									
a) mortgage loans	45	5,487,493							
b) loans on policies	46	0							
c) other loans	47	0	48	5,487,493					
5. Shares in investment pools			49	0					
6. Deposits with credit institutions			50	851,277,645					
7. Other financial investments			51	811,097,001	52	5,261,084,209			
IV - Deposits with ceding companies					53	181,706	54		6,499,389,424
D. INVESTMENTS FOR THE BENEFIT OF LIFE INSURANCE POLICYHOLDERS WHO BEAR INVESTMENT RISK AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS									
I - Investments relating to contracts linked to investment funds and market indexes					55	0			
II - Investments relating to the administration of pension funds					56	0			
							57		0
D bis. REINSURERS' SHARE OF TECHNICAL PROVISIONS									
I - NON-LIFE BUSINESS									
1. Provision for unearned premiums			58	4,124,489					
2. Provision for claims outstanding			59	0					
3. Provision for profit sharing and premium refunds			60	0					
4. Other technical provisions			61	0	62	4,124,489			
II - LIFE BUSINESS									
1. Provisions for policy liabilities			63	0					
2. Unearned premium provision for supplementary coverage			64	0					
3. Provision for amounts payable			65	0					
4. Provision for profit sharing and premium refunds			66	0					
5. Other technical provisions			67	0					
6. Provisions for policies where the investment risk is borne by the policyholders and relating to the administration of pension funds			68	0	69	0	70		4,124,489
to be carried forward									6,503,825,588

Previous year

	carried forward		339,054
216 38,242,101			
217 171,099			
218 0	219 38,413,200		
	220 621,947,055		
221 3,885,313,290			
222 0			
223 0	224 3,885,313,290		
225 6,158,042			
226 0			
227 0	228 6,158,042		
	229 0		
	230 630,000,000		
	231 892,846,502	232 6,074,678,089	
		233 264,756	234 7,301,829,027
		235 0	
		236 0	
			237 0
	238 6,462,786		
	239 0		
	240 0		
	241 0	242 6,462,786	
	243 0		
	244 0		
	245 0		
	246 0		
	247 0		
	248 0	249 0	250 6,462,786
	to be carried forward		7,308,630,867

BALANCE SHEET
ASSETS

										Current year
		carried forward								6,503,825,588
E.	RECEIVABLES									
I	- Receivables arising out of direct insurance business:									
	1. Policyholders									
	a) for premiums - current year	71	72,616,979							
	b) for premiums - previous years	72	12,865,468	73	85,482,446					
	2. Insurance intermediaries			74	0					
	3. Current accounts with insurance companies			75	0					
	4. Policyholders and third parties for recoveries			76	627,351,569	77	712,834,015			
II	- Receivables arising out of reinsurance business:									
	1. Insurance and reinsurance companies			78	117,339					
	2. Reinsurance intermediaries			79	0	80	117,339			
III	- Other debtors					81	570,950,103	82	1,283,901,457	
F.	OTHER ASSETS									
I	- Tangible fixed assets and stocks:									
	1. Furniture, office equipment and internal transport vehicles			83	1,745,445					
	2. Vehicles listed in public registers			84	0					
	3. Equipment and appliances			85	22,259					
	4. Stocks and other goods			86	81,229	87	1,848,934			
II	- Cash and cash equivalents									
	1. Bank and postal deposits			88	87,868,669					
	2. Cheques and cash in hand			89	5,489	90	87,874,158			
III	- Own shares or equity interests					91	0			
IV	- Other assets									
	1. Transitory reinsurance accounts receivable			92	917,571					
	2. Other			93	17,779,862	94	18,697,434	95	108,420,525	
G.	ACCRUALS AND DEFERRALS									
	1. Interests					96	41,215,305			
	2. Rents					97	0			
	3. Other accrued liabilities					98	364,973	99	41,580,278	
	TOTAL ASSETS							100	7,937,727,848	

					Previous year		
			carried forward				7,308,630,867
251	65,239,801						
252	15,633,921	253	80,873,722				
		254	0				
		255	0				
		256	555,264,523	257	636,138,245		
		258	117,561				
		259	0	260	117,561		
				261	379,195,827		
						262	1,015,451,633
		263	2,087,644				
		264	0				
		265	44,463				
		266	63,248	267	2,195,355		
		268	429,379,588				
		269	5,017	270	429,384,605		
				271	0		
		272	1,049,352				
		273	28,515,148	274	29,564,501		
						275	461,144,460
				276	60,737,211		
				277	0		
				278	426,388	279	61,163,599
						280	8,846,390,560

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' EQUITY

				Current year	
A. SHAREHOLDERS' EQUITY					
I - Subscribed capital or equivalent funds			101 4,340,053,892		
II - Share premium account			102 0		
III - Revaluation reserve			103 0		
IV - Legal reserve			104 182,426,598		
V - Statutory reserve			105 0		
VI - Reserve for own shares and shares of the parent company			106 0		
VII - Other reserves			107 50,706,754		
VIII - Profit (loss) brought forward			108 0		
IX - Profit (loss) for the year			109 277,652,689		
- Advances on dividends				110 4,850,839,933	
B. SUBORDINATED LIABILITIES				111 0	
C. TECHNICAL PROVISIONS					
I - NON-LIFE INSURANCE BUSINESS					
1. Provision for unearned premiums	112 1,524,925,020				
2. Provision for claims outstanding	113 647,684,841				
3. Provision for profit sharing and premium refunds	114 0				
4. Other technical provisions	115 0				
5. Equalisation provision	116 486,018,551		117 2,658,628,412		
II - LIFE INSURANCE BUSINESS					
1. Provisions for policy liabilities	118 0				
2. Unearned premium provision for supplementary coverage	119 0				
3. Provision for amounts payable	120 0				
4. Provision for profit sharing and premium refunds	121 0				
	122 0		123 0	124 2,658,628,412	
D. TECHNICAL PROVISIONS WHERE THE INVESTMENT RISK IS BORNE BY THE POLICYHOLDERS AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS					
I - Provisions relating to contracts linked to investment funds and market indexes			125 0		
II - Provisions relating to the administration of pension funds			126 0	127 0	
to be carried forward				7,509,468,344	

	Previous year	
	281 4,340,053,892	
	282 0	
	283 9,615,916	
	284 169,671,310	
	285 0	
	286 0	
	287 995,294,456	
	288 38,570,216	
	289 255,105,755	
		290 5,808,311,545
		291 0
292 1,633,491,887		
293 591,952,059		
294 0		
295 0		
296 448,120,607	297 2,673,564,553	
298 0		
299 0		
300 0		
301 0		
302 0	303 0	304 2,673,564,553
	305 0	
	306 0	307 0
to be carried forward		8,481,876,099

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' EQUITY

			Current year	
	carried forward			7,509,468,344
E.	PROVISIONS FOR RISKS AND CHARGES			
	1. Provisions for pensions and similar obligations		128 1,918,619	
	2. Provision for tax		129 22,430,500	
	3. Other provisions		130 31,294,468	131 55,643,586
F.	DEPOSITS RECEIVED FROM REINSURERS			132 0
G.	ACCOUNTS PAYABLE AND OTHER LIABILITIES			
	I - Accounts payable arising out of direct insurance business:			
	1. Insurance intermediaries	133 0		
	2. Current accounts with insurance companies	134 0		
	3. Premium deposits and premiums due to policyholders	135 21,578,680		
	4. Guarantee funds in favour of policyholders	136 0	137 21,578,680	
	II - Accounts payable arising out of reinsurance business:			
	1. Insurance and reinsurance companies	138 414,708		
	2. Reinsurance intermediaries	139 0	140 414,708	
	III - Debenture loans		141 0	
	IV - Amounts due to banks and credit institutions		142 0	
	V - Loans guaranteed by mortgages		143 0	
	VI - Sundry loans and other financial liabilities		144 0	
	VII - Provision for severance pay		145 6,302,082	
	VIII - Other accounts payable			
	1. Taxes payable by policyholders	146 0		
	2. Other tax liabilities	147 278,341,492		
	3. Social security	148 1,841,398		
	4. Sundry creditors	149 33,037,665	150 313,220,555	
	IX - Other liabilities			
	1. Deferred reinsurance items	151 -118,622		
	2. Commissions for premiums in course of collection	152 11,735		
	3. Sundry liabilities	153 31,016,539	154 30,909,652	155 372,425,678
	to be carried forward			7,937,537,609

	Previous year				
	carried forward				8.481.876.099
		308	1,992,393		
		309	40,913,161		
		310	39,240,927	311	82.146.481
				312	0
313	0				
314	0				
315	43,919,043				
316	0	317	43,919,043		
318	557,485				
319	0	320	557,485		
		321	0		
		322	0		
		323	0		
		324	0		
		325	6,450,321		
326	0				
327	201,695,777				
328	1,284,587				
329	20,902,971	330	223,883,336		
331	482,418				
332	11,735				
333	6,909,905	334	7,404,058	335	282.214.242
	to be carried forward				8.846.236.821

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year	
carried forward			7,937,537,609
H. ACCRUALS AND DEFERRALS			
1. Interests	156	0	
2. Rents	157	158,920	
3. Other accrued liabilities	158	31,319	159 190,239
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			160 7,937,727,848

BALANCE SHEET GUARANTEES,
COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

			Current year
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS			
I - Guarantees given			
1. Sureties		161	0
2. Endorsements		162	0
3. Other personal guarantees		163	0
4. Guarantees secured by mortgages		164	0
II - Guarantees received			
1. Sureties		165	4,094,280
2. Endorsements		166	0
3. Other personal guarantees		167	0
4. Guarantees secured by mortgages		168	0
III - Guarantees issued by third parties in the interest of the company		169	0
IV - Commitments		170	3,985,993,130
V - Third party assets		171	0
VI - Assets belonging to pension funds managed on behalf of third parties		172	0
VII - Securities deposited with third parties		173	3,684,182,520
VIII - Other memorandum accounts		174	0

Previous year

carried forward		8,846,236,821
	336 0	
	337 130,718	
	338 23,021	339 153,739
		340 8,846,390,560

Previous year

		341 0
		342 0
		343 0
		344 0
		345 4,227,651
		346 0
		347 0
		348 0
		349 0
		350 3,538,222,493
		351 0
		352 0
		353 4,308,973,291
		354 0

ANNEX II

Company	**SACE S.p.A.**	
Subscribed capital	EUR 4.340.053.892	Paid EUR 4.340.053.892
Registered offices	ROME	

	FINANCIAL STATEMENTS
FY	**Profit and loss account 2013**
	(Value in €)

PROFIT AND LOSS ACCOUNT

							Current year
I. TECHNICAL ACCOUNT – NON-LIFE INSURANCE BUSINESS							
1. EARNED PREMIUMS, NET OF REINSURANCE							
a) Gross premiums written			1	316,409,997			
b) (-) Outward reinsurance premiums			2	593,801			
c) Change in the gross provision for unearned premiums			3	-108,409,671			
d) Change in the provisions for unearned premiums, reinsurers' share			4	2,181,101	5	422,044,765	
2. (+) ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT (item III. 6)					6	126,266,623	
3. OTHER TECHNICAL INCOME, NET OF REINSURANCE					7	3,434,364	
4. CLAIMS INCURRED, NET OF RECOVERIES AND REINSURANCE							
a) Claims paid							
aa) Gross amount	8	321,882,249					
bb) (-) reinsurers' share	9	9,813,617	10	312,068,632			
b) Change in recoveries, net of reinsurers' share							
aa) Gross amount	11	-217,087,591					
bb) (-) reinsurers' share	12	0	13	-217,087,591			
c) Change in the provision for claims outstanding							
aa) Gross amount	14	55,732,782					
bb) (-) reinsurers' share	15	0	16	55,732,782	17	150,713,823	
5. CHANGE IN OTHER TECHNICAL PROVISIONS NET OF REINSURANCE					18	0	
6. PREMIUM REFUNDS AND PROFIT-SHARING, NET OF REINSURANCE					19	17,259,454	
7. OPERATING EXPENSES:							
a) Acquisition commissions			20	67,034			
b) Other acquisition costs			21	19,752,343			
c) Change in commissions and other acquisition costs to be amortised			22	0			
d) Collecting commissions			23	1,404,732			
e) Other administrative expenses			24	42,627,870			
f) (-) Reinsurance commissions and profit-sharing			25	60,389	26	63,791,592	
8. OTHER TECHNICAL CHARGES, NET OF REINSURANCE					27	5,167,424	
9. CHANGE IN THE EQUALISATION PROVISION					28	37,897,943	
10. BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE BUSINESS (item III. 1)					29	276,915,517	

Previous year

		111	299,314,893		
		112	223,306		
		113	-54,579,412		
		114	-1,909,681	115	355,580,680
				116	126,408,482
				117	6,694,745
118	197,392,523				
119	0	120	197,392,523		
121	-149,416,719				
122	0	123	-149,416,719		
124	318,126,497				
125	0	126	318,126,497	127	366,102,301
				128	0
				129	3,733,266
		130	54,232		
		131	15,860,561		
		132	0		
		133	1,675,240		
		134	40,126,464		
		135	22,331	136	57,694,166
				137	2,108,596
				138	-67,362,904
				139	126,408,482

PROFIT AND LOSS ACCOUNT

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

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

PROFIT AND LOSS ACCOUNT

					Current year	
7. PREMIUM REFUNDS AND PROFIT-SHARING, NET OF REINSURANCE					65	0
8. OPERATING EXPENSES:						
a) Acquisition commissions			66	0		
b) Other acquisition costs			67	0		
c) Change in commissions and other acquisition costs to be amortised			68	0		
d) Collecting commissions			69	0		
e) Other administrative expenses			70	0		
f) (-) Reinsurance commissions and profit-sharing			71	0	72	0
9. INVESTMENT MANAGEMENT AND FINANCIAL CHARGES:						
a) Investment management charges, including interest			73	0		
b) Value adjustments on investments			74	0		
c) Losses on the disposal of investments			75	0	76	0
10. EXPENSES AND UNREALISED LOSSES ON INVESTMENTS TO THE BENEFIT OF POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND ON INVESTMENTS RELATING TO THE ADMINISTRATION OF PENSION FUNDS					77	0
11. OTHER TECHNICAL CHARGES, NET OF REINSURANCE					78	0
12. (-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-TECHNICAL ACCOUNT (item III. 4)					79	
13. BALANCE ON THE TECHNICAL ACCOUNT FOR LIFE BUSINESS (item III. 2)					80	0
III. NON-TECHNICAL ACCOUNT						
1. BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE BUSINESS (ITEM I.10)					81	276,915,517
2. BALANCE ON THE TECHNICAL ACCOUNT FOR LIFE BUSINESS (ITEM II. 13)					82	0
3. NON-LIFE INVESTMENT INCOME:						
a) From shares and interests			83	1,857,016		
(of which: from group companies)			84	0		
b) From other investments:						
aa) income from land and buildings	85	774,536				
bb) income from other investments	86	154,459,071	87	155,233,607		
(of which: from group companies)			88	16,418,088		
c) Value re-adjustments on investments			89	110,845,033		
d) Gains on the disposal of investments			90	668,480,846		
(of which: from group companies)			91	0	92	936,416,502

			Previous year
			175 0
		176 0	
		177 0	
		178 0	
		179 0	
		180 0	
		181 0	182 0
		183 0	
		184 0	
		185 0	186 0
			187 0
			188 0
			189 0
			190 0
			191 126,408,482
			192 0
		193 1,905,375	
(of which: from group companies))		194 0	
	195 798,178		
	196 207,293,799	197 208,091,976	
(of which: from group companies))		198 15,643,168	
		199 194,608,143	
		200 644,503,711	
(of which: from group companies))		201 0	202 1,049,109,205

PROFIT AND LOSS ACCOUNT

				Current year	
4.	(+) ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE LIFE TECHNICAL ACCOUNT (ITEM II. 12)			93	0
5.	INVESTMENT MANAGEMENT AND FINANCIAL CHARGES - NON-LIFE BUSINESS:				
	a) Investment management charges, including interest	94	4,149,737		
	b) Value adjustments on investments	95	76,144,288		
	c) Losses on the disposal of investments	96	476,944,394	97	557,238,418
6.	(-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-LIFE TECHNICAL ACCOUNT (ITEM I.2)			98	126,266,623
7.	OTHER INCOME			99	34,246,740
8.	OTHER CHARGES			100	91,116,706
9.	RESULT OF ORDINARY OPERATIONS			101	472,957,011
10.	EXTRAORDINARY INCOME			102	20,214,844
11.	EXTRAORDINARY CHARGES			103	1,896,905
12.	EXTRAORDINARY PROFIT OR LOSS			104	18,317,939
13.	PROFIT BEFORE TAXES			105	491,274,950
14.	INCOME TAX FOR THE YEAR			106	213,622,261
15.	NET INCOME (LOSS) FOR THE YEAR			107	277,652,689

Previous year

		203	0
204	3,842,274		
205	146,894,959		
206	488,609,866	207	639,347,098
		208	126,408,482
		209	43,820,936
		210	61,254,125
		211	392,328,917
		212	1,897,169
		213	549,488
		214	1,347,681
		215	393,676,598
		216	138,570,843
		217	255,105,755

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOREWORD

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

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

PART A - VALUATION CRITERIA AND BASIS OF PRESENTATION

The financial statements have been prepared in accordance with statutory requirements and specific criteria applicable to the insurance sector, interpreted on the basis of Italian accounting standards. These accounting standards and valuation criteria are also based on the general principles of prudence, on the accruals principle and the principle of going concern in order to provide a clear and accurate view of the financial position and operating result of SACE S.p.A.

Section 1 - Valuation criteria

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

Intangible assets

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

Land and buildings

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

Equities

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

Investments

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

Receivables

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

Receivables for premiums for the year

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

Tangible fixed assets and stocks

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

Technical provisions

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

a) Provision for unearned premiums

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

b) Provision for outstanding claims

The provision for outstanding claims is determined according to a prudent estimate of loss on the basis of an objective analysis of each claim. The amount of the provision is calculated on an ultimate cost basis. The calculation also takes into account all the expected costs, including settlement costs, in order to avoid or limit the damage caused by the claim. In particular, for credit business, this includes the related salvage costs. For the credit and surety business, amounts that are certain to be collected, on the basis of objective factors supported by documentary evidence, are deducted from the provision. Furthermore, for credit business, the provision is always formed (regardless of any valuation) on the date of notification of claim by the policyholder and, in any case, on occurrence of any facts/actions according to which such events can be reasonably foreseen. As regards positions that are the subject of litigation, the characteristics of each single dispute and the state of inquiries are taken into consideration.

In evaluating disputes and estimating amounts to be set aside, the interest and legal costs that SACE may have to pay are also taken into account. The reinsurers' share of the provision for outstanding claims is determined by adopting the same criteria used for direct insurance and the treaties in force at the time. The inward reinsurance provision for outstanding claims, posted on the basis of the exchange of information with the ceding insurers, is currently deemed to be adequate.

c) Equalisation provision

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

Provision for pension funds and similar liabilities

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

Provisions for risks and charges

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

Provision for taxes

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

Provision for severance indemnities

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

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

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

Accounts payable

These items are recognised at face value.

Accruals and deferred income

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

Off-balance-sheet transactions and derivatives

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

Gross premiums written

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

Costs of personnel and general administrative expenses

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

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

Items in foreign currency

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

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

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

Extraordinary income and charges

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

Income tax

The liability for income taxes is determined as the best estimate of the taxable income, calculated in accordance with the requirements of current legislation. Reference accounting principles on deferred and prepaid taxes have also been taken into account. Therefore, prepaid taxes and tax relief on losses carried forward are recognised when there is reasonable certainty of future recovery, and deferred tax liabilities are not recorded if there is little likelihood of the related charge occurring. This liability also includes the additional 8.5% IRES to be paid by insurance companies and credit and financial institutions, which was introduced by article 2 (2) of Italian Legislative Decree 133/2013.

Exchange rates

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

	31-12-2013	31-12-2012	31-12-2011
US dollar	1.3791	1.3194	1.2939
GB pound	0.8337	0.8161	0.8353
Swiss franc	1.2276	1.2072	1.2156

Functional currency

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

Section 2 – Adjustments and provisions for taxes

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

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

BALANCE SHEET

(in € thousand)	31-12-2013	31-12-2012
Intangible assets	312	339
Investments	6,499,389	7,301,829
Reinsurers' share of technical provisions	4,125	6,463
Receivables	1,283,901	1,015,452
Other assets	108,421	461,144
Accruals and deferrals	41,580	61,164
Balance Sheet - Assets	**7,937,728**	**8,846,391**
Shareholders' equity:		
- Share capital	4,340,054	4,340,054
- Revaluation reserves		9,616
- Legal reserve	182,427	169,671
- Other reserves	50,707	995,294
- Profit (loss) brought forward		38,570
- Profit for the year	277,653	255,106
Technical provisions	2,658,628	2,673,565
Provisions for risks and charges	55,644	82,146
Creditors and other liabilities	372,426	282,214
Accruals and deferrals	190	154
Balance sheet - Liabilities	**7,937,728**	**8,846,391**

PROFIT AND LOSS ACCOUNT

(in € thousand)	31-12-2013	31-12-2012
Non-life business technical account		
Gross premiums	316,410	299,315
Change in the provision for unearned premiums and outward reinsurance premiums	105,635	56,266
Net premium income	422,045	355,581
Allocated investment return transferred from the non-technical account	126,267	126,408
Change in the equalisation provision	-37,898	67,363
Other technical income and charges	-1,733	4,586
Claims incurred, net of recoveries	-150,714	-366,102
Premium refunds and profit sharing	-17,259	-3,733
Operating expenses	-63,792	-57,694
Balance on the non-life business technical account	**276,916**	**126,408**
Non-technical account		
Non-life investment income	936,417	1,049,109
Investment management and financial charges for non-life business	-557,238	-639,347
Allocated investment return transferred to the non-life technical account	-126,267	-126,408
Other income	34,247	43,821
Other expense	-91,117	-61,254
Balance on the non-technical account	**196,041**	**265,920**
Income from extraordinary operations	**18,318**	**1,348**
Income tax	-213,622	-138,571
Profit for the year	**277,653**	**255,106**

BALANCE SHEET – ASSETS

SECTION 1 – ITEM B – INTANGIBLE ASSETS (ANNEX 4)

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

Table 1 (in € thousand)

	31-12-2013	31-12-2012
Description		
Property rights	254	249
Brands and licences	35	38
Software	23	52
Total intangible assets (item B)	**312**	**339**

Software costs (€ 23 thousand) mainly refer to costs for implementing and developing IT systems in connection with the ESACE project.

During the year costs relating to intellectual property rights were capitalised for € 133 thousand.

SECTION 2 – ITEM C – INVESTMENTS (ANNEXES 5, 6, 7, 8, 9, AND 10)

2.1 - Land and buildings - item C.I

This item (€ 66,059 thousand) reflects:

a. the value of the building owned by the company (€ 16,159 thousand), located in Piazza Poli 37/42, Rome, used in part for business purposes and in part leased to the subsidiaries;
b. the value of the land on which the building stands (€ 49,900 thousand).

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

Total investments recorded under this item amounted to € 1,172,065 thousand at 31 December 2013 (the entire amount refers to financial fixed assets). The item includes:

- the investment in the SACE BT S.p.A. subsidiary, set up on 27 May 2004, the share capital of which, amounting to € 100 million, is fully subscribed by SACE;
- the investment in SACE Fct S.p.A., set up on 24 March 2009, the share capital of which, amounting to € 50 million, is fully subscribed by SACE S.p.A.;
- the investment in SACE Do Brasil, set up on 14 May 2012 with a 99.91% stake, valued at € 0.7 million;
- the interest in ATI (African Trade Insurance Agency) in the form of 100 shares for an equivalent value of USD 9.8 million;
- the loans granted to the SACE Fct S.p.A. subsidiary amounting to € 1,000 million.

With regard to the investment in SACE BT there is an appeal pending at the European Court for the purpose of annulling the Decision of the European Community regarding the presumed "State aid" provided in favour of SACE BT by the shareholder SACE S.p.A. Due to a well-founded probability of the appeal being accepted, and having this issue also confirmed by the opinion of a leading Law Office, SACE BT S.p.A. has not appropriated any funds for potential liabilities, with the exception of legal fees.

The investments are evaluated using the equity method. The application of this criterion resulted in a write-up of € 15,191 thousand, recorded under income from investments, relating to the company SACE Fct for € 15,109 thousand and to the company ATI for € 82 thousand and a write-down of € 4,578 thousand, under investment management and financial charges, relating to the company SACE BT for € 3,948 and the company SACE do Brasil for € 630 thousand.

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

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

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

2.3 - Other financial investments - item C.III

2.3.1 – Breakdown of financial investments according to use.

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

Table 2 (in € thousand)	**31-12-2013**	**31-12-2012**
List of government securities and bonds indicating the issuer		
Government securities issued by Austria	35,719	35,090
Government securities issued by Belgium	6,475	5,784
Government securities issued by Greece	13,533	12,511
Government securities issued by Ireland	99,742	99,689
Government securities issued by Italy	2,164,035	3,157,651
Government securities issued by Lithuania	3,146	2,041
Government securities issued by Mexico	2,169	-
Government securities issued by Poland	2,007	5,299
Government securities issued by Slovakia	1,519	4,182
Government securities issued by Spain	28,539	11,885
Other listed securities	462,437	551,183
Total	**2,819,321**	**3,885,313**

Other listed securities mainly refer to bonds issued by Cassa Depositi and Prestiti and other bank issuers.

Securities are deposited with banks. Details on the fair value measurement of securities are given in annex 9.

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

Table 3 (in € thousand)	Positive	Negative
Description		
Issue differences	2,749	9
Trading differences	7,442	-

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

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

2.3.4 – Breakdown of significant loans secured by mortgages – item C.III.4.a.

Loans include mortgages granted to employees, which amounted to € 6,158 thousand at the beginning of the year. Instalments for € 671 thousand were collected during the year. The balance of € 5,487 thousand refers to the outstanding capital in relation to the loans granted.

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

Table 4 (in € thousand)	31-12-2013	31-12-2012
Shares in common investment funds		
France	280,442	135,510
Italy	3,256	53,837
Luxembourg	108,740	111,604
Sweden	19,861	29,008
USA	305,587	291,988
Total	**717,887**	**621,947**

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

Table 5 (in € thousand)	31-12-2013	31-12-2012
Duration		
Within 5 months	851,278	630,000
Total	**851,278**	**630,000**

Time deposits are held with leading financial institutions.

The amount includes € 350,000 thousand deposited with the Cassa Depositi e Prestiti.

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

Table 6 (in € thousand)	31-12-2013	31-12-2012
Description		
Receivables from leaving indemnity policyholders	4,032	4,377
Other investments	807,065	888,469
Other financial investments	**811,097**	**892,846**

2.4 - Deposits with ceding companies – item C.IV

This item reflects the amount of guarantee deposits with ceding companies regulated by current treaties. The same treaties also govern the conditions and procedures for changes in such accounts. These deposits amount to a total of € 182 thousand. No write-downs were made on such deposits during the year.

SECTION 4 ITEM D BIS - REINSURERS' SHARE OF TECHNICAL PROVISIONS

This item consists exclusively of the provision for unearned premiums.

Table 7 (in € thousand)	31-12-2013	31-12-2012
Description		
Provision for unearned premiums	**4,125**	**6,463**

SECTION 5 – ITEM E – RECEIVABLES

Table 8 (in € thousand)	31-12-2013	31-12-2012
Description		
Amounts receivable from policyholders in connection with insurance operations (item E.1)	85,482	80,874
Policyholders and third parties for recoveries	627,352	555,265
Insurance and reinsurance companies (item E.II)	117	117
Other debtors (item E.III)	570,950	379,196
Total	**1,283,901**	**1,015,452**

The breakdown of this item is as follows:

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

This item comprises premiums to be collected on policies issued at the reporting date (€ 85,482 thousand). No impairment losses were recognised in the year on amounts receivable in connection with insurance operations for premiums. The policyholders and third parties for recoveries item (€ 627,352 thousand) mainly consists of subrogation credits granted by the Ministry of Economy and Finance pursuant to Legislative Decree 269/2003, measured at presumed realisable value, determined separately for each type of credit and counterparty.

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

Table 9 (in € thousand)	
Description	
Values at 1 January 2013	**555,265**
+ Receivables matured in the year	316,128
- receivables collected in the year	76,725
- losses on receivables/write-downs	152,509
+ revaluations	
+ upward adjustments of value in previous years	
+ adjustments from item E.III and other adjustments (+/-)	5
- exchange rate alignment (+/-)	14,813
Values at 31 December 2012	**627,352**

The change in the value of receivables as of 31 December 2013 compared with the value of the previous year is primarily due to claims paid for € 312,427 thousand, € 241,662 thousand of which relating to the Iran political risk and € 70,765 thousand relating to commercial risk, to collections for the year, to write-downs of receivables to bring them in line with their estimated realisable value (€ 137,456 thousand) and to the valuation of year-end exchange rates for receivables in currencies other than the euro (€ 14,813 thousand).

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

- in 2005, securitisation of the OPTIMUM debt was terminated in advance by means of a receivables retransfer agreement under which SACE re-acquired from OPTIMUM the outstanding receivables, i.e. amounts originally granted to the SPV in excess of the latter's financial requirements;
- given the homogenous nature of such receivables compared with other non-securitised receivables stated in the accounts, in 2005, in order to provide a clear and true view of the company's financial position and in accordance with article 2423 (4) of the Italian Civil Code, the company decided to make an exception to the valuation criteria envisaged under article 2426 (1) point 9) of the Italian Civil Code. This resulted in the revaluation of the book value of the specific receivables for € 104,235 thousand. Said revaluation was offset by a specific equity reserve the distribution of which is subject to effective recovery of the receivables;
- in 2013, such receivables were recovered for € 1,791 thousand, generating gains of € 860 thousand. The effects on the provision pursuant to article 2423 (4) of the Italian Civil Code are shown in the shareholders' equity table to which reference should be made.

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

Table 10 (in € thousand)	31-12-2013	31-12-2012
Description		
Other debtors country	41,631	23,370
Compensatory interest on claims to be recovered	147,118	166,401
Receivables from tax authorities	237,610	80,010
Advance tax assets	140,309	104,300
Sundry receivables	4,282	5,115
Other debtors (item EIII)	**570,950**	**379,196**

The item Other debtors country (€ 41,631 thousand) comprises receivables from policyholders in relation to their exposure. The aforesaid receivables are similar, as far as their related terms and conditions of repayment are concerned, to the receivables payable by foreign countries due directly to SACE. Compensatory interest on claims to be recovered (€ 147,118 thousand) represents the total amount payable as at the date of the financial statements by foreign countries by way of interest under existing restructuring agreements. Receivables from the tax authorities (€ 237,610 thousand) mainly include: tax credits for which reimbursement has been requested which, increased by the interest due as at 31 December 2013, amounted to € 1,370 thousand; IRES (Corporate Income Tax) and IRAP (Regional Tax on Production Activities) credit resulting from the presented tax returns and for the advance payments made during the year (€ 230,582 thousand), tax withholdings on own current accounts and on trading of securities under management for € 5,032 thousand and tax withholdings transferred by subsidiaries under the consolidated tax scheme for € 605 thousand. Prepaid tax assets (€ 140,309 thousand), details of which can be found in table no. 32, refer to items in the profit and loss account that contribute to the taxable income for years other than that in which they are recognised. This item is stated net of the transfer in 2013 to profit and loss of prepaid taxes appropriated in previous tax periods due to achievement of a taxable income for IRES and IRAP. The breakdown is shown in section 21.7 of these notes.

Debtors country – breakdown by geographical area

Table 11 (in € thousand)	**31-12-2013**	**31-12-2012**
Description		
Africa	83,576	93,579
America	116,900	135,970
Asia	562,264	449,264
Europe	53,317	65,312
Total	**816,057**	**744,125**

Debtors country – breakdown by foreign currency

Table 12 (in € thousand)	**31-12-2013**	**31-12-2012**
Currency		
USD	537,677	536,925
EUR	419,434	330,812
CHF	8,271	7,673
Other currencies	8	9

SECTION 6 – ITEM F - OTHER ASSETS

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

Table 13 (in € thousand)	**2012**	**Increase**	**Decrease**	**2013**
Description				
Furniture and machinery	2,088	280	622	1,746
Works of art	48	0	0	48
Plant	44	0	22	22
Stocks	15	18	0	33
Construction in course and advances	0	0	0	0
Total	**2,195**	**298**	**644**	**1,849**

Cash and cash equivalents

Deposits with credit institutions amounted to € 87,874 thousand, of which € 2,503 thousand in foreign currency current accounts. At 31 December 2013 cash on hand amounted to € 5 thousand.

6.4 – Sundry assets

Table 14 (in € thousand)	31-12-2013	31-12-2012
Description		
Capital gains on foreign exchange forward transactions	9,074	17,601
Gains on derivatives	330	1,022
Receivables from SACE Servizi	358	599
Receivables from SACE Fct	7,966	9,293
Receivables from SACE BT	52	0
Total	**17,780**	**28,515**

Receivables from subsidiaries relate to the consolidated tax regime.

SECTION 7 – ACCRUALS AND DEFERRALS - ITEM G

Table 15 (in € thousand)	31-12-2013	31-12-2012
Description		
for interest on government securities and bonds	36,722	53,955
for interest on other financial investments	4,493	6,782
Accrued income	**41,215**	**60,737**
Other accruals	365	426
Prepaid expenses	**365**	**426**

The interest on other financial investments item (€ 4,493 thousand) reflects interest on time deposit transactions, interest on notes and interest on the loan to Sace Fct. Other accruals amounted to € 365 thousand and refer to portions of general expenses to be attributed to subsequent years.

BALANCE SHEET LIABILITIES AND SHAREHOLDERS' EQUITY

SECTION 8 – SHAREHOLDERS' EQUITY - ITEM A

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

Table 16 (in € thousand)	Share capital	Revaluation reserves	Legal reserve	Other reserves	Profit carried forward	Profit for the year	Total
Balances at 1 January 2012	**4,340,054**	**17,923**	**160,473**	**972,409**	**38,384**	**183,963**	**5,713,206**
Reduction in share capital							
Allocation of 2011 net profit:							
- Distribution of dividends						-160,000	-160,000
- Other allocations			9,198	14,579	186	-23,963	-
Other changes		-8,307		8,307			-
Result for 2012						255,106	255,106
Balances at 31 December 2012	**4,340,054**	**9,616**	**169,671**	**995,295**	**38,570**	**255,106**	**5,808,312**
Allocation of 2012 net profit:							
- Distribution of dividends						-234,050	-234,050
- Other allocations			12,756	8,300		-21,056	-
Distribution of available reserves		-9,616		-952,888	-38,570		-1,001,074
Result for 2013						277,653	277,653
Balances at 31 December 2013	**4,340,054**	**0**	**182,427**	**50,707**	**0**	**277,653**	**4,850,840**

The Shareholders' Meeting approved on 20 December 2013 to distribute the available reserves to its shareholder Cassa Depositi e Prestiti S.p.A. for a total of € 1,001,074 thousand.

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

Table 17 (in € thousand)	Amount	Possibility of utilisation	Available portion	Summary of utilisation in the previous 3 years
Capital at 31 December 2013	**4,340,053,892**			
Capital reserves:				
Revaluation reserves	-	A, B, C	-	
Retained earnings:				
Legal reserve	182,426,598	B	-	
Other reserves	43,843,241	A, B	43,843,241	
Other reserves	6,863,513	A, B, C	6,863,513	
Total			**50,706,754**	
not distributable (1)			43,843,241	
distributable			6,863,513	

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

(1) the non-distributable portion includes € 18,868 thousand for the provision pursuant to article 2423 (4) set aside as at 31.12.2005 (€ 104,235 thousand) net of amounts collected during the year (€ 1,791 thousand in 2013, € 2,316 thousand in 2012, € 2,618 thousand in 2011, € 2,204 thousand in 2010, € 2,306 thousand in 2009, € 21,232 thousand in 2008, € 17,290 thousand in 2007 and € 35,608 thousand in 2006), € 3,046 thousand for the remaining portion of the reserve for exchange gains, € 7,019 thousand for the portion of the reserve for the revaluation of receivables and € 14,910 for the revaluation of investments resulting from the application of the equity method.

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

Section 9 – subordinated liabilities

The company had no subordinated liabilities.

Section 10 – technical provisions – item C.I. (annex 13)

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

Table 18 (in € thousand)	31-12-2013	31-12-2012
Description		
Provision for unearned premiums		
- Provision for premium instalments	1,274,925	1,283,492
- Provision for unexpired risks	250,000	350,000
Total	**1,524,925**	**1,633,492**
Provision for claims outstanding		
- Provision for claims paid and direct expenses	634,164	581,907
- Provision for settlement costs	2,911	2,441
- Provision for late claims	10,610	7,604
Total	**647,685**	**591,952**

The provision for unearned premiums refers for € 528,329 thousand to exposure in foreign currency. The provision for claims outstanding refers for € 218,416 thousand to exposure in foreign currencies. The provision for claims outstanding is deemed sufficient to cover the potential cost of unpaid claims, fully or in part, at the end of the year. The values for direct business and inward reinsurance are shown in the table below:

Table 19 (in € thousand)	DB 31-12-2013	IB 31-12-2013	DB 31-12-2012	IB 31-12-2012
Description				
Provision for unearned premiums				
- Provision for premium instalments	1,244,650	30,275	1,247,384	36,108
- Provision for unexpired risks	250,000	-	350,000	-
Carrying value	**1,494,650**	**30,275**	**1,597,384**	**36,108**
Provision for claims outstanding				
- Provision for claims paid and direct expenses	622,946	11,218	579,904	2,004
- Provision for settlement costs	2,911	-	2,440	-
- Provision for late claims	10,610	-	7,604	-
Carrying value	**636,467**	**11,218**	**589,948**	**2,004**

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

10.2 - Equalisation provision

The equalisation provision, of € 486,019 thousand, increased with respect to the previous year (€ 37,898 thousand).

SECTION 12 – PROVISIONS FOR RISKS AND CHARGES – ITEM E

Changes in this item are reported in annex 15.

Provisions for risks and charges amounted to € 55,644 thousand. These comprise € 1,919 thousand for severance pay, € 22,430 thousand for deferred tax liabilities and € 31,294 thousand for other provisions, the main components of which are listed below:

- € 2,345 thousand which refer to ongoing disputes at the end of the year;
- € 19,921 thousand for agreements currently being defined with policyholders;
- € 97 thousand allocated for amounts to be assigned to policyholders by way of shares due;
- € 7,651 thousand for potential estimated liabilities with policyholders, due to the non-maturity of said amounts.

SECTION 13 – CREDITORS AND OTHER LIABILITIES – ITEM G

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

Table 20 (in € thousand)	**31-12-2013**	**31-12-2012**
Description		
Premium reimbursements	0	1,717
Advances for premiums	855	325
Front-end expenses	25	49
Amounts due on recoveries	20,699	41,828
Accounts payable to policyholders - item G.I.3.	**21,579**	**43,919**

Amounts due on recoveries include amounts due to policyholders in respect of deductibles on recovered amounts. The change compared to the previous year is due to the payment of the amounts due made in 2013.

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

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

Other accounts payable – item G.VIII

Table 21 (in € thousand)	31-12-2013	31-12-2012
Description		
Other tax liabilities	278,341	201,695
Social security	1,841	1,285
Sundry creditors	33,038	20,903
Total	**313,220**	**223,883**

13.6 – Breakdown of sundry creditors – item G.VIII.4

Sundry creditors (for a total of € 33,038 thousand) mainly comprise amounts due to suppliers for € 6,217 thousand against general administrative costs for the year and subsidiary debit items arising from the consolidated tax regime for € 12,981 thousand.

13.7 – Deferred reinsurance items – item G.IX.1

The information received from the ceding companies on provisional technical income for 2013 was carried forward to the technical account for the following year as deferred reinsurance items. Pursuant to article 42 of Legislative Decree 173/97, the claims outstanding provision reported in the balance sheet includes € 119 thousand referring to agreements with reinsured companies.

13.8 – Sundry liabilities – item G.IX.3

This item, amounting to a total of € 31,028 thousand, comprises amongst others valuation losses on contracts in the portfolio (€ 31,010 thousand) used to hedge foreign currency assets.

SECTION 14 – ACCRUED LIABILITIES - ITEM H

14.1 – Separate indication of accrued liabilities for each item.

Table 22 (in € thousand)	31-12-2013	31-12-2012
Description		
Deferred payments on rent income	**159**	**131**
Other accrued liabilities	**31**	**23**

14.2 – Breakdown of other accrued liabilities by type (item H.3).

Other accrued liabilities amounted to € 31 thousand and refer to deferred payments on services rendered.

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

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

SECTION 15 – ASSETS AND LIABILITIES RELATING TO COMPANIES IN WHICH A SIGNIFICANT INTEREST IS HELD

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

SECTION 16 – RECEIVABLES AND ACCOUNTS PAYABLE

16.1 – Receivables and accounts payable are due as follows:

Of the receivables under asset items C and E, € 2,214,839 thousand fall due after the end of the following year and € 1,785,925 thousand after five years. The accounts payable under liability items F and G (€ 76,100 thousand) are due within five years.

SECTION 17 – GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS – ITEMS I, II, III AND IV

Details of the memorandum accounts are given in annex 17.

17.1 – Breakdown of commitments

The commitments item, totalling € 3,985,993 thousand, refers to forward transactions for € 3,821,056 and foreign currency options for € 157,367 and futures for € 7,570. The counterparties for the instruments traded were leading credit institutions with high ratings.

Derivatives on hand at the end of the year, classified according to purpose, type and expiry date, were as follows:

Table 23 (in € thousand)	Expiry date	EUR	USD
Contract type			
Forward contracts	8-Jan-14		203,252
	10-Jan-14		80,000
	13-Jan-14	137,787	164,906
	14-Jan-14	185,528	
	15-Jan-14	73,714	
	16-Jan-14	38,903	
	17-Jan-14		60,379
	21-Jan-14		259,837
	23-Jan-14		194,039
	27-Jan-14	162,410	
	28-Jan-14	70,918	
	30-Jan-14	97,313	165,000
	31-Jan-14	100,974	250,685
	3-Feb-14		120,928
	4-Feb-14		259,089
	5-Feb-14	133,688	
	7-Feb-14	162,573	82,251
	14-Feb-14		169,250
	18-Feb-14	181,554	139,910
	21-Feb-14		178,068
	28-Feb-14	183,804	
	3-Mar-14		162,792
	10-Mar-14	81,746	162,600
	17-Mar-14	179,966	
	26-Mar-14	129,660	
Options	31-Jan-14		217,025

The effect of exchange rate hedging transactions on items in foreign currency that expired in the year produced a positive balance of € 129,021 thousand, while the effect of valuations of existing derivatives at year-end exchange rates and items in foreign currency produced a negative balance of € 53,570 thousand. These components are analysed in detail in section 22 of these notes.

PROFIT AND LOSS ACCOUNT

SECTION 18 - INFORMATION ON THE NON-LIFE TECHNICAL ACCOUNT

18.1 - Gross premiums written

Gross premiums written for the year amounted to € 316,410 thousand.

In accordance with the applicable legislation, 15 resources were engaged in the provision of internationalisation guarantees which generated gross premiums for € 8,537 thousand.

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

18.4 – Other technical income net of reinsurance – item I.3

The item equal to € 3,434 thousand mainly concerns the technical income arising from the management of insurance contracts for € 2,676 thousand and from front-end expenses for the year for € 196 thousand.

18.5 – Claims incurred net of recoveries and reinsurance

Table 24 (in € thousand)	DB 31-12-2013	IB 31-12-2013	Total 31-12-2013	DB 31-12-2012	IB 31-12-2012	Total 31-12-2012
Description						
Claims paid for the current year	-171,198	-3,486	-174,684	-110,495	-2,683	-113,178
Claims paid relating to previous years	-142,604	-1,603	-144,207	-79,640	-1,915	-81,555
Costs of claims management	-2,991	0	-2,991	-2,659	0	-2,659
Reinsurers' share	9,814	0	9,814	0	0	0
Change in recoveries	368,053	1,184	369,237	235,683	1,120	236,803
Write-downs of receivables for amounts payable	-137,456	0	-137,456	-78,107	0	-78,107
Write-backs of receivables for amounts payable	0	0	0	0	0	0
Losses on amounts due	-14,694	0	-14,694	-9,280	0	-9,280
Change in the provision for claims outstanding	-46,519	-9,214	-55,733	-320,009	1,882	-318,127
Total net claims incurred	**-137,595**	**-13,119**	**-150,714**	**-364,507**	**-1,596**	**-366,103**

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

18.6 – Premium refunds and profit sharing, net of reinsurance – item I.6

Premium refunds, reflecting premium refunds net of reinsurance, amounted to € 17,259 thousand (€ 3,733 thousand at the end of the previous year). The change mainly refers to an operation that includes the payment of an *upfront premium,* which was partially reimbursed due to the lower financing amount used, according to the contract.

18.7 - Reinsurance commissions and profit-sharing – item I.7.f.

This item posted a balance at 31 December 2013 of € 67 thousand referring exclusively to reinsurance commissions.

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

Table 25 (in € thousand)	**31-12-2013**	**31-12-2012**
Description		
Collection and acquisition commissions	1,472	1,675
Other acquisition costs	19,752	15,861
Other administrative expenses	42,628	40,126
Commissions and profit sharing	-60	-22
Operating expenses	**63,792**	**57,694**

Other acquisition costs comprise reinsurance commissions and general expenses made up of personnel costs (€ 12,955 thousand) and other general administrative expenses (€ 6,797 thousand). Other administrative expenses comprise general expenses made up of costs of personnel (€ 37,879 thousand), other general administrative expenses (€ 4,113 thousand), depreciation of instrumental assets (€ 636 thousand). Personnel costs, a description of the relative items, the average number of employees during the year, the number of directors and statutory auditors and related remuneration are given in annex 32.

The change in operating expenses is due to the different classification of the productivity bonuses in comparison to the previous year, registering them under "Other expenses" as they were paid after the closing date of the annual accounts. The net change in operating expenses between the 2 years equals € 983 thousand.

18.8 – Other technical charges net of reinsurance – item I.8

This item, equal to € 5,167 thousand, refers to mainly technical cancellations of premiums due to termination of insurance contracts.

18.9 – Change in the equalisation provision – item I.9

The change in the equalisation provision, equal to € 37,898 thousand, was determined in accordance with current legislation.

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

A summary of the technical account for the Italian portfolio is provided in annex 25.

SECTION 21 – INFORMATION ON THE NON-TECHNICAL ACCOUNT (III)

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

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

Table 26 (in € thousand)	31-12-2013	31-12-2012
Description		
Income from shares and interests	1,857	1,905
Income from investments in land and buildings	775	798
Income from other investments	154,459	207,294
Value re-adjustments on investments	110,845	194,608
Gains on the disposal of investments	668,480	644,504
TOTAL	**936,416**	**1,049,109**

The "Income from other investments" (€ 154,459 thousand) include € 105,689 thousand for interest from government securities and bonds, € 121 thousand for interest receivable for mortgages, € 18,522 thousand for interest from time deposits, € 13,531 thousand for interest from *Carnival* and *Interpipe notes* and € 16,418 thousand for interest from financing to SACE Fct. The value re-adjustment on investments item (€ 110,845 thousand) refers to forward currency sales for € 9,073 thousand (see also section 22 of these notes), upward adjustments on government securities, bonds and shares for € 86,581 thousand and the upward adjustment on the interests in SACE Fct and ATI for € 15,191 thousand. Gains on the disposal of investments (€ 668,480 thousand) include € 524,647 thousand referring to forward transactions, € 77,381 thousand on transactions in derivatives and € 66,453 thousand for gains on the sale of securities. The breakdown of each item is detailed in annex 21.

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

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

Table 27 (in € thousand)	31-12-2013	31-12-2012
Description		
Investment management charges and other charges	4,150	3,842
Value re-adjustments on investments	76,144	146,895
Losses on the disposal of investments	476,944	488,610
Total	**557,238**	**639,347**

"Investment management charges" and other charges mainly comprise investment management charges (€ 1,564 thousand) and property management charges (€ 702 thousand). Value re-adjustments on investments (€ 76,144 thousand) refers to forward contracts (€ 31,010 thousand), losses on government securities, bonds and shares (€ 37,287 thousand), write-downs of investments in SACE BT and Sace do Brasil (€ 4,578 thousand) and depreciation of real estate for € 695 thousand. Losses on the disposal of investments (€ 476,944 thousand) include € 457,096 thousand referring to forward transactions, € 15,402 thousand on transactions in derivatives, € 4,447 thousand on the sale of securities. The breakdown of each item is detailed in annex 23.

21.3 – Breakdown of other income – item III.7

Table 28 (in € thousand)	31-12-2013	31-12-2012
Description		
Compensatory interest on premiums	44	33
Compensatory interest on receivables	10,340	15,931
Interest earned and other income	5,736	3,764
Interest earned on tax credits	25	15
Capital gains on other receivables	5,185	5,068
Profits on exchange rates	4,503	4,442
Utilisation of provisions and non-existent liabilities	976	8,265
Valuation gains on exchange rates	3,446	2,668
Revenues from services to affiliates	3,992	3,635
Total	**34,247**	**43,821**

"Compensatory interest on receivables" (€ 10,340 thousand) represents the interest matured in the year on subrogation credit. Profits on exchange rates refer to capital gains on exchange rates on transactions in foreign currency. Gains on other receivables (€ 5,185 thousand) refer for € 1,325 thousand to collection of compensatory interest, € 860 thousand for recovery of receivables ex Optimum and € 3,000thousand for gains relating to receivables for acquired shares due to policyholders. Profits from valuation gains on exchange rates include the result of the valuation of the entries in foreign currencies at year-end exchange rates (for further details, see section 22 of these notes).

21.4 – Breakdown of other charges - item III.8 - (annex 32)

Table 29 (in € thousand)	31-12-2013	31-12-2012
Description		
Other non-technical administrative expenses	7,480	7,153
Amortisation of intangible assets	162	171
Additions to risk provisions	2,540	7,176
Exchange losses	12,859	2,110
Valuation exchange losses	66,803	42,963
Write-downs of receivables - compensatory interest	774	1,370
Write-down of other receivables	44	79
Other interest expense	455	232
Total	**91,117**	**61,254**

"Exchange losses on valuation" (€ 66,803 thousand) refer for € 66,092 thousand to valuation of receivables and payables expressed in foreign currency, and € 711 thousand for valuation losses on exchange rates, recorded with reference to the current accounts denominated in foreign currency (for more details see section 22 of these notes).
Personnel costs are listed in annex 32.

21.5 – Breakdown of extraordinary income – item III.10

Table 30 (in € thousand)	31-12-2013	31-12-2012
Description		
Sundry non-operating income	20,197	1,896
Other financial income	18	1
Total	**20,215**	**1,897**

Sundry non-operating income reflects the amount of € 18,894 thousand related to lower tax burden recorded in the tax returns, resulting from the positive result of the opinion presented regarding the tax treatment of the use of equalisation provisions.

21.6 – Breakdown of extraordinary charges – item III.11

Table 31 (in € thousand)	31-12-2013	31-12-2012
Description		
Other financial charges from previous years	31	4
Sundry non-operating liabilities	1,866	545
Total	**1,897**	**549**

Sundry non-operating liabilities include general costs accrued from previous years.

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

This item, totalling € 213,622 thousand, comprises the following:

a) € 253,774 thousand for IRES for the year; € 22,710 thousand for IRAP for the year;

b) € 8,369 thousand for proceeds calculated on taxable amounts transferred by the subsidiaries participating in the consolidated tax scheme;

c) € 337 thousand for disclosure of deferred taxes on temporary changes during the year determined as illustrated in the table below. For the current year, prepaid IRES and IRAP for € 55,287 thousand were calculated on the basis of the reasonable certainty of generating tax liable income in the future such as to enable their recovery.;

d) € 19,278 thousand corresponding to transfer to profit and loss of prepaid IRES and IRAP accrued in previous years;

e) € 18,820 thousand corresponding to transfer to profit and loss of deferred IRES and IRAP accrued in previous years.

The current taxes were determined based on the current rates equal to 27.5% for IRES and 6.82% for IRAP. The IRES amount also includes the additional 8.5% to be paid by insurance companies only for year 2013, specified by Italian Legislative Decree 133/2013.

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

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

Table 32 (in € thousand)	Opening balance		Utilisation 2013		Change in the year		Closing balance	
	Temporary differences	Tax	Temporary differences	Tax	Temporary differences	Tax	Temporary differences	Tax
IRAP								
Type of temporary differences								
Recognised in profit or loss								
Differences giving rise to advance tax assets								
Reserve fund	4,012	101	(4,012)	(274)			0	0
Provision for claims outstanding	362	10	(362)	(25)			0	(15)
Depreciation on revaluation of property	1,193	63					1,193	63
Change in tax rates		223						33
Total	**5,568**	**379**	**(4,373)**	**(298)**	**0**	**0**	**1,193**	**81**

	Opening balance		Utilisation 2013		Change in the year		Closing balance	
	Temporary differences	Tax	Temporary differences	Tax	Temporary differences	Tax	Temporary differences	Tax
IRES								
Type of temporary differences								
Recognised in profit or loss								
Differences giving rise to advance tax assets								
Maintenance	3,820	1,052	(2,003)	(551)			1,817	501
Reserve fund	15,285	4,204	(1,758)	(483)			13,528	3,720
Provision for claims outstanding	213,410	58,687	(12,316)	(3,387)	33,440	9,196	234,534	64,496
Auditors' certificate	49	13	(49)	(13)				
Potential liabilities fund	21,704	5,970	(9,883)	(2,718)	2,540	699	14,361	3,950
Exchange rate valuation losses	97,004	26,676	(26,967)	(7,416)	80,880	22,242	150,917	41,502
Depreciation on revaluation of property	1,328	364					1,328	364
Valuation losses on listed shares	25,291	6,955	(16,040)	(4,412)	274	75	9,525	2,619
Political risk credit write-downs					83,909	23,075	83,909	23,075
Total	**377,892**	**103,921**	**(69,016)**	**(18,980)**	**201,043**	**55,287**	**509,919**	**140,229**
Differences giving rise to deferred tax liabilities								
Exchange rate valuation gains	148,753	40,907	(68,415)	(18,814)	1,227	337	81,565	22,430
Valuation gains on listed shares	22	6	(22)	(6)				
Total	**148,776**	**40,913**	**(68,437)**	**(18,820)**	**1,227**	**337**	**81,565**	**22,430**
Differences excluded from the determination of advance taxes								
Subrogation credit write-offs – pol. business	53,306						774	
Subrogation credit write-offs – com. business	16,854						48,599	
Write downs of other credits - technical business	79						2,804	
Total prepaid taxes arising from temporary differences		**104,300**		**(19,278)**		**55,287**		**140,309**
Total deferred taxes arising from temporary differences		**40,913**		**(18,820)**		**337**		**22,430**

SECTION 22 – OTHER INFORMATION IN THE PROFIT AND LOSS ACCOUNT

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

The breakdown of personnel costs for the Italian and foreign portfolios is given in annex 32. The effect of exchange rate hedging transactions on entries in foreign currency that expired during the year generated a positive balance of € 129,021 thousand, while the effect of valuations of existing contracts at year-end exchange rates and entries in foreign currency generated a positive balance of € 53,570 thousand, as shown in the table below.

Table 33 (in € thousand)	**31-12-2013**
REALISED	
Losses on forward contracts and trading	-457,096
Gains on forward contacts and trading	524,647
Proceeds from derivatives	85,949
Charges on derivatives	-15,402
Net realised gains (A)	**138,098**
Exchange gains	4,503
Exchange losses	-13,581
Net loss on exchange rates (B)	**-9,078**
Result realised (A+B)	**129,021**

	31-12-2013
VALUATION DIFFERENCES	
Valuation losses on forward contracts and derivatives	-31,010
Valuation gains on forward contracts and derivatives	9,073
Net valuation losses (C)	**-21,937**
Exchange gains - valuation of technical provisions	8,039
Exchange losses - valuation of technical provisions	
Exchange gains - valuation of provision for unearned premiums	23,684
Exchange gains - valuation of receivables and payables	1,227
Exchange losses - valuation of receivables and payables	-66,093
Exchange gains - valuation of cash and cash equivalents	2,219
Exchange losses - valuation of cash and cash equivalents	-711
Net valuation loss on exchange rates (D)	**-31,633**
Net exchange gains from valuation (C +D)	**-53,570**

PART C — OTHER INFORMATION

1. Cash Flow Statement

(in € thousand)	Year 2013	Year 2012
Profit (loss) for the year before tax	**491,275**	**393,677**
Changes in non-cash items	**(50,637)**	**138,568**
Change in the provision for unearned premiums - non-life business	(106,229)	(56,489)
Change in the provision for claims outstanding and other technical provisions - non-life business	93,631	250,764
Change in the general provision	(2,540)	(7,176)
Non-cash income and expense from financial instruments, investment property and equity investments	(34,701)	(47,713)
Other changes	(798)	(818)
Change in receivables and payables generated by operations	**(171,632)**	**(31,323)**
Change in receivables and payables arising from direct insurance and reinsurance business	(76,696)	(60,713)
Change in other receivables and payables	(94,936)	29,390
Tax paid	**(213,622)**	**(138,571)**
TOTAL NET CASH FLOW ARISING FROM OPERATIONS	**55,384**	**362,351**
Net cash flow generated/absorbed by investment property	695	695
Net cash flow generated/absorbed by financial investments	836,362	175,014
Net cash flow generated/absorbed by plant, property and equipment and intangible assets	1,172	1,057
TOTAL NET CASH FLOW ARISING FROM INVESTMENT OPERATIONS	**838,229**	**176,766**
Repayment of share capital		-
Revaluation of receivables		
Revaluation of property	-	-
Distribution of dividends	(1,235,124)	(160,000)
Net cash flow generated/absorbed by other financial liabilities	0	(141)
TOTAL NET CASH FLOW ARISING FROM LOAN OPERATIONS	**(1,235,124)**	**(160,141)**
Effect of exchange rate differences on cash and cash equivalents		
CASH AND CASH EQUIVALENTS - OPENING BALANCE	**429,385**	**50,409**
INCREASE (REDUCTION) IN CASH AND CASH EQUIVALENTS	(341,511)	378,976
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	**87,874**	**429,385**

2. Fees due to external auditors

Pursuant to Legislative Decree 39 of 27 January 2010, the fees due to PricewaterhouseCoopers S.p.A. for their auditing services in 2013 amounted to € 88 thousand.

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

Sace S.p.A. is wholly owned by Cassa Depositi e Prestiti S.p.A., which is based in Rome in Via Goito 4 and it performs management and coordination activities pursuant to article 2497 of the Italian Civil Code.

In compliance with the information obligations specified by art. 2497 *bis* of the Italian Civil Code, the essential figures from the last approved financial statements from the parent company are provided below. For an appropriate and complete understanding of the financial position of Cassa Depositi e Prestiti S.p.A as of 31 December 2012, as well as the operating result of the company during the year closed as of that date, please refer to the financial statements that, together with the Independent auditor's report, are available in the forms and methods specified by law.

BALANCE SHEET

(in € thousand)		31-12-2012
	ASSETS	
10.	Cash and cash equivalents	4
20.	Financial assets held for trading	640,481
40.	Available-for-sale financial assets	4,975,191
	of which to guarantee covered bonds	-
50.	financial assets held to expiry	16,730,803
60.	Receivables from banks	13,178,303
	of which to guarantee covered bonds	575,162
70.	Receivables from customers	238,305,758
	of which to guarantee covered bonds	2,102,395
80.	Hedging derivatives	371,593
100.	Equities	30,267,806
110.	Property, plant and equipment	206,845
120.	Intangible assets	7,143
130.	Tax assets	508,263
	a) current	359,110
	b) prepaid	149,153
150.	Other assets	239,289
	Total assets	**305,431,480**

	LIABILITIES AND SHAREHOLDERS' EQUITY	
10.	Amounts owed to banks	34,055,029
20.	Payables to customers	242,303,149
30.	Outstanding securities	6,672,411
	of which covered bonds	2,639,475
40.	Financial liabilities held for trading	477,088
60.	Hedging derivatives	2,575,863
70.	Value adjustment to financial assets with generic hedge (+/-)	56,413
80.	Tax liabilities:	915,731
	a) current	818,196
	b) deferred	97,535
100.	Other liabilities	1,527,970
110.	Provision for employee severance indemnities	751
120.	Provisions for risks and charges	11,790
	b) other provisions	11,790
130.	Valuation reserves	965,418
160.	Reserves	9,517,249
180.	Capital	3,500,000
200.	Net income (Loss) for the year (+/-)	2,852,617
	Total liabilities and shareholders' equity	**305,431,480**

PROFIT AND LOSS ACCOUNT

(in € thousand)		**31-12-2012**
10.	Interest earned and similar income	10,590,683
20.	Interest expense and similar charges	-7,068,868
30.	**Interest margin**	**3,521,815**
40.	Commissions receivable	38,348
50.	Commission expense	-1,650,123
60.	**Net commissions**	**-1,611,775**
70.	Dividends and similar income	1,206,749
80.	Net result of trading activities	156,407
90.	Net result of hedging activities	-10,120
100.	Gains (losses) on sale or repurchase of:	389,564
	a) receivables (+/-)	19,469
	b) AFS financial assets (+/-)	366,189
	c) financial assets held to expiry (+/-)	145
	d) financial liabilities (+/-)	3,760
120.	**Intermediation margin**	**3,652,640**
130.	Net adjustments/re-adjustments of value for impairment of:	-22,885
	a) receivables (+/-)	-22,097
	d) other financial transactions	-788
140.	**Net result of financial operations**	**3,629,755**
150.	Administrative expenses	-103,285
	a) personnel costs	-54,206
	b) other administrative expenses	-49,080
160.	Net provisions to reserves for risks and charges	-2,058
170.	Net adjustments/re-adjustments of value of tangible assets	-5,226
180.	Net adjustments/re-adjustments of value of intangible assets	-2,464
190.	Other operating income/expense	3,505
200.	**Operating Costs**	**-109,529**
210.	Income (Loss) on equity investments	147,335
240.	Income (Loss) on the disposal of investments	-108
250.	**Income (Loss) on current operations before taxes**	**3,667,453**
260.	Income taxes for the year on current operations	-814,836
270.	**Income (Loss) on current operations net of taxes**	**2,852,617**
290.	**Net income (loss) for the year**	**2,852,617**

SACE S.p.A.

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

The legal representatives of the company (*)

Alessandro Castellano (**)

The Statutory Auditors

Marcello Cosconati

Alessandra Rosa

Giuliano Segre

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

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

ANNEXES TO THE NOTES

ANNEXES TO THE NOTES

pursuant to Italian Legislative Decree No. 173/97

CONTENTS

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

Company	**SACE S.p.A.**	
Subscribed capital	EUR 4.340.053.892	Paid EUR 4.340.053.892
Registered offices	Rome - Piazza Poli, 37/42	
Companies Register	Rome Reg. No. 142046/99	

FY	**Annexes to the notes to the accounts** **2013**

(Values in Euro thousand)

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

BALANCE SHEET – NON-LIFE INSURANCE BUSINESS ASSETS

							Current year	
A. SUBSCRIBED CAPITAL UNPAID							1	0
of which called-up capital			2	0				
B. INTANGIBLE ASSETS								
1. Acquisition commissions to be amortised			4	0				
2. Other acquisition costs			6	0				
3. Start-up and expansion costs			7	0				
4. Goodwill			8	0				
5. Other multi-year costs			9	312			10	312
C. INVESTMENTS								
I - Land and buildings								
1. Property used for own activities			11	64,416				
2. Property used by third parties			12	1,643				
3. Other properties			13	0				
4. Other property rights			14	0				
5. Construction in progress and payments on account			15	0	16	66,059		
II - Investments in group companies and other companies in which significant interest is held								
1. Shares and interests:								
a) controlling companies	17	0						
b) subsidiary companies	18	164,494						
c) affiliated companies	19	0						
d) associated companies	20	7,570						
e) other companies	21	0	22	172,065				
2. Debt securities issued by:								
a) controlling companies	23	0						
b) subsidiary companies	24	0						
c) affiliated companies	25	0						
d) associated companies	26	0						
e) other companies	27	0	28	0				
3. Loans to:								
a) controlling companies	29	0						
b) subsidiary companies	30	1,000,000						
c) affiliated companies	31	0						
d) associated companies	32	0						
e) other companies	33	0	34	1,000,000	35	1,172,065		
to be carried forward								312

Previous year

						181	0
		182	0				
		184	0				
		186	0				
		187	0				
		188	0				
		189	339			190	339
		191	65,087				
		192	1,668				
		193	0				
		194	0				
		195	0	196	66,754		
197	0						
198	152,644						
199	0						
200	7,488						
201	0	202	160,132				
203	0						
204	0						
205	0						
206	0						
207	0	208	0				
209	0						
210	1,000,000						
211	0						
212	0						
213	0	214	1,000,000	215	1,160,132		
	to be carried forward						339

BALANCE SHEET – NON-LIFE INSURANCE BUSINESS ASSETS

								Current year
carried forward								312
C. INVESTMENTS (continued)								
III - Other financial investments								
1. Shares and interests								
a) Listed shares	36	54,865						
b) Unlisted shares	37	1,150						
c) Interests	38	0	39	56,015				
2. Shares in common investment funds			40	717,887				
3. Debt securities and other fixed-income securities								
a) listed	41	2,819,321						
b) unlisted	42	0						
c) convertible debentures	43	0	44	2,819,321				
4. Loans								
a) mortgage loans	45	5,487						
b) loans on policies	46	0						
c) other loans	47	0	48	5,487				
5. Shares in investment pools			49	0				
6. Deposits with credit institutions			50	851,278				
7. Other financial investments			51	811,097	52	5,261,084		
IV - Deposits with ceding companies					53	182	54	6,499,389
D bis. REINSURERS' SHARE OF TECHNICAL PROVISIONS								
I - NON-LIFE BUSINESS								
1. Provision for unearned premiums			58	4,124				
2. Provision for claims outstanding			59	0				
3. Provision for profit sharing and premium refunds			60	0				
4. Other technical provisions			61	0			62	4,124
to be carried forward								6,503,826

Previous year

			carried forward				339
216	38,242						
217	171						
218	0	219	38,413				
		220	621,947				
221	3,885,313						
222	0						
223	0	224	3,885,313				
225	6,158						
226	0						
227	0	228	6,158				
		229	0				
		230	630,000				
		231	892,847	232	6,074,678		
				233	265	234	7,301,829
		238	6,463				
		239	0				
		240	0				
		241	0			242	6,463
			to be carried forward				7,308,631

BALANCE SHEET – NON-LIFE INSURANCE BUSINESS ASSETS

Current year

carried forward								6,503,826
E. RECEIVABLES								
I - Receivables arising out of direct insurance business:								
1. Policyholders								
a) for premiums - current year	71	72,617						
b) for premiums - previous years	72	12,865	73	85,482				
2. Insurance intermediaries			74	0				
3. Current accounts with insurance companies			75	0				
4. Policyholders and third parties for recoveries			76	627,352	77	712,834		
II - Receivables arising out of reinsurance business:								
1. Insurance and reinsurance companies			78	117				
2. Reinsurance intermediaries			79	0	80	117		
III - Other debtors					81	570,950	82	1,283,901
F. OTHER ASSETS								
I - Tangible fixed assets and stocks:								
1. Furniture, office equipment and internal transport vehicles			83	1,745				
2. Vehicles listed in public registers			84	0				
3. Equipment and appliances			85	22				
4. Stocks and other goods			86	81	87	1,849		
II - Cash and cash equivalents								
1. Bank and postal deposits			88	87,869				
2. Cheques and cash in hand			89	5	90	87,874		
III - Own shares or equity interests					91	0		
IV - Other assets								
1. Transitory reinsurance accounts receivable			92	918				
2. Other			93	17,780	94	18,697	95	108,421
of which connection account with life business			901	0				
G. ACCRUALS AND DEFERRALS								
1. Interests					96	41,215		
2. Rents					97	0		
3. Other accrued liabilities					98	365	99	41,580
TOTAL ASSETS							100	7,937,728

Previous year

	carried forward		7,308,631
251 65,240			
252 15,634	253 80,874		
	254 0		
	255 0		
	256 555,265	257 636,137	
	258 118		
	259 0	260 118	
		261 379,196	262 1,015,452
	263 2,088		
	264 0		
	265 44		
	266 63	267 2,195	
	268 429,380		
	269 5	270 429,385	
		271 0	
	272 1,049		
	273 28,515	274 29,565	275 461,144
	903 0		
		276 60,737	
		277 0	
		278 426	279 61,164
			280 8,846,391

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

						Current year		
A. SHAREHOLDERS' EQUITY								
I	- Subscribed capital or equivalent funds				101	4,340,054		
II	- Share premium account				102	0		
III	- Revaluation reserve				103	0		
IV	- Legal reserve				104	182,427		
V	- Statutory reserve				105	0		
VI	- Reserve for own shares and shares of the parent company				106	0		
VII	- Other reserves				107	50,707		
VIII	- Profit (loss) brought forward				108	0		
IX	- Profit (loss) for the year				109	277,653		
	- Advances on dividends					0	110	4,850,840
B. SUBORDINATED LIABILITIES							111	0
C. TECHNICAL PROVISIONS								
I	- NON-LIFE INSURANCE BUSINESS							
		1. Provision for unearned premiums	112	1,524,925				
		2. Provision for claims outstanding	113	647,685				
		3. Provision for profit sharing and premium refunds	114	0				
		4. Other technical provisions	115	0				
		5. Equalisation provision	116	486,019			117	2,658,628
				to be carried forward				7,509,468

	Previous year	
	281 4,340,054	
	282 0	
	283 9,616	
	284 169,671	
	285 0	
	286 0	
	287 995,294	
	288 38,570	
	289 255,106	
	0	290 5,808,312
		291 0
292 1,633,492		
293 591,952		
294 0		
295 0		
296 448,121		297 2,673,565
to be carried forward		8,481,876

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

							Current year
	carried forward						7,509,468
E. PROVISIONS FOR RISKS AND CHARGES							
1. Provisions for pensions and similar obligations				128	1,919		
2. Provision for tax				129	22,430		
3. Other provisions				130	31,294	131	55,644
F. DEPOSITS RECEIVED FROM REINSURERS						132	0
G. ACCOUNTS PAYABLE AND OTHER LIABILITIES							
I - Accounts payable arising out of direct insurance business:							
1. Insurance intermediaries		133	0				
2. Current accounts with insurance companies		134	0				
3. Premium deposits and premiums due to policyholders		135	21,579				
		136	0	137	21,579		
II - Accounts payable arising out of reinsurance business:							
1. Insurance and reinsurance companies		138	415				
2. Reinsurance intermediaries		139	0	140	415		
III - Debenture loans				141	0		
IV - Amounts due to banks and credit institutions				142	0		
V - Loans guaranteed by mortgages				143	0		
VI - Sundry loans and other financial liabilities				144	0		
VII - Provision for severance pay				145	6,302		
VIII - Other accounts payable							
1. Taxes payable by policyholders		146	0				
2. Other tax liabilities		147	278,341				
3. Social security		148	1,841				
4. Sundry creditors		149	33,038	150	313,221		
IX - Other liabilities							
1. Deferred reinsurance items		151	-119				
2. Commissions for premiums in course of collection		152	12				
3. Sundry liabilities		153	31,017	154	30,910	155	372,426
of which connection account with life business		902	0				
	to be carried forward						7,937,538

		Previous year			
carried forward					8,481,876
		308	1,992		
		309	40,913		
		310	39,241	311	82,146
				312	0
313	0				
314	0				
315	43,919				
316	0	317	43,919		
318	557				
319	0	320	557		
		321	0		
		322	0		
		323	0		
		324	0		
		325	6,450		
326	0				
327	201,696				
328	1,285				
329	20,903	330	223,883		
331	482				
332	12				
333	6,910	334	7,404	335	282,214
904	0				
		to be carried forward			8,846,237

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

					Current year
carried forward					7,937,538
H. ACCRUALS AND DEFERRALS					
1. Interests	156	0			
2. Rents	157	159			
3. Other accrued liabilities	158	31		159	190
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY				160	7,937,728

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

			Current year
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS			
I - Guarantees given			
1. Sureties		161	0
2. Endorsements		162	0
3. Other personal guarantees		163	0
4. Guarantees secured by mortgages		164	0
II - Guarantees received			
1. Sureties		165	4,094
2. Endorsements		166	0
3. Other personal guarantees		167	0
4. Guarantees secured by mortgages		168	0
III - Guarantees issued by third parties in the interest of the company		169	0
IV - Commitments		170	3,985,993
V - Third party assets		171	0
VII - Securities deposited with third parties		173	3,684,183
VIII - Other memorandum accounts		174	0

Previous year

carried forward	8,846,237
336 0	
337 131	
338 23	339 154
	340 8,846,391

Previous year

	341 0
	342 0
	343 0
	344 0
	345 4,228
	346 0
	347 0
	348 0
	349 0
	350 3,538,222
	351 0
	353 4,308,973
	354 0

Company **SACE S.p.A.** FY 2013

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

			Non-life business		Life business		Total
Balance on the technical account		1	276,916	21		41	276,916
Investment income	+	2	936,417			42	936,417
Investment management and financial charges	-	3	557,238			43	557,238
Allocated investment return transferred to the life technical account	+			24		44	0
Allocated investment return transferred to the non-life technical account	-	5	126,267			45	126,267
Interim result		6	529,827	26		46	529,827
Other income	+	7	34,247	27		47	34,247
Other charges	-	8	91,117	28		48	91,117
Extraordinary income	+	9	20,215	29		49	20,215
Extraordinary charges	-	10	1,897	30		50	1,897
Result before tax		11	491,275	31		51	491,275
Income taxes for the year	-	12	213,622	32		52	213,622
Profit (loss) for the year		13	277,653	33		53	277,653

Notes to the financial statements – Annex 4

Company **SACE S.p.A.** FY 2013

ASSETS - CHANGES IN INTANGIBLE ASSETS (ITEM B) AND LAND AND BUILDINGS (ITEM C.I)

			Intangible assets B		Land and buildings C.I
Gross original value		1	11,464	31	73,081
Increases for the year	+	2	124	32	0
due to: acquisitions or increases		3		33	0
upward adjustments of value		4	0	34	0
revaluations		5	0	35	0
other changes		6	0	36	0
Reductions during the year	-	7		37	0
due to: sales or reductions		8		38	0
long-term write-downs		9		39	0
other changes		10		40	0
Gross final value (a)		11	11,588	41	73,081
Amortisation:					
Initial value	+	12	11,125	42	6,327
Increases for the year	+	13	151	43	695
due to: amortisation and depreciation for the year		14	151	44	695
other changes		15	0	45	0
Reductions in the year	-	16		46	0
due to: reductions following disposal		17		47	0
other changes		18		48	0
Final values of amortisation (b) (*)		19	11,276	49	7,022
Carrying value (a - b)		20	312	50	66,059
Current value		21		51	69,900
Total revaluations		22	0	52	0
Total write-downs		23	0	53	0
(*) of which amortisation and depreciation in application of tax laws only		24	0	54	0

Company **SACE S.p.A.** FY 2013

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

			Shares and interests C.II.1		Bonds C.II.2		Loans C.II.3
Initial amounts		1	160,132	21	0	41	1,000,000
Increases during the year:	+	2	16,511	22	0	42	0
due to: acquisitions, subscriptions, issues		3	1,320	23	0	43	
upward adjustments of value		4	15,191	24	0	44	0
revaluations		5	0				
other changes		6		26	0	46	0
Reductions during the year:	-	7	4,578	27	0	47	0
due to: sales or redemptions		8	0	28	0	48	0
write-downs		9	4,578	29	0	49	0
other changes		10	0	30	0	50	0
Carrying value		11	172,065	31	0	51	1,000,000
Current value		12	172,065	32	0	52	1,000,000
Total revaluations		13	0				
Total write-downs		14	4,578	34	0	54	0

Item C.II.2 includes:

Listed debt securities	61	0
Unlisted debt securities	62	0
Carrying value	63	0
of which convertible debentures	64	0

Notes to the financial statements – Annex 6

Company **SACE S.p.A.** FY 2013

ASSETS – INFORMATION REGARDING INVESTEE COMPANIES (*)

Ord. No.	Type (1)	Listed or unlisted (2)	Assets carried out (3)	Co. name and reg. office	Currency	Share capital: Amount (4)	Share capital: Number shares/interests	Sharehol-ders' equity (**) (4)	Profit or loss of the previous year (**) (4)	Share held (5): Direct %	Share held (5): Indirect %	Share held (5): Total %
1	b	NQ	1	SACE BT S.p.A	€	100,000	100,000	83,760	-3,948	100		100
2	b	NQ	2	SACE Fct S.p.A	€	50,000	50,000	80,033	15,109	100		100
3	e	NQ	1	ATI (African Trade Insurance Agency)	usd	178,200	1,782	174,697	-4,884	5.61		5.61
4	b	NQ	1	SACE Do Brasil	R$	3,458	3,458	2,284	-1,174	99.91		99.91

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

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

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

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

(4) Amounts in original currency

(5) Indicate the total percentage ownership

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

FY 2013

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

Ord. No.	Type		Name	Increases in the year			Reductions in the year			Carrying value (4)		Purchase cost	Value value
				For purchases		Other	For sales		Other				
(1)	(2)	(3)		Amount	Value	increases	Amount	Value	decreases	Amount	Value		
1	b	D	SACE BT S.p.A						3,948	100,000	83,760	105,800	83,760
2	b	D	SACE Fct S.p.A			15,109				50,000	80,033	600	80,033
3	e	D	ATI (African Trade Insurance Agency)			82				100	7,570	6,886	7,570
4	b	D	SACE Do Brasil	3,428	1,320	-			630	3,428	701	11	701
			Totals C.II.1								172,065	113,297	172,065
	a		Controlling companies										
	b		Subsidiary companies								164,494	106,411	164,494
	c		Affiliated companies										
	d		Associated companies								7,570	6,886	7,570
	e		Other										
			Total D.I										
			Total D.II										

(1) Must be the same as that shown in annex 6

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

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

(4) Mark (*) if recognised using the net equity method (only for type b and d)

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

I - Non-life insurance

	Long-term investment portfolio				Short-term financial assets portfolio				Total			
	Carrying value		Current value		Carrying value		Current value		Carrying value		Current value	
1. Shares and interests:	1	0	21	0	41	56,015	61	69,211	81	56,015	101	69,211
a) listed shares	2	0	22	0	42	54,865	62	68,061	82	54,865	102	68,061
b) unlisted shares	3	0	23	0	43	1,150	63	1,150	83	1,150	103	1,150
c) other interests	4	0	24	0	44	0	64	0	84	0	104	0
2. Shares of common investment funds	5	0	25	0	45	717,887	65	717,886	85	717,887	105	717,886
3. Bonds and other fixed-income securities	6	1,686,459	26	1,750,677	46	1,132,862	66	1,146,306	86	2,819,321	106	2,896,983
a1) listed government securities	7	1,488,443	27	1,558,107	47	868,441	67	875,648	87	2,356,884	107	2,433,755
a2) other listed securities	8	198,016	28	192,570	48	264,421	68	270,658	88	462,437	108	463,228
b1) unlisted government securities	9	0	29	0	49	0	69	0	89	0	109	0
b2) other unlisted securities	10	0	30	0	50	0	70	0	90	0		0
c) convertible debentures	11	0	31	0	51	0	71	0	91	0	111	0
5. Shares in investment pools	12	0	32	0	52	0	72	0	92	0	112	0
7. Other financial investments	13	0	33	0	53	811,097	73	811,199	93	811,097	113	811,199

II - Life business

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

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

FY 2013

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

			Shares and interests C.III.1		Shares in common investment funds C.III.2		Bonds and other fixed-income securities C.III.3		Participation in investment pools C.III.5		Other financial sundry C.III.7
Initial amounts	+	1	0	21	0	41	1,625,409	81	0	101	892,847
Increases during the year:	+	2	0	22	0	42	126,572	82	0	102	406,511
due to: purchases		3	0	23	0	43	119,130	83	0	103	406,511
upward adjustments of value		4	0	24	0	44	0	84	0	104	0
transfers from the short-term portfolio		5	0	25	0	45	0	85	0	105	0
other changes		6	0	26	0	46	7,442	86	0	106	0
Reductions during the year:	-	7	0	27	0	47	65,522	87	0	107	488,260
due to: sales		8	0	28	0	48	0	88	0	108	0
write-downs		9	0	29	0	49	0	89	0	109	0
transfers to the short-term portfolio		10	0	30	0	50	0	90	0	110	0
other changes		11	0	31	0	51	65,522	91	0	111	488,260
Carrying value		12	0	32	0	52	1,686,459	92	0	112	811,097
Current value		13	0	33	0	53	1,750,677	93	0	113	811,097

Notes to the financial statements – Annex 10

Company **SACE S.p.A.** FY 2013

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

			Loans C.III.4		Deposits with credit institutions C.III.6
Initial amounts	+	1	6,158	21	630,000
Increases during the year:	+	2	0	22	8,459,601
due to: issues		3	0	23	8,459,601
upward adjustments of value		4	0	24	
other changes		5		25	
Reductions during the year:	-	6	671	26	8,238,323
due to: repayments		7	671	27	8,235,926
write-downs		8		28	
other changes		9		29	2,397
Carrying value		10	5,487	30	851,278

Company **SACE S.p.A.** FY 2013

LIABILITIES - CHANGES IN THE NON-LIFE UNEARNED PREMIUMS PROVISION (ITEM C.I.1) AND CLAIMS OUTSTANDING PROVISION (ITEM C.I.2)

Type		FY		Previous year		Change
Provisions for unearned premiums:						
Provision for premium instalments	1	1,274,925	11	1,283,492	21	-8,567
Provision for unexpired risks	2	250,000	12	350,000	22	-100,000
Carrying value	3	1,524,925	13	1,633,492	23	-108,567
Provisions for claims outstanding:						
Provision for refunds and direct expenses	4	634,163	14	581,907	24	52,256
Provision for claim settlement costs	5	2,912	15	2,441	25	471
IBNR provision	6	10,610	16	7,604	26	3,006
Carrying value	7	647,685	17	591,952	27	55,733

Notes to the financial statements – Annex 15

Company **SACE S.p.A.** FY 2013

LIABILITIES - CHANGE IN PROVISIONS FOR RISKS AND CHARGES (ITEM E) AND FOR EMPLOYEE SEVERANCE INDEMNITIES (ITEM G.VII)

			Provision for pensions and similar		Provision for tax		Other provisions		Severance pay provision
Initial amounts	+	1	1,992	11	40,913	21	39,241	31	6,450
Sums set aside for the year	+	2		12		22	2,540	32	312
Other increases	+	3		13		23	52	33	2
Utilisations for the year	-	4	74	14	18,483	24	9,892	34	449
Other reductions	-	5		15		25	646	35	13
Carrying value		6	1,919	16	22,430	26	31,294	36	6,302

Company **SACE S.p.A.** FY 2013

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

I: Assets

	Controlling companies	Subsidiaries	Affiliated companies	Associated companies	Other	Total
Shares and interests	1	2 164,494	3	4 7,570	5	6 172,065
Debt securities	7	8	9	10	11	12
Loans	13	14 1,000,000	15	16	17	18 1,000,000
Shares in investment pools	19	20	21	22	23	24
Deposits with credit institutions	25	26	27	28	29	30
Other financial investments	31	32	33	34	35	36
Deposits with ceding companies	37	38 158	39	40	41	42 158
Investments relating to contracts linked to investment funds and market indexes	43	44	45	46	47	48
Investments relating to the administration of pension funds	49	50	51	52	53	54
Receivables arising out of insurance business	55	56	57	58	59	60
Receivables arising out of reinsurance business	61	62 -459	63	64	65	66 -459
Other receivables	67	68 11,151	69	70	71	72 11,151
Bank and postal deposits	73	74	75	76	77	78
Other	79	80 358	81	82	83	84 358
Total	85 **0**	86 **1,175,702**	87 **0**	88 **7,570**	89 **0**	90 **1,183,272**
of which subordinated assets	91 0	92 25,000	93	94	95 0	96 25,000

II: Liabilities

	Controlling companies	Subsidiaries	Affiliated companies	Associated companies	Other	Total
Subordinated liabilities	97	98	99	100	101	102
Deposits received from reinsurers	103	104	105	106	107	108
Accounts payable arising out of insurance business	109	110	111	112	113	114
Accounts payable arising out of reinsurance business	115	116	117	118	119	120
Amounts owed to credit institutions	121	122	123	124	125	126
Loans guaranteed by mortgages	127	128	129	130	131	132
Other loans and financial liabilities	133	134	135	136	137	138
Sundry accounts payable	139	140 13,758	141	142	143	144 13,758
Sundry liabilities	145	146	147	148	149	150
Total	151	152 **13,758**	153	154	155	156 **13,758**

Notes to the financial statements – Annex 17

Company **SACE S.p.A.** FY 2013

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

			FY		Previous year
I.	Guarantees given:				
a)	sec. and endorsements in the interest of parent companies, subsidiaries and affiliates	1		31	
b)	securities and endorsements in the interest of ass. companies and other companies in which significant interest is held	2		32	
c)	securities and endorsements in the interest of third parties	3		33	
d)	other personal guarantees in the interest of parent companies, subsidiaries and affiliates	4		34	
e)	other personal guarantees in the interest of associated companies and other companies in which significant interest is held	5		35	
f)	other personal guarantees in the interest of third parties	6		36	
g)	guarantees secured by mortgages given for obligations of controlling companies subsidiaries and affiliates	7		37	
h)	guarantees secured by mortgages for obligations of ass. companies and other companies in which significant interest is held	8		38	
i)	guarantees secured by mortgages for obligations of third parties	9		39	
l)	guarantees issued for obligations of the company	10		40	
m)	assets deposited for inward reinsurance business	11		41	
Total		12		42	
II.	Guarantees received:				
a)	by group companies, associated companies and other companies in which an interest is held	13		43	
b)	by third parties	14	4,094	44	4,228
Total		15	**4,094**	45	**4,228**
III.	Guarantees issued by third parties in the interest of the company:				
a)	by group companies, associated companies and other companies in which an interest is held	16		46	
b)	by third parties	17		47	
Total		18		48	
IV.	Commitments:				
a)	commitments for acquisitions with obligation to re-sell	19		49	
b)	commitments for sales with obligation to buy back	20		50	
c)	other commitments	21	3,985,993	51	3,538,222
Total		22	**3,985,993**	52	**3,538,222**

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

FY 2013

SCHEDULE OF LIABILITIES FOR TRANSACTIONS ON DERIVATIVES

Derivatives		FY				Previous year			
		Purchase		Sale		Purchase		Sale	
		(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
Futures:	on shares	1	101	21 197	121 197	41	141	61	161
	on bonds	2	102	22 7,373	122 7,373	42	142	62	162
	on currencies	3	103	23	123	43	143	63	163
	on rates	4	104	24	124	44	144	64	164
	other	5	105	25	125	45	145	65	165
Options:	on shares	6	106	26 -	126	46	146	66	166
	on bonds	7	107	27	127	47	147	67	167
	on currencies	8	108	28 157,367	128 -382	48	148	68 228,418	168 -958
	on rates	9	109	29	129	49	149	69	169
	other	10	110	30	130	50	150	70	170
Swaps:	on currencies	11	111	31	131	51	151	71	171
	on rates	12	112	32	132	52	152	72	172
	other	13	113	33	133	53	153	73	173
Other transactions		14 -	114	34	134	54	154	74	174
Total		15 -	115 -	35 164,938	135 7,188	55 -	155 -	75 228,418	175 -958

NB:
Only transactions on derivatives existing at the date of the accounts that involve commitments for the company must be stated.
If the contract does not correspond precisely to the figures described or if it is characterised by elements of several types, it must be stated in the closest contractual category.
Offsetting of items is not permitted except in relation to purchase/sale transactions relating to the same type of contract (same content, expiry, underlying assets, etc.).
- The value to be assigned to derivative contracts that involve or may involve the exchange of capital at term is the settlement price of these; in all other cases, the nominal value of the reference capital must be indicated.
- Contracts that envisage the swapping of two currencies must be indicated once only, referring, by convention, to the currency to be purchased. Contracts that envisage interest rate and currency swaps must be indicated only under contracts on currency.
Interest swap derivatives are classified conventionally as "purchases" or "sales" according to whether they involve the purchase or sale of the fixed rate or sale of the fixed rate for the insurance company.

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

(2) Indicate the fair value of derivative contracts.

Notes to the financial statements – Annex 19

Company **SACE S.p.A.** FY 2013

SUMMARY INFORMATION RELATING TO THE NON-LIFE TECHNICAL ACCOUNT

	Gross premiums written	Gross premiums for the year	Gross charge for claims	Management costs	Reinsurance balance
Direct business:					
Accident and Health (lines 1 and 2)	1	2	3	4	5
Land vehicles TPL (line 10)	6	7	8	9	10
Land vehicle hulls (line 3)	11	12	13	14	15
Marine, Aviation and Transport (lines 4, 5, 6, 7, 11 and 12)	16	17	18	19	20
Fire and other damage to property (lines 8 and 9)	21	22	23	24	25
General TPL (line 13)	26	27	28	29	30
Credit and suretyship (lines 14 and 15)	31 303,438	32 406,015	33 147,409	34 62,447	35 -7,099
Miscellaneous financial loss (line 16)	36	37	38	39	40
Legal expenses (line 17)	41	42	43	44	45
Assistance (line 18)	46	47	48	49	50
Total direct insurance	51 303,438	52 406,015	53 147,409	54 62,447	55 -7,099
Inward reinsurance	56 12,515	57 18,142	58 12,656	59 1,355	60
Total Italian portfolio	61 315,953	62 424,157	63 160,065	64 63,802	65 -7,099
Foreign portfolio	66 457	67 663	68 462	69 50	70
Grand total	71 316,410	72 424,820	73 160,527	74 63,852	75 -7,099

Company **SACE S.p.A.** FY 2013

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

		Non-life business		Life business		Total
Income from shares and interests:						
Dividends and other income from shares and interests in group companies and other companies in which significant interest is held	1		41		81	
Dividends and other income from shares and interests in other companies	2	1,857	42		82	1,857
Total	3	1,857	43		83	1,857
Income from land and buildings	4	775	44		84	775
Income from other investments:						
Income from bonds of group companies and companies in which significant interest is held	5		45		85	
Interest on loans to group companies and companies in which significant interest is held	6	16,418	46		86	16,418
Income from shares of common investment funds	7		47		87	
Income from debt securities and other fixed-income securities	8	105,792	48		88	105,792
Interest on loans	9	121	49		89	121
Income from shares of investment pools	10		50		90	
Interest on deposits with credit institutions	11	18,522	51		91	18,522
Income from other financial investments	12	13,606	52		92	13,606
Interest on deposits with ceding companies	13		53		93	
Total	14	154,459	54		94	154,459
Value re-adjustments on investments in:						
Land and buildings	15		55		95	
Shares and interests in group companies & other companies in which significant interest is held	16		56		96	
Bonds issued by group companies and companies in which significant interest is held	17		57		97	
Other shares and interests	18	52,903	58		98	52,903
Other debt securities	19	33,678	59		99	33,678
Other financial investments	20	24,264	60		100	24,264
Total	21	110,845	61		101	110,845
Income from disposal of investments:						
Surplus on the sale of land and buildings	22		62		102	
Gains on shares and interests in group companies and companies in which significant interest is held	23		63		103	
Income from bonds issued by group companies and other companies in which significant interest is held	24		64		104	
Gains on other shares and interests	25	27,190	65		105	27,190
Gains on other debt securities	26	39,263	66		106	39,263
Gains on other financial investments	27	602,028	67		107	602,028
Total	28	668,481	68		108	668,481
GRAND TOTAL	29	936,417	69		109	936,417

Notes to the financial statements – Annex 23

Company **SACE S.p.A.** FY 2013

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

	Non-life business		Life business		Total	
Investment management charges and other charges						
Charges referring to shares and interests	1		31		61	
Charges referring to investments in land and buildings	2	702	32		62	702
Charges referring to debt securities	3	9	33		63	9
Charges referring to shares of common investment funds	4		34		64	
Charges referring to shares in investment pools	5		35		65	
Charges referring to other financial investments	6	3,438	36		66	3,438
Interest on deposits received from reinsurers	7		37		67	
Total	8	4,150	38		68	4,150
Value re-adjustments on investments referring to:						
Land and buildings	9		39		69	
Shares and interests in group companies and companies in which significant interest is held	10	4,578	40		70	4,578
Debt securities issued by group companies and companies in which significant interest is held	11		41		71	
Other shares and interests	12	34,862	42		72	34,862
Other debt securities	13	2,425	43		73	2,425
Other financial investments	14	34,279	44		74	34,279
Total	15	76,144	45		75	76,144
Losses on disposal of investments						
Losses on the sale of land and buildings	16		46		76	
Losses on shares and interests	17	2,303	47		77	2,303
Losses on debt securities	18	2,144	48		78	2,144
Losses on other financial investments	19	472,498	49		79	472,498
Total	20	476,944	50		80	476,944
GRAND TOTAL	21	557,238	51		81	557,238

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

FY 2013

NON-LIFE - SUMMARY LAYOUT OF TECHNICAL ACCOUNT BY LINE OF BUSINESS - ITALIAN PORTFOLIO

			Business code 01 Accident (name)		Business code 02 Health (name)		Business code 03 Motor hulls (name)		Business code 04 Hulls of railway rolling stock (name)		Business code 05 Hulls of aircraft (name)		Business code 06 Ships (name)	
Direct business gross of reinsurance														
Premiums written		+	1	0	1	0	1	0	1	0	1	0	1	0
Change in the provision for unearned premiums (+ or -)		-	2	0	2	0	2	0	2	0	2	0	2	0
Claims incurred		-	3	0	3	0	3	0	3	0	3	0	3	0
Change in sundry technical provisions (+ or -) (1)		-	4	0	4	0	4	0	4	0	4	0	4	0
Balance of other technical income and charges (+ or -)		+	5	0	5	0	5	0	5	0	5	0	5	0
Operating expense		-	6	0	6	0	6	0	6	0	6	0	6	0
Balance on the technical account for direct business (+ or -)	**A**		7	0	7	0	7	0	7	0	7	0	7	0
Balance of reinsurance ceded (+ or -)	**B**		8	0	8	0	8	0	8	0	8	0	8	0
Net balance of indirect business (+ or -)	**C**		9	0	9	0	9	0	9	0	9	0	9	0
Change in the equalisation provision (+ or -)	**D**		10	0	10	0	10	0	10	0	10	0	10	0
Allocated investment return transferred from the non-technical account	**E**		11	0	11	0	11	0	11	0	11	0	11	0
Balance on the technical account (+ or -)	**(A + B + C - D + E)**		12	0	12	0	12	0	12	0	12	0	12	0

			Business code 07 Goods Transported (name)		Business code 08 Fire and Natural Forces (name)		Business code 09 Other Property Damage (name)		Business code 10 Motor TPL (name)		Business code 11 TPL aircraft (name)		Business code 12 Ships TPL (name)	
Direct business gross of reinsurance														
Premiums written		+	1	0	1	0	1	0	1	0	1	0	1	0
Change in the provision for unearned premiums (+ or -)		-	2	0	2	0	2	0	2	0	2	0	2	0
Claims incurred		-	3	0	3	0	3	0	3	0	3	0	3	0
Change in sundry technical provisions (+ or -) (1)		-	4	0	4	0	4	0	4	0	4	0	4	0
Balance of other technical income and charges (+ or -)		+	5	0	5	0	5	0	5	0	5	0	5	0
Operating expense		-	6	0	6	0	6	0	6	0	6	0	6	0
Balance on the technical account for direct business (+ or -)	**A**		7	0	7	0	7	0	7	0	7	0	7	0
Balance of reinsurance ceded (+ or -)	**B**		8	0	8	0	8	0	8	0	8	0	8	0
Net balance of indirect business (+ or -)	**C**		9	0	9	0	9	0	9	0	9	0	9	0
Change in the equalisation provision (+ or -)	**D**		10	0	10	0	10	0	10	0	10	0	10	0
Allocated investment return transferred from the non-technical account	**E**		11	0	11	0	11	0	11	0	11	0	11	0
Balance on the technical account (+ or -)	**(A + B + C - D + E)**		12	0	12	0	12	0	12	0	12	0	12	0

			Business code 13 Non-motor TPL (name)		Business code 14 Receivables (name)		Business code 15 Suretyship (name)		Business code 16 Sundry Pecuniary Losses (name)		Business code 17 Legal Fees (name)		Business code 18 Assistance (name)	
Direct business gross of reinsurance														
Premiums written		+	1	0	1	-278,218	1	-25,220	1	0	1	0	1	0
Change in the provision for unearned premiums (+ or -)		-	2	0	2	-94,051	2	-8,526	2	0	2	0	2	0
Claims incurred		-	3	0	3	135,158	3	12,252	3	0	3	0	3	0
Change in sundry technical provisions (+ or -) (1)		-	4	0	4		4		4	0	4	0	4	0
Balance of other technical income and charges (+ or -)		+	5	0	5	17,414	5	1,579	5	0	5	0	5	0
Operating expense		-	6	0	6	57,257	6	5,190	6	0	6	0	6	0
Balance on the technical account for direct business (+ or -)	**A**		7	0	7	-162,441	7	-14,725	7	0	7	0	7	0
Balance of reinsurance ceded (+ or -)	**B**		8	0	8	-7,099	8	0	8	0	8	0	8	0
Net balance of indirect business (+ or -)	**C**		9	0	9	-3,788	9	-343	9	0	9	0	9	0
Change in the equalisation provision (+ or -)	**D**		10	0	10	33,523	10	3,039	10	0	10	0	10	0
Allocated investment return transferred from the non-technical account	**E**		11	0	11	-111,691	11	-10,125	11	0	11	0	11	0
Balance on the technical account (+ or -)	**(A + B + C - D + E)**		12	0	12	-251,495	12	-22,154	12	0	12	0	12	0

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

FY 2013

SUMMARY LAYOUT OF TECHNICAL ACCOUNTS FOR ALL LINES OF NON-LIFE BUSINESS ITALIAN PORTFOLIO

		Risks of direct insurance				Risks of indirect insurance				Risks retained	
		Direct insurance 1		Ceded risks 2		Inwards reinsurance 3		Retrocessions 4		Total 5 = 1 - 2 + 3 - 4	
Premiums written	+	1	-303,438	11	594	21	-12,515	31		41	-315,359
Change in the provision for unearned premiums (+ or -)	-	2	-102,577	12	2,181	22	-5,627	32		42	-106,023
Claims incurred	-	3	147,409	13	-9,814	23	12,656	33		43	150,251
Change in sundry technical provisions (+ or -) (1)	-	4		14		24		34		44	
Balance of other technical income and charges (+ or -)	+	5	18,993	15		25		35		45	18,993
Operating expense	-	6	62,447	16	-60	26	1,355	36		46	63,742
Technical balance (+ or -)		7	-177,166	17	-7,099	27	-4,131	37		47	-188,396
Change in the equalisation provision (+ or -)	-	8	36,562							48	36,562
Allocated investment return transferred from the non-technical account	+	9	-121,815			29				49	-121,815
Balance on the technical account (+ or -)		10	-262,419	20	-7,099	30	-4,131	40		50	-273,649

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

Company **SACE S.p.A.** FY 2013

SUMMARY LAYOUT OF TECHNICAL ACCOUNTS FOR ALL LINES OF BUSINESS - FOREIGN PORTFOLIO

Section I: Non-life insurance

				Total lines of business
Direct business gross of reinsurance				
Premiums written			1	
Change in the provision for unearned premiums (+ or -)		-	2	
Claims incurred		-	3	
Change in sundry technical provisions (+ or -) (1)		-	4	
Balance of other technical items (+ or -)			5	
Operating expense		-	6	
Balance on the technical account for direct business (+ or -)	**A**		7	
Balance of reinsurance ceded (+ or -)	**B**		8	
Net balance of indirect business (+ or -)	**C**		9	-151
Change in the equalisation provision (+ or -)	**D**		10	1,336
Allocated investment return transferred from the non-technical account	**E**		11	-4,451
Balance on the technical account (+ or -)	**(A + B + C - D + E)**		12	**-3,266**

Section II: Life insurance business

				Total lines of business
Direct business gross of reinsurance				
Premiums written		+	1	0
Claims incurred		-	2	0
Change in the policy liabilities provision and sundry technical provisions (+ or -) (2)		-	3	0
Balance of other technical income and charges (+ or -)		+	4	0
Operating expense		-	5	0
Investment income net of the allocation transferred to the non-technical account (3)		+	6	0
Balance of direct business gross of reinsurance (+ or -)	**A**		7	0
Balance of reinsurance ceded (+ or -)	**B**		8	0
Net balance of indirect business (+ or -)	**C**		9	0
Balance on the technical account (+ or -)	**(A + B + C)**		10	0

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

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

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

Notes to the financial statements – Annex 30

Company **SACE S.p.A.** FY 2013

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

I: Income

	Controlling companies	Subsidiaries	Affiliated companies	Associated companies	Other	Total
Investment income						
Income from land and buildings	1	2 775	3	4	5	6 775
Dividends and other equities	7	8	9	10	11	12
Income from debt securities	13	14	15	16	17	18
Interest on loans	19	20	21	22	23	24
Income from other financial investments	25	26 16,418	27	28	29	30 16,418
Interest on deposits with ceding companies	31	32 3	33	34	35	36 3
Total	37	38 17,195	39	40	41	42 17,195
Unrealised income and gains on investments for the benefit of policyholders who bear the investment risk and relating to the administration of pension funds	43	44	45	46	47	48
Other income						
Interest on credits	49	50	51	52	53	54
Recovery of administrative expenses	55	56	57	58	59	60
Other income and recoveries	61	62 3,992	63	64	65	66 3,992
Total	67	68 3,992	69	70	71	72 3,992
Profits on disposal of investments (*)	73	74	75	76	77	78
Extraordinary income	79	80 7	81	82	83	84 7
GRAND TOTAL	85	86 21,194	87	88	89	90 21,194

II: Charges

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

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

Company **SACE S.p.A.** FY 2013

SUMMARY STATEMENT OF PREMIUMS WRITTEN FOR DIRECT BUSINESS

	Non-life business		Life business		Total	
	Establishment	F.P.S.	Establishment	F.P.S.	Establishment	F.P.S.
Premiums written:						
in Italy	1 303,438	5 0	11 0	15 0	21 303,438	25 0
in other EU countries	2 0	6 0	12 0	16 0	22 0	26 0
in third countries	3 0	7 0	13 0	17 0	23 0	27 0
Total	4 303,438	0	14 0	18 0	24 303,438	28 0

Notes to the financial statements – Annex 32

Company **SACE S.p.A.** FY 2013

STATEMENT OF COSTS RELATING TO PERSONNEL, DIRECTORS AND STATUTORY AUDITORS

I: Staff costs

	Non-life business		Life business		Total	
Personnel costs:						
Italian portfolio:						
- Wages	1	32,827	31	0	61	32,827
- Social contributions	2	8,713	32	0	62	8,713
- Severance payments and other obligations	3	2,040	33	0	63	2,040
- Other staff costs	4	10,171	34	0	64	10,171
Total	5	53,751	35	0	65	53,751
Foreign portfolio:						
- Wages	6	1,191	36	0	66	1,191
- Social contributions	7	316	37	0	67	316
- Other staff costs	8	369	38	0	68	369
Total	9	1,876	39	0	69	1,876
Grand total	10	55,626	40	0	70	55,626
Costs of self-employed personnel:						
Italian portfolio	11	2,997	41	0	71	2,997
Foreign portfolio	12	109	42	0	72	109
Total	13	3,106	43	0	73	3,106
Total cost of workforce	14	58,732	44	0	74	58,732

II: Details of items entered

	Non-life business		Life business		Total	
Investment management charges	15	1,517	45	0	75	1,517
Claims incurred	16	2,351	46	0	76	2,351
Other acquisition costs	17	14,254	47	0	77	14,254
Other administrative costs	18	40,609	48	0	78	40,609
Administrative charges and charges for third parties	19	0	49	0	79	0
	20	0	50	0	80	0
Total	21	58,732	51	0	81	58,732

III: Average number of staff

	Number	
Managers	91	27
Employees	92	431
Salaried staff	93	0
Others	94	0
Total	95	458

IV: Directors and auditors

	Number		Fees	
Directors	96	5	98	497
Auditors	97	3	99	39

SACE S.p.A.

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

The legal representatives of the company (*)

Alessandro Castellano(**)

The Statutory Auditors

Marcello Cosconati

Alessandra Rosa

Giuliano Segre

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

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

CERTIFICATION OF THE FINANCIAL STATEMENTS PURSUANT TO ARTICLE 13, PARA. 10.8 OF THE CORPORATE BYLAWS OF SACE S.P.A.

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

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

of the administrative and accounting procedures used to prepare the financial statements for the year ended at 31 December 2013.

The adequacy of the administrative and accounting procedures used to prepare the financial statements for the year ended at 31 December 2013 was assessed on the basis of a process defined by SACE in accordance with generally recognised international standards.

We hereby also certify that:

- the financial statements at 31 December 2013:
    - correspond to the results of company records and accounting entries;
    - were drawn up in accordance with article 6, para. 22 of Legislative Decree 269/2003, the applicable provisions of Legislative Decree 209 of 7 September 2005, Legislative Decree 173 of 26 May 1997 (with regard to the provisions governing the annual and consolidated accounts of insurance companies) and that to the best of our knowledge they give a true and fair view of the state of affairs, the financial standing and the operating result of the company.
- the report on operations includes a fair review of the operating performance and result and the situation of the company and a description of the main risks and uncertainties to which it is exposed.

Rome, 27 March 2014

Alessandro Castellano	Roberto Taricco
CEO	**Executive Officer**

REPORT OF THE BOARD OF STATUTORY AUDITORS

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2013

Dear Shareholders,

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

In the year ended 31 December 2013 we carried out our duties in accordance with Art. 2403 of the Italian Civil Code and in compliance with the Principles of Conduct of the Board of Statutory Auditors, recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (Italian board of certified public accountants).

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

The draft financial statements for the year ended 31 December 2013 were provided to us by the Board of Directors of SACE S.p.A. on 27 March 2014, together with the relative detailed statements and annexes and the report on operations, in accordance with the requirements of company law and legislation governing SACE S.p.A.'s specific area of business.

This Board of Statutory Auditors, appointed by resolution of the shareholders' meeting held on 2 July 2013 for three years, and therefore until the date of the meeting called to approve the financial statements for 2015, has held 5 (five) meetings since it was established, whereas the Board of Statutory Auditors in office until the date of the above specified meeting held 7 (seven) meetings during 2013, for a total of 12 (twelve) meetings in 2013, as indicated in the relative meeting and resolution book. During the year, this Board participated in all of the Board of Director meetings and received information about operations and the most significant transactions without delay from the Board of Directors, company managers and the other supervisory bodies, and are satisfied that all operations approved and implemented comply with the law and the corporate bylaws, do not contradict previous decisions and are in line with the principles of correct administration, and we can reasonably state that they are consistent with the structure and size of the company and its assets.

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

Considering the request for distribution of the available reserves by the single shareholder, after receiving the motivated opinion of the Board of Statutory Auditors and believing that the distribution of the available reserves for a total amount of € 1,001,074,320.00 is sustainable from a financial and equity point of view, the Board of Directors called for the shareholders' meeting that resolved to make the distribution on 20 December 2013.

We fostered and gathered an adequate flow of information concerning aspects of corporate life as provided by the explanations, clarifications and details supplied, also pursuant to article 2381 of the Italian Civil Code, by the CEO and the heads of the specific departments.

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

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

Taking into account the direction and coordination activities of the parent company Cassa Depositi e Prestiti S.p.A., we monitored the adequacy of the company's organisational, administrative and accounting structure, also by gathering information from the respective department managers, examining the work of the Independent Auditors and with meetings with the Boards of Statutory Auditors of the parent company Cassa depositi e prestiti S.p.A. and the SACE BT S.p.A., SACE SRV Srl and SACE Fct S.p.A. subsidiaries. This showed the organisational, administrative and accounting structure to be in line with the company's needs and to be backed by efficient corporate procedures.
We worked in collaboration with the Head of the internal auditing department, which also gave rise to detailed analyses and flows of information concerning the effectiveness of corrections that had been proposed and actually implemented.
The information received from the Supervisory Committee on the adequacy of the organisation, management and control model, pursuant to Legislative Decree 231 of 2001, confirmed that there were no signs of weakness in the procedures adopted by the company.
Functions are well distributed within the Board of Directors and in line with the mandates conferred.
In that respect we continued to press for supervisory activities to include the effective separation of responsibilities as regards the various tasks and functions, also to protect the assumed risks.
The independent auditors appointed for the three-year period 2013-2015, PricewaterhouseCoopers S.p.A., sole auditor of the Cassa Depositi e Prestiti Group, did not report any irregularities in the recording and disclosure of corporate facts nor, as far as the financial statements are concerned, any discrepancies with respect to the accounting standards and valuation criteria adopted in previous years, thus confirming the compliance of those used in order to give a true and fair view of the company's assets, liabilities, costs and revenues for the year 2013. We noted that in their report, the independent auditors certify that the financial statements for the year ended at 31 December 2013 were drawn up clearly and provide a true and fair view of the state of affairs, financial standing, operating result, changes in shareholders' equity and cash flows of SACE S.p.A.
We supervised the general approach of the financial statements, their overall compliance with the law in terms of their layout and structure; we also verified compliance with the law concerning the preparation of the report on operations.
We did not receive any petitions or complaints pursuant to article 2408 of the Italian Civil Code.

Based on the above, we have no reservations concerning the approval of the year financial statements as prepared by the Board of Directors or their proposal to allocate the year profit amounting to € 277,652,689.00 as follows:

- € 13,882,634 to the Legal Reserve, equal to 5% of the net profit;
- € 15,108,651 to the Other Reserves;
- € 248,661,404 according to resolutions to be passed by the shareholders' meeting.

Rome, 8 April 2014

The Board of Statutory Auditors
Mr Marcello Cosconati (Chairman)
Ms Alessandra Rosa (Standing Auditor)
Mr Giuliano Segre (Standing Auditor)

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

To the Shareholder of
SACE SpA

1 We have audited the separate financial statements of SACE SpA as at 31 December 2013. The directors of SACE SpA are responsible for the preparation of these financial statements in compliance with the laws governing the criteria for their preparation. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 27 March 2013.

3 In our opinion, the separate financial statements of SACE SpA as of 31 December 2013 comply with the laws governing the criteria for their preparation; accordingly, they have been prepared clearly and give a true and fair view of the financial position and of the results of operations of the Company.

PricewaterhouseCoopers SpA

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4 The directors of SACE SpA are responsible for the preparation of a report on operations in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Italian Accounting Profession and recommended by CONSOB. In our opinion the report on operations is consistent with the separate financial statements of SACE SpA – Servizi Assicurativi del Commercio Estero as of 31 December 2013.

Rome, 8 April 2014

PricewaterhouseCoopers SpA

Signed by

Antonio Dogliotti
(Partner)

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

ACRA

PRESIDENTE
Prof. Paolo De Angelis

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

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

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

Rome, April 7th 2014

OBJECT: SACE S.P.A.
Financial Statements as at and for the year ended December 31st 2013

In accordance with my engagement, I have carried out an actuarial audit of the captions relating to the technical reserves included in the balance sheet liabilities of the financial statements of SACE S.p.A as at and for the year ended December 31st 2013, in order to express my opinion on the adequacy of the above technical reserves.

In particular, I declare that SACE S.p.A. in calculating technical reserves as at December 31st 2013 has adopted:
- market-consistent models for risk credit reserves, and
- market-consistent parameters estimation.

In my opinion the technical reserves of SACE S.p.A. as at December 31st 2013 - taken as a whole - are adequate to describe the value of Company liabilities.

The Actuary

Signed by

(Prof. Paolo De Angelis)

Prof. PAOLO DE ANGELIS ORDINE NAZIONALE ATTUARI N° 548 ATTUARIO

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

ASSOCIAZIONE
PER LA CONSULENZA
E LA RICERCA ATTUARIALE

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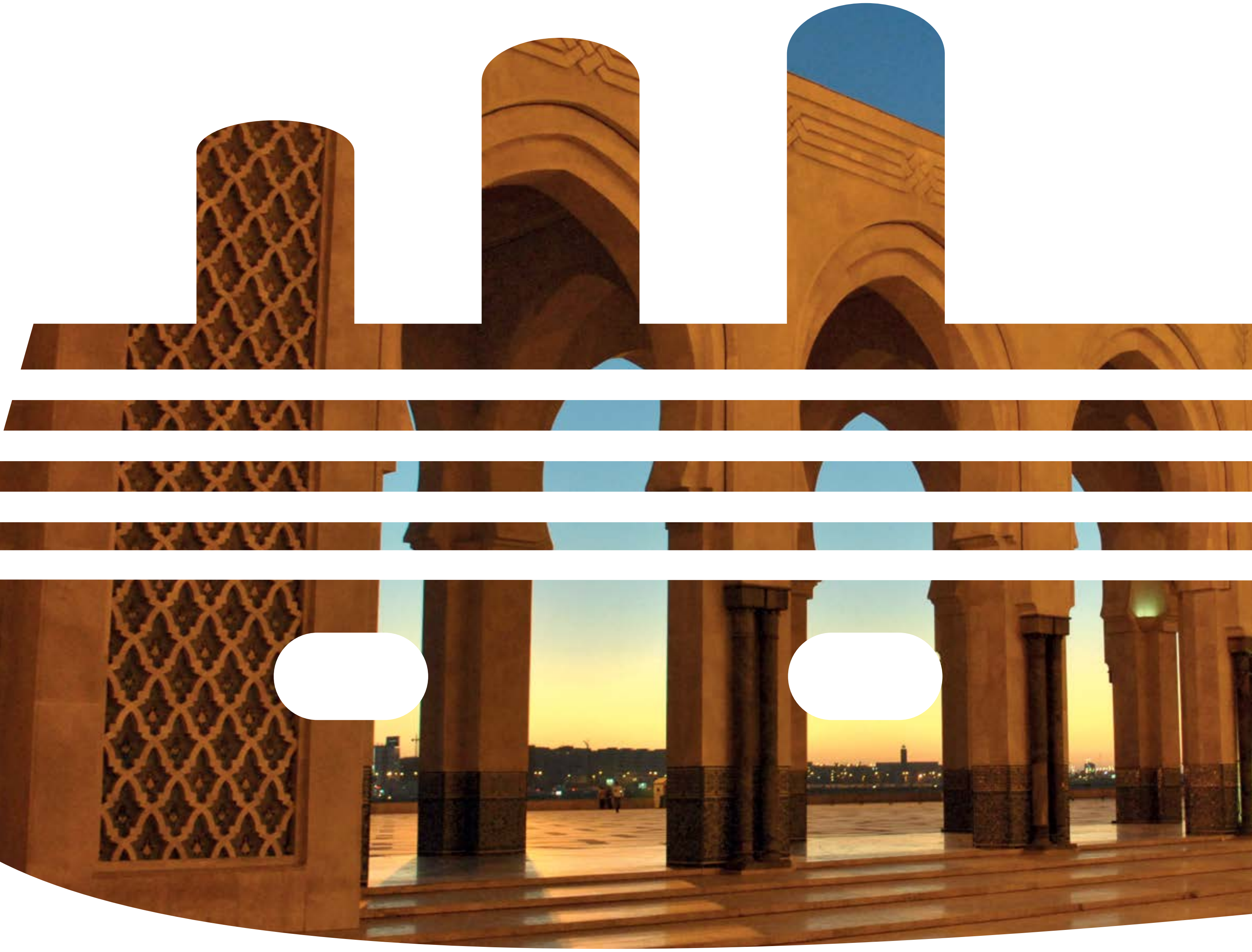
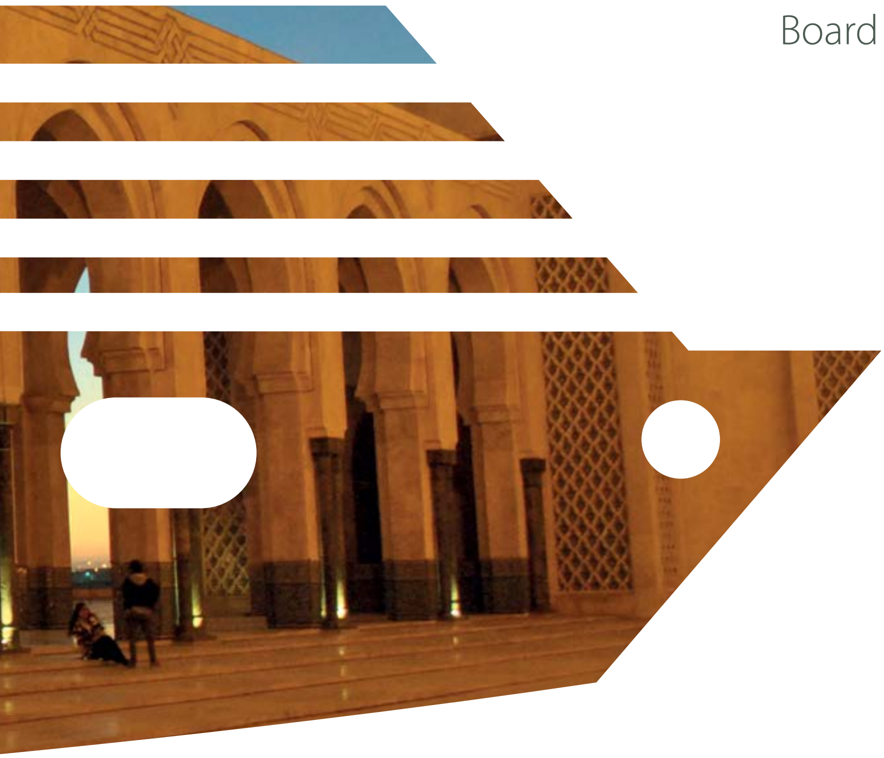
MOROCCO. Marrakesh. Flavia Costabile, SACE



CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013

Board of Directors on 27 March 2014



SACE S.p.A.
Registered Office and Head Office in Rome
Share capital (fully paid in) € 4,340,053,892
Tax No. and Rome Companies Register
No. 05804521002 – R.E.A. 923591
Sole Shareholder Cassa Depositi e Prestiti S.p.A.

SACE

COMPANY OFFICERS AND BOARDS

BOARD OF DIRECTORS

Chairman

Giovanni CASTELLANETA

CEO (*)

Alessandro CASTELLANO

Directors

Maria Elena CAPPELLO
Carlo MONTICELLI
Leone PATTOFATTO

BOARD OF STATUTORY AUDITORS

Chairman

Marcello COSCONATI

Standing Auditors

Alessandra ROSA
Giuliano SEGRE

Alternate Auditors

Edoardo ROSATI
Maria Enrica SPINARDI

STANDING DELEGATE OF THE COURT OF AUDITORS

Antonio FRITTELLA

EXTERNAL AUDITORS (**)

PRICEWATERHOUSECOOPERS S.p.A.

Company Boards appointed by the Shareholders' Meeting on 2 July 2013 and in office for three years.
(*) Appointed CEO by resolution of the Board of Directors on 17 July 2013.
(**) Appointed for the three-year period 2013 - 2015 by the shareholder's meeting of 15 April 2013.

CONTENTS

DIRECTORS' REPORT

1. THE ECONOMIC SCENARIO

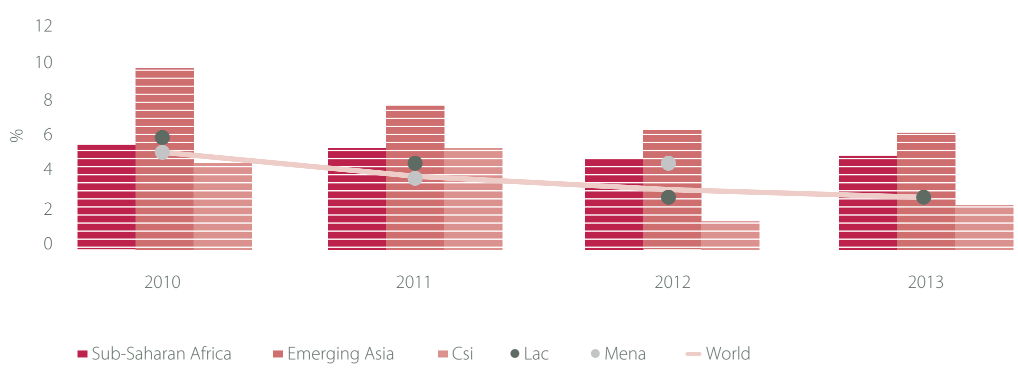
The world economy

2013 was a difficult year for the world economy. Most recent estimates put it at just below 3%, which is a decidedly low level of performance both in comparison to pre-financial crisis trends as well as to the values recorded during the past three-year period.

In advanced markets, there has been a substantial divergence between the Euro area, which has negative growth rates, and the other developed economies, which instead remained in positive territories. The United States have shown signals of recovery, which can be seen by the positive movements in investments and employment, as well as in the growth in the price of homes, even if the decrease in public spending, which climaxed in October with the partial closure of government offices, did slow down the momentum the economy has created. In Japan, the expansive fiscal and monetary policies the government has adopted, under the guidance of Shinzō Abe, have sustained growth and improved short-term outlooks, although the critical issues regarding the implementation of structural reforms and the definition of a credible strategy for consolidating public debt still remain. The Euro zone is finding it difficult to get out of the recession. 2013 was still a year of negative growth, due to the ongoing crisis in the Mediterranean economies. Unemployment rates still remain high, especially youth unemployment, and non-performing loans still persist, in particular in countries in the south of Europe that restrain the granting of new loans to companies.

The growth in emerging countries slowed down considerably, and this was particularly evident in the main economies, the so-called "Bric": the reasons are both due to economics (reduction in easy credit, slowdown in the positive cycle of the commodities), as well as structural problems (regulatory and physical bottlenecks, depletion of the demographic dividend).

Change in GDP, by geographical area



Source: FMI 2013

Summer experienced a mini currency crisis in emerging markets, caused by the fear in a change to the US expansive monetary policy (tapering) and the resulting temporary flight of short-term capital of from countries considered most risky. The impact that this sudden reorientation of portfolio flows had in some countries, and in particular in the so-called "fragile five" (India, Turkey, Indonesia, Brazil and South Africa), clearly demonstrated how important it will be in the future to pay greater attention when evaluating the different macroeconomic contexts. Economies with structural deficits in the current accounts and/or that depend on foreign short-term financial flows will probably experience monetary tension during 2014 as well as tightening in the conditions for accessing international capital markets.

The Italian economy and industrial sectors

The contraction in Italian GDP continued in 2013 (-1.9%), but in the third quarter, the country technically exited the recession, and in the fourth quarter a slight recovery was recorded. The drop in private consumption and investments led to further reduction in domestic demand. It is weighed down by the decrease in disposable income, the high level of unemployment and the continuing tensions in credit available to companies. A positive contribution towards growth came from net exports and signs of improvement have arrived from the resumption of new orders and in industry turnover as well as the slight progress in payment of PA debt.

During the year, industrial production decreased 3%. In November, however, there was a growth trend of 1.4% that interrupted a 26 month series of negative results. Year changes were negative for all the main industrial categories. The most significant decrease concerned capital goods and energy, accompanied by the negative performance of intermediate goods, which has decreased over the past three years.

Italian exports

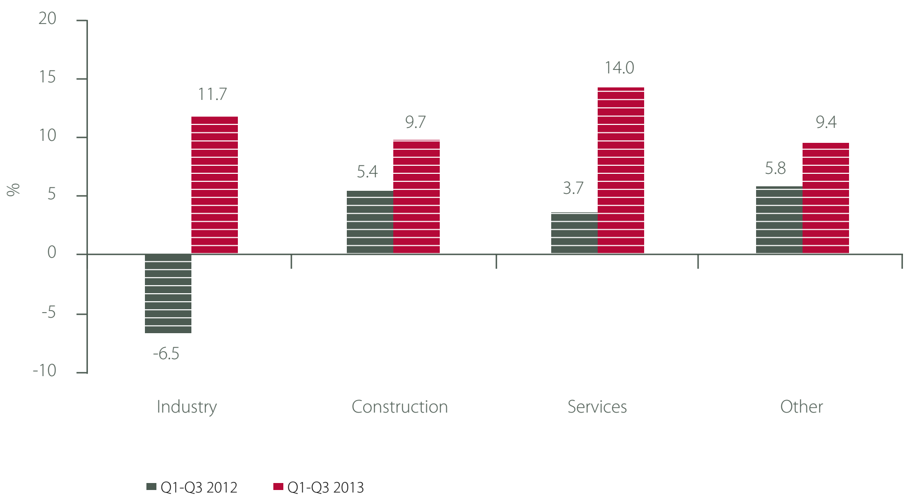
The Italian trade balance supported by the substantial surplus of non-energy products (+85 billion) reached a surplus of 30.4 billion, which is the result of the stability in exports (-0.1%) and a 5.5% decrease in imports. Exports were sustained by demand from non-EU countries (+1.3%), whereas there was a decrease in EU demand (-1.2%). The most dynamic countries were Belgium, China and Russia, with decreased sales to India, Switzerland and Spain. During the year, manufactured products that had significant growth abroad were pharmaceutical, food and leather products. SACE forecasts show that Italian exports of goods will grow by 6.8% in 2014, strengthened by a recovery in the international demand that has been expected for two years.

Credit, insolvency and payments

Bank loans to non-financial companies continued to decrease substantially, even if the lending terms for SMEs applied by banks have shown the first signs of improvement. The recession has also produced an increase in overdue debts due from businesses to banks to € 108.3 billion (€ 83.5 billion in 2012). The number of bankruptcies also grew, reaching almost 10 thousand in total (+12.1% compared with 2012); approx. 70% of defaults involved joint-stock companies. The building sector is the most critical, with more than 2,200 bankrupt companies. Cerved data relative to third quarter 2013 show that payments between businesses were settled, on average, in approx. 77.7 days, with an average delay of 17.7 days. This is the lowest value since the beginning of 2012. There has also been a general decrease, for all company sizes, of the number of companies that have accumulated delays of more than two months in comparison to the agreed upon deadlines. Insolvencies have increased in both wholesale and retail trade. In industry, the sectors that were worst hit were metal, fabric, clothing and food products. The increase in bankruptcies is wide spread also from a geographical point of view, with rates of change increasing in all areas.

Business insolvency proceedings by macrosector*

(% change in the number of insolvencies recorded by macrosector compared with the same period of the previous year)



* Last update available as of September 2013.
Source: Cerved

Credit recovery

The continuing difficulties of Italian companies did not have an impact on SACE SRV's credit recovery, which had recovery rates in line with the previous years (contrary to market trends). The inversion in claims reported by SACE BT in the credit business created a decrease (approx. -30%) in the number of mandates for SACE SRV, which was partially compensated for by the larger number of mandates granted by SACE. The bills protested to Italian companies showed signs of improvement. There were 62 thousand (-6% compared to third quarter 2012), for a total number of protested bills of approx. 196 thousand (-7.2%). After approx. one year from the introduction, approx. 5 thousand petitions were presented for composition with creditors with minimum application, and 24.6% of the involved companies had already transferred, sold or leased branches of their business in an attempt to save the business.

The outlook for 2014

The estimates for 2014 foresee a growth in global GDP (+3.7%), thanks to the consolidation in the growth in the United States and the resumption of economic activities in the Euro zone. There are still some risks of a downturn, connected in the short term to the adjustments being carried out in some emerging countries.
Italian GDP will start again to grow, even if at a rate below 1%, within a context of recovery that will be slow and relatively weak. Unemployment and non-performing loans will remain high, access to credit will improve, but not enough to help launch a recovery and the insolvency rates will decrease, even if it will be difficult for the numbers to reach positive levels during the year.

2. STRATEGY

2013 was a year characterised by weak growth in the world economy. Italy, which is still struggling, was particularly struck by the continuation of the liquidity crisis concerning financial intermediaries: it was our companies who suffered the most. The decrease in available financial resources had significant consequences on our investment capacity. At the same time, the high cost of financing worsened the commercial offerings of Italian exporters, which as a result benefitted competitors from other countries where they had better access to credit.
In this context that is particularly complex for supporting internationalisation and exports, SACE was able to reach the objectives it set out in the 2011-2013 Industrial Plan and initiated strategies targeted towards satisfying the needs expressed by Italian companies, concentrating in particular on expanding their access to credit.
Over the year, the funding for loans destined for Italian companies was supported by the collaboration between SACE and the European Investment Bank. The company also continued with the consolidation of its domestic network and with the strengthening of its international presence in markets strategic for Italian companies, with the opening of a new office of representation in Mexico. The analysis of the customer portfolio, the reorganisation of the commercial offering and the synergies created with SACE BT and SACE Fct led to the adoption of service models that are differentiated based on customer target and the development of new products, which will be launched during 2014.
The forecasts for the Italian economy for the two year period 2014-2015 mark out a weak and slow recovery that is still driven by export. Internationalisation will again be the winning strategy to combat the crisis and search for new business opportunities. During the year, a new advisory program will start that combines SACE's expertise in taking on and evaluating risks with its knowledge about foreign markets, in order to offer Italian companies another tool, working together with them on their foreign development plans.

SACE BT, which operates in the sector of credit insurance, surety bonds and the protection of construction risk, consolidated in 2013 its operations for revising its risk portfolio and customer portfolio, which it had started in 2012. There has been a progressive improvement in the results, exceeding the objectives set in the Industrial Plan. Growth of the top line for the current year is expected to be in line with the forecast economic recovery, in accordance with prudential underwriting policies and operating efficiency. With regard to the investment in SACE

BT there is an appeal pending at the European Court for the purpose of annulling the Decision of the European Community regarding the presumed "State aid" provided in favour of ACE BT by the shareholder SACE S.p.A. Due to a well-founded probability of the appeal being accepted, and having this issue also being confirmed by the opinion of a leading Law Office, SACE BT S.p.A. has not appropriated any funds for potential liabilities, with the exception of legal fees.

SACE SRV, active in managing informative files useful for counterpart risk evaluations, in the credit recovery business and in economic research, started the process of optimising information flows, centralising information assets and recovery procedures on a group level. The results are in line with expectations. Over the following months, the company will continue streamlining its support activities for the group's core business, with a diversification of the customer base.

SACE Fct, a factoring company specialised in discounting Public Sector receivables, closed 2013 in line with the objectives set in the Industrial Plan, in spite of the influence that various legislative provisions concerning Public Sector payments had on the market. In consideration of the continuing weak growth outlook and the continuation of the liquidity crisis, especially for SME, the company will continue to grow and structure its business, enhancing its receivables discounting offer both for the Public Sector as well as for foreign debtors.

3. CONSOLIDATED NET PROFIT

The main highlights of 2013 operating performance are set forth below.

(in € thousand)	**31-12-2013**	**31-12-2012**
Gross premiums	*398,671*	*380,124*
Change in technical provisions	*102,838*	*91,338*
Outward reinsurance premiums for the year	*(31,730)*	*(34,738)*
Net premium income	**469,779**	**436,724**
Net claims incurred	244,974	458,570
Operating expenses:	102,484	100,718
Commissions and other acquisition expenses	*36,181*	*33,724*
Investment management charges	*4,328*	*3,896*
Other administrative expenses	*61,975*	*63,098*
Income and expense on financial instruments at fair value through profit or loss	(84,071)	12,956
Income from other financial instruments and investment property	276,949	139,466
Expense relating to other financial instruments and investment property	7,786	23,382
Other income	531,695	463,580
Other expense	271,715	199,518
Pre-tax profit	**578,138**	**270,538**
Tax	(232,886)	(102,605)
Net profit for the year	**345,252**	**167,933**

Group interest in the net profit for the year amounted to € 345.2 million. The components that contributed to determining the result for the period are set forth below:

- at € 398.7 million, there was an increase in gross premiums compared with the previous year (€ 380.1 million).
- the net charges for claims totalling € 244.9 million (€ 458.6 million as at 31 December 2012) are the result of claims paid amounting to € 366.6 million (€ 237.9 million in 2012), the change in the provision for claims outstanding and other technical provisions amounting to € 46.7 million (€ 334.8 million as at 31 December 2012) and the upswing in refunds amounting to € 168.4 million (€ 114.1 million as at 31 December 2012);
- the operating expenses amount to € 102.5 million and increased 1.7% compared with the previous year;
- non-technical management had a positive result of € 456 million (€ 393.1 million as at 31 December 2012).

4. INSURANCE OPERATIONS

Premiums

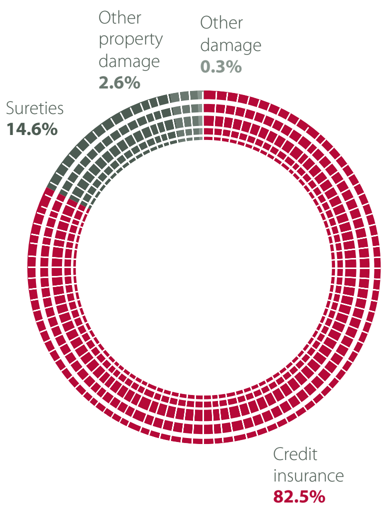
In 2013, the SACE group reported gross premiums for € 398.7 million, of which € 385.8 million from direct business and € 12.8 million from inward reinsurance. The y/y increase in premiums was approx. 5%.

Breakdown of premiums

(in € thousand)	**2013**	**2012**	**Change compared to 2012**
Business			
Non-life (direct business)	385,827	359,090	7%
Credit insurance	*318,497*	*304,469*	*5%*
Surety	*56,422*	*43,087*	*31%*
Other property damage	*9,936*	*11,099*	*-10%*
Non-motor TPL	*266*	*249*	*7%*
Fire	*665*	*140*	*>100%*
Accident	*41*	*46*	*-11%*
Health	*0*	*0*	
Life (direct business)	0	0	
Total Direct Business	385,827	359,090	7%
Total Indirect Business	12,844	21,035	-39%
Total	**398,671**	**380,124**	**5%**

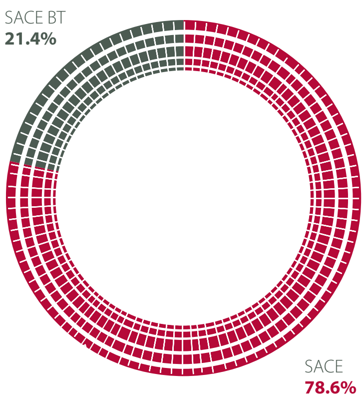
In terms of the ratio of the individual classes of business to gross premiums from direct business, 82.5% of the premiums stemmed from credit insurance, 14.6% from surety bond insurance and 2.6% from other property damage.

Details of premiums by class (direct business)



Of gross premiums from direct business, 78.6% refer to SACE while the remaining 21.4% refer to SACE BT.

Details of premiums by group company (direct business)



Claims and recoveries

Claims paid by SACE S.p.A. during 2013 (€ 312.1 million) were higher than the previous year (€ 197.4 million). The amount refers mainly to claims relating to Iranian policies caused by difficulties the Iranian counterparts have in honouring payments mainly for penalties imposed on the country by the UN and the EU. The sectors most affected for commercial claims were the steel industry and mechanics.

The cash flow from sovereign credit recoveries amounted to approximately € 156.1 million and that from commercial credit recoveries amounted to approximately € 7.8 million.

Claims paid by the subsidiary SACE BT amounted to € 83.2 million (€ 67.5 million as of 31 December 2012). The cost of claims followed different trends according to type of business:

- the credit insurance business recorded a 33% decrease in the number of defaults compared with 2012, with a significant decrease in the overall number of claims (-34%). Recovery activities, begun once the claim is made and continuing until after settlement, enabled 20.2% of claims to be closed without follow-up, up 6% with respect to the previous year;
- there was an increase in the number of claims in the surety business (+28% compared with 2012);
- with a 14% increase in the number of claims, the other property damage business reported an increase in the cost of claims exceeding 100%.

5. RISK MANAGEMENT

5.1 RISK MANAGEMENT POLICIES

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

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

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

The most important risks are reported below:

- **technical risk:** meaning **underwriting risk** and **credit risk**.[2] The first, related to the portfolio of policies, is the risk of suffering financial damages as a result of the negative performance of actual claims compared to estimated claims (tariff risk) or differences between the cost of claims and reserved cost (technical provision risk); the second relates to the risk of defaulting and credit rating migration of the counterparty. Both risks are managed by adopting prudent pricing and provisioning strategies, which are defined according to market best practice, and through prudent underwriting policies, permanent monitoring and active portfolio management.
- **Market risk:** the risk of losses due to adverse changes in market prices of financial instruments, currencies and commodities. This type of risk is managed using asset-liability management techniques and kept within previously defined limits by adopting guidelines on asset allocation and market VaR models.
- **Operational risk:** the risk of losses resulting from inadequate or failed internal processes, personnel or systems, or from external events. SACE and SACE BT conduct periodical self-assessments of potential operational risk factors and use a loss data collection process to measure and record their actual operating losses. These data represent the input of the process for measuring and controlling operational risks in accordance with current regulations. With the goal of improving risk monitoring and mitigation, also SACE Fct is carrying out its first assessment regarding its operating risks, both in terms of loss data collection as well as risk self assessment.
- **Liquidity risk:** the risk of the company being unable to meet financial obligations without suffering losses due to the inability to liquidate investments and other assets. For insurance portfolios liquidity risk is not significant since, in addition to the technical forms of underwriting which enable the settlement of the claim to be spread out over time, the investment policy is based heavily on the specific liquidity needs of investments. All the securities in the portfolios used to cover technical reserves are traded in regulated markets and the short average life of the investments guarantees their rapid turnover. The liquidity risk instead appears to be relevant for SACE Fct and this is essentially a funding liquidity risk; more specifically it relates to the difficulty in efficiently facing

1 For SACE FCT Circular no. 216 of 5 August 1996 – 7th version as updated on 9 July 2007 "Supervisory instructions for financial intermediaries registered with the Special List" issued by Banca d'Italia, for SACE BT and SACE S.p.A. ISVAP Regulation No. 20 of 26 March 2008, European Solvency II Directive No. 2009/138 and SACE group guidelines.

2 The underwriting risk applies to SACE S.p.A. and SACE BT.

current and future cash outflows and/or in fulfilling its own operative business commitments due to the closure of current loans and/or SACE Fct's inability to procure funds on the market without suffering capital losses or costs that are higher than expected.

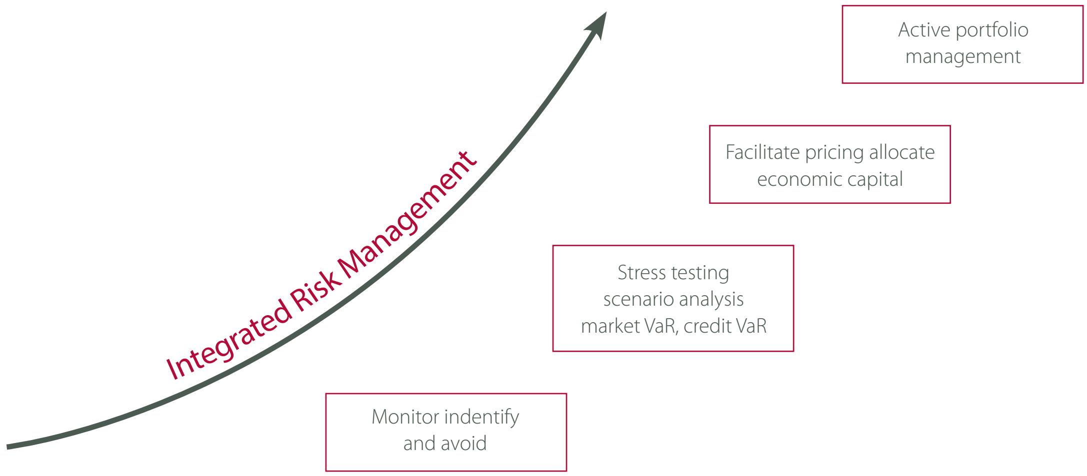
- **Concentration risk:** risk from exposure to counterparties, groups of related counterparties and counterparties in the same business sector or which carry out the same activity or belonging to the same geographic area;
- **Interest rate risk:** specific to the operations of SACE Fct and relating to activities other than those in the trading portfolio; it represents exposure to the financial situation of the company to unfavourable trends in interest rates.

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

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

5.2 THE ROLE OF RISK MANAGEMENT

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



The risk management and monitoring division:

- Proposes methodologies and develops models and systems for the measurement and integrated control of risks for the respective company, monitoring the correct allocation of economic capital, in line with the related company guidelines and in compliance with the applicable legislation.
- Defines, develops and periodically reviews the system for the measurement and integrated control of the risk/yield ratio and creation of value for the individual risk taking units.
- Assists with defining the operational autonomy of company divisions, reporting any breaches of the limits to the Board of Directors, company managers and to the relative divisions;
- Determines the current future internal capital with regard to the relevant risks, ensuring the measurement and integrated control of overall risk exposure by defining the procedures for identifying, assessing, monitoring and reporting risks, including scenario analysis and stress tests
- Pays attention to the levels of the technical provisions together with the competent functions
- Issues periodical reports on changes in the risks assumed and the presence of any anomalous situations and exceeding of limits, and submits these to the Board of Directors, company management and heads of the operational divisions.
- Monitors activities aimed at optimising capital structure, managing reserves and liquidity (ALM)
- Cooperates with other internal and external control functions and bodies, to which it sends periodic reports
- Participates in defining the guidelines for the assumption and management of risks for common counterparties, together with the competent functions of the group companies, supporting them in preparing the operative/technical documentation;
- Oversees and coordinates, with the support of the competent functions of the group companies, the definition of a common approach towards sensitive counterparties (suitably identified and entered in the database) or counterparties currently undergoing restructuring/claims/insolvency
- Participates in committees that supervise and support the activities regarding the assumption, management and control of the technical risks of group companies, providing summary monitoring reports, if necessary, regarding the common counterparties.

As part of the risk governance process specific roles and responsibilities have been allocated to:

- **The Board of Directors:** approves strategies, procedures, management policies and organisational aspects.
- **The Management Committee:** examines and shares the strategies and objectives of group companies; validates and monitors business plans; investigates key issues regarding management and operational guidance.
- **The Operations Committee:**[3] examines assumption, indemnities, restructuring and other significant operations and assesses their permissibility compatibly with the risk management guidelines defined by the group companies;
- **The Major Risk Committee:**[4] examines the positions with particularly significant exposure, analysing from a performance, forecast and operating standpoint the level of concentration of technical risks (country risk, sector risk, counterparty risk) and financial risks; sets out and indicates, in line with the guidelines for managing risks, policies for improving the overall quality of the portfolio, preventing the deterioration of exposures and making recovery processes more effective;
- **The Investments Committee:** periodically defines company portfolio investment strategies to optimise the risk/yield profile of financial activities and the compliance of the guidelines established by the board of directors; monitors the trends and outlook of investment performance, reporting any critical areas to the competent functions; suggests that the deliberative body update the guidelines on financial activities;
- **The Claims Committee:** analyses the performance of "Large Claims" and sets out the operating guidelines for SACE BT;
- **The Commercial Synergies and Product Committee:** Monitors and promotes the development of commercial synergies between group companies, ensuring that commercial measures are coordinated and monitoring the level of client coverage; evaluates new commercial initiatives and opportunities for business development at group level in accordance with the established strategic guidelines; examines the group's product portfolio and its subsidiaries and the product policy proposals, evaluating potential synergies and governing possible risks of overlapping. Also analyses proposals for the development/restyling of SACE products.

5.3 GUARANTEE AND CREDIT PORTFOLIO

Total exposure of SACE SpA, calculated as the sum of performing credits and outstanding guarantees (value of principal and interest), equalled € 35.3 billion, a 7.1% increase in comparison to 2012. Therefore the growth trend that suffered a significant slowdown last year restarted, mainly due to the effect of the guarantee portfolio, which represents 97.7% of total exposure. The credit portfolio grew 9.7% due to the sovereign component (+10.1%); in comparison to the trade component, which decreased 11.1%. SACE BT's total portfolio shows a reduction (-5.9%) in overall exposure, equal to € 36.2 billion.

The total credits of SACE Fct, i.e. the total amount of receivables purchased net of receivables collected and credit notes, amounted to € 1,504.3 million, a 21.8% increase compared with the situation at 31 December 2012.

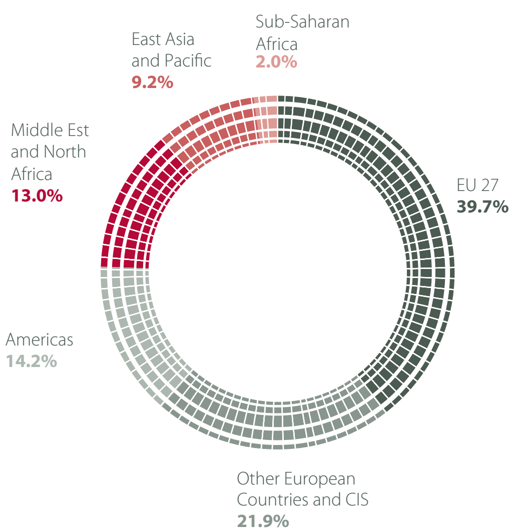
3 Referred to as the Commitments Committee for SACE Bt and Credit Committee for SACE Fct.
4 Referred to as the Risks Committee for SACE Bt and SACE Fct.

(in € million)	2013	2012	Change
Portfolio			
SACE	**35,291.8**	**32,937.3**	**7.1%**
Outstanding guarantees	34,475.8	32,193.2	7.1%
principal	*29,336.4*	*27,531.7*	*6.6%*
interest	*5,139.4*	*4,661.4*	*10.3%*
Receivables	816.1	744.1	9.7%
SACE BT	**36,170.1**	**38,454.6**	**-5.9%**
Short-term credit	10,039.0	13,207.8	-24.0%
Surety Italy	6,990.1	7,255.6	-3.7%
Other property damage	19,141.0	17,991.1	6.4%
SACE Fct	**1,504.3**	**1,234.6**	**21.8%**
Outstanding credits	1,504.3	1,234.6	21.8%

SACE

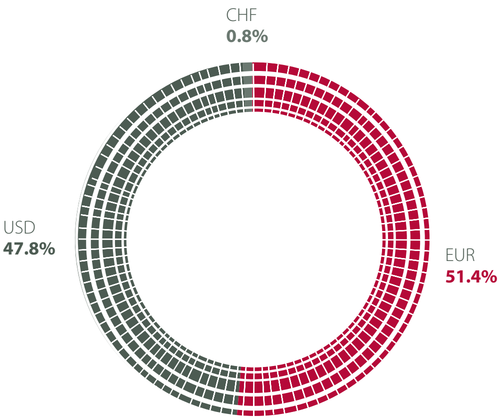
The analysis by geo-economic area shows that the highest exposure was towards EU countries (39.7% in relation to 37.2% in 2012), in particular exposure increased towards Italy, which remained in top place in terms of concentration, with a relative impact of 30%. Exposure also increased towards the Americas (14.2%, in comparison to 11.9% in 2012) and towards the countries of Sub-Saharan Africa (from 1.3% to 2%). Exposure decreased in other European countries and CIS (from 25.2% to 21.9%), East Asia and Oceania (from 10.3% to 9.2) and the Middle East and North Africa (from 14.1% to 13%).

SACE: total exposure by geo-economic area



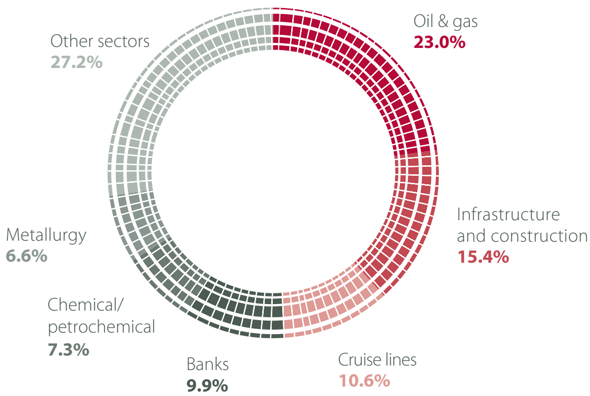
Credits in dollars fell from 55% in 2012 to 48% in 2013 and 38% of the parent company's guarantees portfolio was denominated in the same currency. The exchange rate risk on the credit and guarantee portfolio is mitigated partly though the natural hedge provided by management of the provision for unearned premiums, and partly via the asset-liability management techniques adopted by the company.

SACE: credit portfolio by original currency



The sector-by-sector analysis continues to show a high level of concentration, with the largest five sectors accounting for 66.2% of the total private portfolio. The main sector continues to be Oil&Gas which accounts for 23% (down 26% compared with 2012). There was instead an increase in exposure towards the cruise ship and banking sectors, which grew respectively from 8.4% to 10.6% and from 8.3% to 9.9%.

SACE: guarantee portfolio by industrial sector

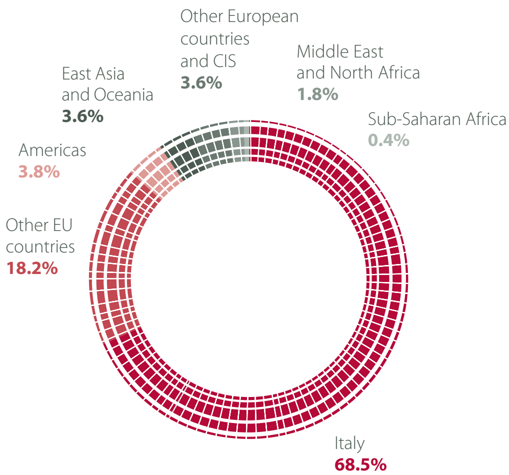


SACE BT

Credit insurance business

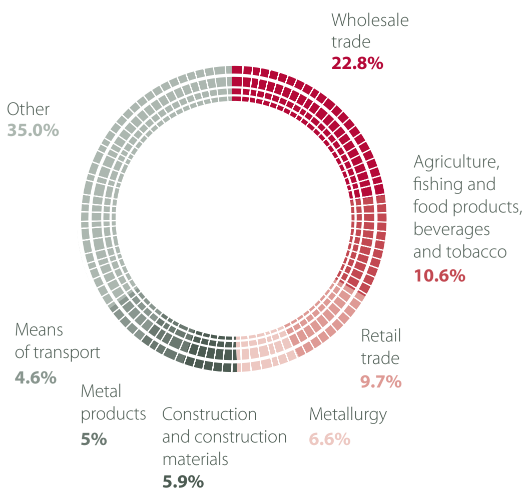
The credit business has current maximum insurable amounts as of 31/12/2013 equal to 116,359 (-32.0% compared with 2012), with a value of € 11.7 billion. The risk exposure as of the same date, which was defined taking deferred payments, contractual extensions and deductible amounts into account, is for 123,029 debtors (-30.4% compared with 2012) for a total amount of € 10.0 billion, a 24.0% decrease in comparison to the previous year. The average loan by debtor was € 98 thousand. Exposure was mainly concentrated in EU countries (86.7%), with Italy alone accounting for 68.6%.

SACE BT: exposure by geo-economic area (credit business)



Wholesale trade, agriculture and retail trade are the biggest industrial sectors of the business, with exposure of 22.8%, 10.6% and 9.7% respectively.

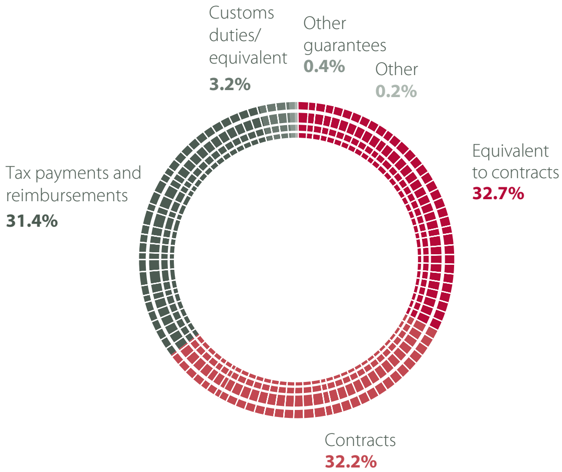
SACE BT: total exposure by industrial sector (credit business)



Surety business

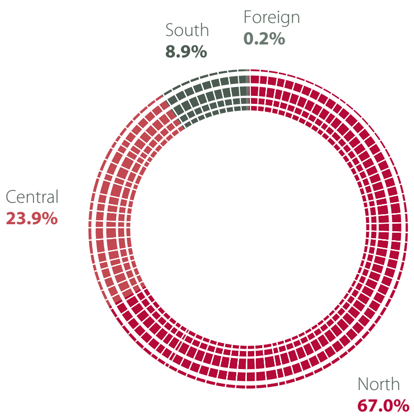
The exposure of the surety business, i.e. total insured capital, amounted to € 7.0 billion, a slight decrease (-3.7%) compared with 2012. Guarantees for contracts account for 64.9% of risks, following by guarantees for payments and tax reimbursements (31.4%).

SACE BT: total exposure by type of policy (surety business)



The portfolio, comprising almost 33 thousand contracts, is concentrated in northern Italy (67.0%) and in the central regions (23.9%).

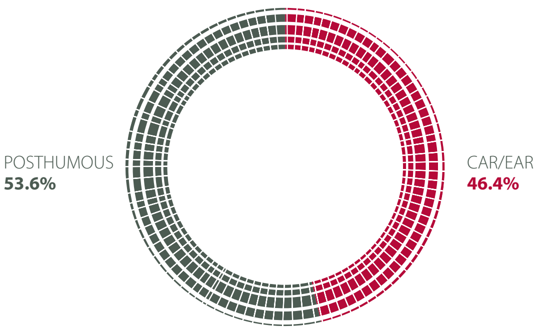
SACE BT: total exposure by geographic area (surety business)



Construction/Other property damage business

The total exposure for the construction business equals € 19 billion. Actual exposure – defined as net of exemptions, exclusions and claim limits – amounted to € 14.5 billion, increased slightly from the previous year (+5.7%). The number of existing policies was 5,892, in line with 2012. Decennial Liability policies account for 53.6% of the portfolio, while Construction All Risk and Erection All Risk policies make up the remaining 46.4%.

SACE BT: total exposure by type of policy (construction business)



SACE Fct

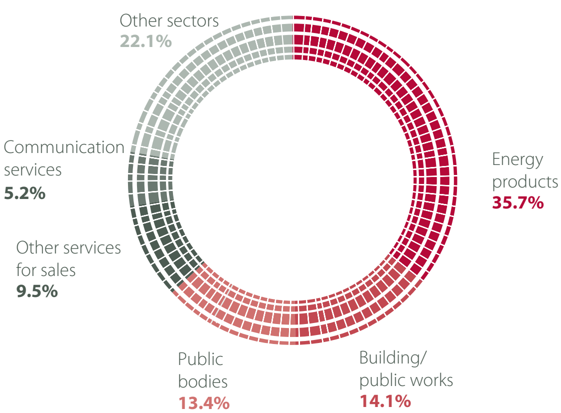
As of 31 December 2013 the total credits of SACE Fct, i.e. the total amount of receivables purchased net of receivables collected and credit notes, amounted to € 1,504.3 million. There was am increase (+21.9%) if compared with total credits recorded at the end of the previous year. In 2013 activities in factoring generated a turnover of € 2,561.3 million (+46.1% compared to that produced in 2012) with collections recorded amounting to € 2,211.6 million. As observed in previous years, total credits mainly refer to operations with recourse, which make up 84.9% of the total portfolio. The amount of credits purchased without recourse also increased compared with at the end of the previous year.

Total credits

(in € million)	2013	2012	Change
Without recourse	1,277.8	1,107.4	15.4%
With recourse	226.5	127.2	78.1%
SACE Fct	**1,504.3**	**1,234.6**	**21.9%**

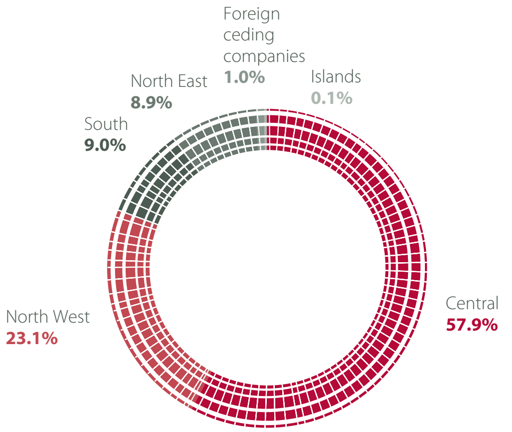
The breakdown of the total credits by sector of the supplier shows a concentration in the Energy Product sector (35.7%), followed by Building (14.1%) and Public Sector (13.4%).

SACE Fct: total credits by sector of the supplier



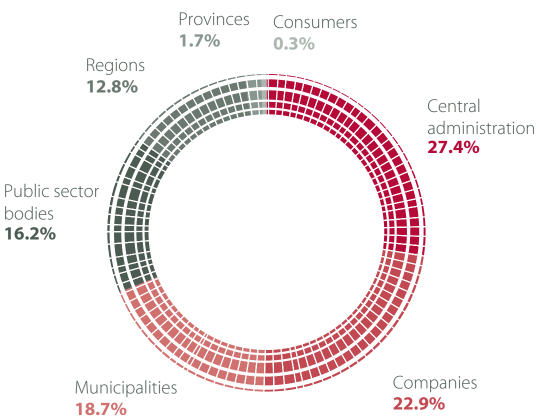
The analysis of suppliers by geographic area shows a heavy concentration in the area of central Italy (57.9%), despite having decreased from the end of the previous year (61.9%). At the same time, in comparison to 31 December 2012, there was an increase in suppliers based in the North West (which increased from 15.8% the previous year to the current 23.1%) and a decrease in suppliers based in the South (from 13.5% to 9%).

SACE Fct: total credits geographical area of supplier



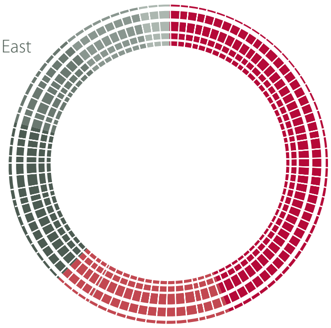
The distribution of total credits by sector of debtor shows a heavy concentration of counterparties from the public sector (76.8% of the total). There was an increase in the number of "Municipalities" compared with the end of the previous year (14.7% as of December 2012) and a resulting decrease in debtors from the "public sector bodies" (19% as of December 2012).

SACE Fct: total credits by economic sector of the debtor



The breakdown of total credits by geographic area of the debtor shows a concentration in the central areas of Italy (mainly due to the specific location of central government).

SACE Fct: total credits geographical area of debtor



5.4 SECURITIES PORTFOLIO

Financial management consists of adopting an asset-liability management (ALM) strategy to ensure effective overall risk management. This activity confirmed values in line with the limits defined for each group company and each type of investment.

These limits are fixed to ensure prudent and efficient asset management, aimed at controlling portfolio risks and maintaining these within previously defined limits. Value-at-Risk models are used to quantify the capital absorbed.

Asset Allocation

(in € million)	HTM	HFT	Total	%
Asset Class				
Bonds	1,705.1	2,078.5	3,783.6	57.7
OICR	-	717.9	717.9	10.9
Shares	-	69.3	69.3	1.1
Money Market	-	1,986.5	1,986.5	30.3
Total	**1,705.1**	**4,852.2**	**6,557.3**	**100.0**

57.7% of the portfolio is comprised of bonds and other debt securities, 10.9% of collective investment funds mainly made up of bonds or shares, 1.1% of shares and the remaining 30.3% of money market instruments.

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

SACE: Breakdown of securities portfolio by rating

	%
Rating classes	
AAA	1.5
AA+	1.0
AA	0.3
AA-	0.3
A+	0.4
A	0.6
A-	1.1
BBB+	36.3
BBB	51.6
Other	7.0

5.5 sensitivity Analysis

During the year sensitivity analyses were carried out on all Group investments, namely on bonds, shares and collective investment funds.

The sensitivity analysis on the securities portfolio saw the addition of new stress tests and new scenario analyses, based on more recent economic and financial events. The stress tests were based on scenarios of growth and reduction in the rates and value of share prices. Tests were also carried out on the increase in the price of petrol and on the appreciation of the Euro in relation to the US dollar, which had spill-over and correlation effects. The results obtained confirm the solidity of the portfolio even in the event of particular tension on the market and on the main commodities.

Stress Test

	Effect on the Trading Portfolio (€ million)	Stress Test description
All Rates +100bp	85.3	Explicit Factor Shocks
All Rates -100bp	-82.9	Explicit Factor Shocks
Equities up 10%	-20.3	Global/US/Europe/ Asia & Japan market factors up 10%
Equities down 10%	20.3	Global/US/Europe/ Asia & Japan market factors down 10%
Oil Up 20%	-26.3	Explicit Factor Shocks
EUR up 10% vs. USD: Propagation	-155.8	10% appreciation of the Euro in relation to the US dollar, which had a spill-over effect on other currencies and a correlation effect on equity factors

The scenario analysis also produced excellent results, confirming the adoption of a heavily prudent investment policy in the event of drama or shock for all financial markets.

Analysis scenario	Effect on the Trading Portfolio (€ million)	Description of Scenario
Lehman Default - 2008	43.5	Historical returns of the month immediately following the Lehman Brothers bankruptcy in 2008.
Greece Financial Crisis - 2010	100.0	Greece was one of the economies with the fastest growth in the Euro zone between 2000 and 2007. However, the cost of financing this growth created alarming public deficits, of a very high amount, especially in comparison to GDP. On 27 April 2010 Greece's debt rating was declassified from BBB+ to BB+.
Oil Prices Drop - May 2010	56.1	Price of petrol dropped by 20% as a result of worries over the reduction of government deficits in light of the economic crisis of European countries.
Russian Financial Crisis - 2008	86.3	The war with Georgia and the rapid decline in oil prices increased fear of an economic recession.
Debt Ceiling Crisis & Downgrade 2011	-38.3	The debt crisis in the USA and the resulting downgrade by S&P. This scenario reflects the market changes in 17 days: from 22 July 2011 to 8 August 2011, the day in which the market started to react to the debt impasse.
VIX up scenario	-34.6	Historical scenario of VIX in the period 5 July - 30 September 2011: from a minimum of 16.06 (5 July) to 42.96 (30 September).

The sensitivity analysis carried out on the non-current portfolio by calculating the basis point value gave a substantially low figure (€ 0.65 million), almost in line with from that of 2012 (€ 0.60 million), which reaffirmed the prudent policies adopted with regard to this portfolio.

6. HUMAN RESOURCES

At 31 December 2013, employees totalled 717, an increase of 2% compared to the previous year. In 2012, 58 people were hired and 46 left the companies.

Distribution of staff by grade

	SACE	SACE BT	SACE SRV	SACE Fct	SACE do brasil	Total	Distribution
Grade							
Senior managers	28	8	1	3		40	5.6%
Managers	207	39	5	16	1	268	37.4%
Clerical staff	232	120	22	33	1	408	56.9%
Sales staff	-	1	-	-		1	0.1%
Total	**467**	**168**	**28**	**52**	**2**	**717**	**100%**

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

Distribution of staff by age group

	%	Change compared to 2012
Age group		
Under 25	1.1%	-27.3%
Between 26 and 35	34.8%	-3.7%
Between 36 and 55	55.4%	1.8%
Over 55	8.7%	6.9%

Distribution of staff by qualification

	%	Change compared to 2012
Qualification		
Degree	65.5%	-
Secondary school certificate/other	34.5%	-

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

7. DISTRIBUTION NETWORK AND MARKETING ACTIVITY

Having strengthened its network of regional offices in Italy, the group is now better equipped to meet its customers' needs and has a closer understanding of local entrepreneurial, banking and corporate activity. These offices have brought SACE closer to the small and medium-sized enterprises located throughout Italy, also through partnerships and agreements with local banks.

The group continued its policy of extending its multi-channel distribution network to improve coverage of the entire territory.

8. THE CODE OF CONDUCT AND THE ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL

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

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

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

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

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

Internal control and risk management system

The internal control system comprises of a set of rules, procedures and organisational structures aimed at ensuring the correct functioning and good performance of the company. The risk management system makes it possible to identify, evaluate and control the most significant risks.

The Board of Directors has ultimate responsibility for defining the strategies and policies for the internal control system and the risk management system, making sure they are always complete, functional and effective. Top Management is responsible for implementing these systems in line with the issued instructions.

The internal control and risk management system has different levels of control: (i) the operative structures/ functions carried out by the line controls (1st level), which ensures that the operations are carried out properly, (ii) the risk management and compliance functions that carry out the controls (2nd level) with respect to risk management and consistency of the processes and the internal documentation with the regulations concerning the company and (iii) the Internal Auditing function that performs periodic checks (3rd level).

Internal auditing

Internal Auditing carries out an independent and objective activities for the monitoring, assessment and adjustment (also by providing support and consultancy activities to the other company functions) of the adequacy, efficacy and efficiency of the risk, control and governance management systems targeted towards ensuring: the attainment of the organisation's strategic objectives, the reliability and integrity of the accounting, financial and operative information, the efficacy and efficiency of the operations and programs, the safeguarding of the company's assets and compliance with laws, regulations, directives, procedures and contracts.

The mandate that was given to Internal Auditing, which was approved by the Board of Directors, formulates the purposes, powers and responsibilities of the function as well as the methods and frequency with which it reports the results of its activities as well as its annual plan to the governing body, top management and the board of statutory auditors. The annual plan, which is approved by the Board of Directors, formulates the priority verifications that

have been identified, in line with the company's objectives on the basis of a structured process of the analysis and prioritisation of the main risks.
Internal Auditing works to distribute the culture of control promoted by the Board of Administrators, to all levels of the company organisation, and works together with the other functions and bodies responsible for control activates. Their activities are carried out in compliance with the external legislation of reference, the international standards defined by the Institute of Internal Auditors and the market best practices.

Compliance

The Compliance service checks that the company's processes and procedures are suitable for preventing the risk of non-compliance, understood as the risk of facing legal or administrative fines, considerable financial losses or damage to reputation as a result of violating external or internal regulations. This service also is responsible for evaluating and monitoring reputation risk, understood as the risk of damage to the company's image due to an increase in conflicts with counterparties, the poor quality of the services offered or the placement of unsuitable products.
The Board of Directors was given the task of defining the tasks, responsibilities, the regulatory scope and the operating methods of the Compliance service, as well as the nature and frequency it should report to corporate bodies and to their control functions.
The Compliance service operates as a second level control function and works together with the other functions and bodies responsible for control.

9. share structure and share capital

SACE S.p.A. does not own treasury shares or shares in the parent Cassa Depositi e Prestiti S.p.A. and its subsidiaries do not hold any shares in the parent either directly or through trust companies or nominees.
The Shareholders' Meeting approved on 20 December 2013 to distribute the available reserves to its shareholder Cassa Depositi e Prestiti S.p.A. for a total of € 1,001,074 thousand.

10. main events in early 2014 and business outlook

On the basis of the results for the opening months of the year, the earnings prospects assumed in the 2013-2015 industrial plan are confirmed.

Rome, 27 March 2014

on behalf of the Board of Directors

CEO

Alessandro Castellano

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET
ASSETS

(in thousand €)

		Total 31-12-2013	Total 31-12-2012
1	**INTANGIBLE ASSETS**	**14,585**	**14,600**
1.1	Goodwill	7,655	7,655
1.2	Other intangible assets	6,930	6,945
2	**PROPERTY, PLANT AND EQUIPMENT**	**76,165**	**77,481**
2.1	Real property	73,558	74,309
2.2	Other property, plant and equipment	2,607	3,172
3	**REINSURERS' SHARE OF TECHNICAL PROVISIONS**	**82,185**	**106,305**
4	**INVESTMENTS**	**6,812,228**	**7,458,433**
4.1	Investment property	12,999	13,229
4.2	Equity investments in subsidiaries, associates and joint ventures	7,570	7,500
4.3	Held-to-maturity investments	1,705,067	1,646,739
4.4	Loans and receivables	3,019,824	2,673,492
4.5	Available-for-sale financial assets	-	-
4.6	Financial assets at fair value through profit or loss	2,066,768	3,117,473
5	**OTHER RECEIVABLES**	**1,098,645**	**972,121**
5.1	Receivables arising out of direct insurance business	1,029,824	918,769
5.2	Receivables arising out of reinsurance business	12,356	10,506
5.3	Other receivables	56,465	42,846
6	**OTHER ASSETS**	**461,822**	**265,474**
6.1	Non-current assets or of a disposal group held for sale	-	-
6.2	Deferred acquisition costs	-	-
6.3	Deferred tax assets	208,406	164,329
6.4	Current tax assets	237,533	78,678
6.5	Other assets	15,883	22,467
7	**CASH AND CASH EQUIVALENTS**	**155,612**	**502,871**
	TOTAL ASSETS	**8,701,242**	**9,397,285**

BALANCE SHEET – LIABILITIES AND SHAREHOLDERS' EQUITY

(in thousand €)

		Total 31-12-2013	Total 31-12-2012
1	**SHAREHOLDERS' EQUITY**	**5,320,744**	**6,210,100**
1.1	**Group interest**	**5,320,744**	**6,210,100**
1.1.1	Capital	4,340,054	4,340,054
1.1.2	Other equity instruments	-	-
1.1.3	Capital reserves	-	-
1.1.4	Retained earnings and other equity reserves	634,922	1,702,113
1.1.5	(Treasury stock)	-	-
1.1.6	Reserve for net exchange differences	-	-
1.1.7	Gains (losses) on available-for-sale financial assets	-	-
1.1.8	Other gains (losses) taken directly to equity	516	-
1.1.9	Group interest in the profit (loss) for the year	345,252	167,933
1.2	**Minority interest**	-	-
1.2.1	Capital and reserves - minorities	-	-
1.2.2	Gains (losses) taken directly to equity	-	-
1.2.3	Minority interest in the profit (loss) for the year	-	-
2	**PROVISIONS**	**35,178**	**43,757**
3	**TECHNICAL PROVISIONS**	**2,519,477**	**2,589,707**
4	**FINANCIAL LIABILITIES**	**294,146**	**133,228**
4.1	Financial liabilities at fair value through profit or loss	31,010	6,668
4.2	Other financial liabilities	263,136	126,560
5	**ACCOUNTS PAYABLE**	**130,698**	**110,267**
5.1	Accounts payable arising out of direct insurance business	28,064	50,141
5.2	Accounts payable arising out of reinsurance business	11,940	12,627
5.3	Other accounts payable	90,694	47,499
6	**OTHER LIABILITIES**	**400,999**	**310,226**
6.1	Liabilities of a disposal group held for sale	-	-
6.2	Deferred tax liabilities	105,101	89,852
6.3	Current tax liabilities	282,937	205,206
6.4	Other liabilities	12,961	15,168
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**8,701,242**	**9,397,285**

PROFIT AND LOSS ACCOUNT

(in thousand €)

		Total 31-12-2013	Total 31-12-2012
1.1	Net premiums	469,779	436,724
1.1.1	*Gross premiums for the year*	501,509	471,462
1.1.2	*Outward reinsurance premiums for the year*	-31,730	-34,738
1.2	Commissions receivable	10,745	10,920
1.3	Income and expense on financial instruments at fair value through profit or loss	-84,071	12,956
1.4	Income from equity investments in subsidiaries, associates and joint ventures	-	-
1.5	Income from other financial instruments and investment property	276,949	139,466
1.5.1	*Interest income*	271,173	138,688
1.5.2	*Other income*	1,042	778
1.5.3	*Realised gains*	-	-
1.5.4	*Valuation gains*	4,734	-
1.6	Other income	531,695	452,660
1	**TOTAL REVENUES AND INCOME**	**1,205,097**	**1,052,726**
2.1	Net claims incurred	244,974	458,570
2.1.1	*Amounts paid and changes to technical provisions*	264,829	485,615
2.1.2	*Reinsurers' share*	-19,855	-27,045
2.2	Commission expense	360	559
2.3	Expense on equity investments in subsidiaries, associates and joint ventures	-	-
2.4	Expense relating to other financial instruments and investment property	7,426	22,823
2.4.1	*Interest expense*	1,024	700
2.4.2	*Other expense*	350	317
2.4.3	*Realised losses*	0	65
2.4.4	*Valuation losses*	6,052	21,741
2.5	Operating expenses	102,484	100,718
2.5.1	*Commissions and other acquisition expenses*	36,181	33,724
2.5.2	*Investment management charges*	4,328	3,896
2.5.3	*Other administrative expenses*	61,975	63,098
2.6	Other expense	271,715	199,518
2	**TOTAL COSTS AND EXPENSES**	**626,959**	**782,188**
	PROFIT (LOSS) FOR THE YEAR BEFORE TAX	**578,138**	**270,538**
3	Tax	232,886	102,605
	PROFIT (LOSS) FOR THE YEAR NET OF TAX	**345,252**	**167,933**
4	**PROFIT (LOSS) ON DISCONTINUED OPERATIONS**	**-**	**-**
	CONSOLIDATED PROFIT (LOSS)	**345,252**	**167,933**
	of which attributable to the group	**345,252**	**167,933**
	of which attributable to minorities	**-**	**-**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousand €)	Total 31-12-2013	Total 31-12-2012
CONSOLIDATED PROFIT (LOSS)	**345,252**	**167,933**
Other income components net of tax without reclassification in the profit and loss account		
Change in the shareholders' equity of subsidiary and affiliated companies		
Change in the intangible assets revaluation reserve		
Change in the tangible assets revaluation reserve		
Income and expense relating to non-current assets or a disposal group held for sale		
Actuarial gains and losses and re-adjustments relating to defined benefit plans	-538	
Other elements		
Other income components net of tax with reclassification in the profit and loss account		
Change in the reserve for net exchange differences		
Gains (losses) on available-for-sale financial assets		
Gains (losses) on cash flow hedges		
Gains (losses) on hedges of net investments in foreign operations		
Change in the shareholders' equity of subsidiary and affiliated companies		
Income and expense relating to non-current assets or a disposal group held for sale		
Other elements		
TOTAL OF OTHER ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME	**-**	**-**
TOTAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**344,714**	**167,933**
of which attributable to the group	**344,714**	**167,933**
of which attributable to minorities		

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousand €)

		Balance at 31-12-11	Change in closing balance	Allocations	Adjustments for reclassification of profit (loss) for the year	Transfers	Balance at 31-12-12	Change in closing balance	Allocations	Adjustments for reclassification of profit (loss) for the year	Transfers	Balance at 31-12-13
Group interest in shareholders' equity	Capital	4,340,054					4,340,054					4,340,054
	Other equity instruments											
	Capital reserves											
	Retained earnings and other equity reserves	1,722,594				-20,480	1,702,113				-1,067,191	634,922
	(Treasury stock)											
	Income (loss) for the year	139,520		167,933		-139,520	167,933		345,252		-167,933	345,252
	Other items in the statement of comprehensive income								516			516
	Total	**6,202,168**		**167,933**		**-160,000**	**6,210,100**		**345,768**		**-1,235,124**	**5,320,744**
Minority interest in shareholders' equity	Capital and reserves - minorities											
	Income (loss) for the year											
	Other items in the statement of comprehensive income											
	Total minority interest											
	Total											

CASH FLOW STATEMENT (indirect method)

(in thousand €)	31-12-2013	31-12-2012
Profit (loss) for the year before tax	**578,138**	**270,538**
Changes in non-cash items	**(164,642)**	**277,778**
Change in the provision for unearned premiums - non-life business	(92,803)	(90,549)
Change in the provision for claims outstanding and other technical provisions - non-life business	46,692	335,786
Change in the provision for policy liabilities and other technical provisions - life business		
Change in deferred acquisition costs		
Change in the general provision	(8,579)	(2,768)
Non-cash income and expense from financial instruments, investment property and equity investments		
Other changes	(109,952)	35,219
Change in receivables and payables generated by operations	**(101,716)**	**(26,972)**
Change in receivables and payables arising from direct insurance and reinsurance business	(135,669)	14,027
Change in other receivables and payables	33,953	(40,999)
Tax paid	**(232,886)**	**(102,605)**
Net cash flow generated/absorbed by investment and financial activities	**1,075,047**	**481,173**
Liabilities from financial policies issued by insurance companies		
Due to banks and interbank liabilities		
Loans and receivables with insured banks and interbank market		
Other financial instruments at fair value through profit or loss	1,075,047	481,173
TOTAL NET CASH FLOW ARISING FROM OPERATIONS	**1,153,941**	**899,912**
Net cash flow generated/absorbed by investment property	230	192
Net cash flow generated/absorbed by subsidiaries, associates and joint ventures	(70)	(56)
Net cash flow generated/absorbed by loans and receivables	(346,332)	(457,201)
Net cash flow generated/absorbed by held-to-maturity investments	(58,328)	117,249
Net cash flow generated/absorbed by available-for-sale financial assets		
Net cash flow generated/absorbed by plant, property and equipment and intangible assets	1,331	2,071
Other net cash flows generated/absorbed by investments		
TOTAL NET CASH FLOW ARISING FROM INVESTMENT OPERATIONS	**(403,169)**	**(337,745)**
Net cash flow generated/absorbed by capital instruments attributable to the group	516	
Net cash flow generated/absorbed by own shares		
Distribution of dividends attributable to the group	(1,235,124)	(160,000)
Net cash flow generated/absorbed by capital and reserves attributable to minorities		
Net cash flow generated/absorbed by subordinated liabilities and participating financial instruments		
Net cash flow generated/absorbed by other financial liabilities	136,577	22,405
TOTAL NET CASH FLOW ARISING FROM LOAN OPERATIONS	**(1,098,031)**	**(137,595)**
Effect of exchange rate differences on cash and cash equivalents		
CASH AND CASH EQUIVALENTS - OPENING BALANCE	502,871	78,299
INCREASE (REDUCTION) IN CASH AND CASH EQUIVALENTS	(347,259)	424,572
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	155,612	502,871

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

The SACE group is comprised of SACE S.p.A. and its subsidiaries SACE BT S.p.A., SACE Fct S.p.A., SACE SRV S.r.l. and SACE Do Brasil. SACE S.p.A. is active in the non-life business, in particular in non-marketable credit risk coverage, the subsidiary SACE BT S.p.A. in sureties and short-term credit risk coverage and the subsidiary SACE Fct S.p.A. operates in the factoring market. The San Paolo office in Brazil made it possible to expand SACE's operations in a geographical area of strategic importance for the Italian economy, consolidating its current customer portfolio and promoting agreements with important local financial institutions.

The registered office is in Piazza Poli 37/42, Rome. The reference date of the consolidated financial statements (31 December 2013) coincides with the closing date of the annual accounts of the subsidiary companies. The consolidated financial statements are presented in euro, which is the functional currency and currency of account of SACE S.p.A. and the subsidiaries. All amounts reported in the notes are in thousands of euro.

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

Applicable legislation

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

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

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

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

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

The consolidated financial statements have been prepared in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Union and in the format required by ISVAP Regulation No. 7/2007. International accounting standards also refer to all interpretation documents issued by the International Financial Reporting Interpretations Committee ("IFRIC"), previously the Standing Interpretations Committee ("SIC"), and the formats required under ISVAP Regulation No. 7/2007 and subsequent amendments.

Format of the accounts, accounting standards used and scope of consolidation

Format of the accounts

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

Consolidation procedures (IAS 27)

Subsidiaries are companies controlled by SACE. The control requirement is satisfied if a company directly or indirectly has the power to govern the financial and operating policies of the company for the purpose of obtaining advantages from its business. The accounts of subsidiaries are included in the consolidated financial statements from the date on which the parent acquires control until the time said control ceases. All the subsidiaries are included in the scope of consolidation.

Scope of consolidation

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

Scope of consolidation

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

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

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

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

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

Detail of non-consolidated interests

	Country	Assets (1)	Type (2)	% Direct ownership	% of total interest (3)	% Voting rights available at the general meeting (4)	Carrying value
Name							
African Trade Insurance Agency	Kenya	3	b	5.61%	5.61%	5.61%	7,570

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

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

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

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

Transactions eliminated on consolidation

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

Principles of consolidation

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

Use of estimates

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

Technical provisions

Technical provisions are determined according to actuarial calculations and taking into account ISVAP (IVASS from 01 January 2013) instructions for marketable companies. The provision for claims outstanding is calculated analytically by examining the single claims outstanding at the end of the year, also taking into account the estimate of late claims.

Intangible fixed assets

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

Other

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

Valuation criteria

Intangible assets

a) Goodwill (IAS 36, IFRS 3)

When a business is acquired, the assets, liabilities and any potential identifiable liabilities that are acquired are recognised at their fair value on the date of acquisition. The residual positive difference between the purchase price and the group's interest in the fair value of such assets and liabilities is classified as goodwill and recorded as an intangible asset; the negative difference is recognised through profit or loss at the time of acquisition. Goodwill is verified annually to identify any loss in value (impairment losses), in accordance with IAS 36. Following initial recognition, goodwill is recorded at cost, net of any impairment losses that have accumulated.

b) Other intangibles (IAS 38, IAS 36)

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

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

Property, plant and equipment (IAS 16)

a) Property

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

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

b) Other property, plant and equipment

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

Reinsurers' share of technical provisions

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

Investments

Investment property (IAS 40)

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

Equity investments in subsidiaries, associates and joint ventures (IAS 27, 28 and IAS 31)

All subsidiary companies have been consolidated line by line. This item comprises equity investments valued by the equity method and relating to associated companies or in companies subject to joint control. In periods following the initial recognition at purchase cost, the change in the value of the equity investments attributable to the result of investee companies is recorded in the profit and loss account. Additional changes in the value of the investments, which were not charged to the profit and loss account of the investees, are recorded in the relevant item under shareholders' equity for the amount attributable to the investing company.

Investments held to maturity (IAS 32 and IAS 39)

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

Loans and receivables (IAS 32 and IAS 39)

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

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

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

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

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

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

Derivative financial instruments (IAS 32 and IAS 39)

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

Determination of fair value

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

Sundry receivables (IAS 39)

Receivables arising out of direct insurance business (IAS 39)

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

Receivables arising out of reinsurance business

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

Other receivables

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

Other assets

Deferred tax assets and liabilities (IAS 12)

These items reflect, respectively, tax assets arising on deductible temporary differences and tax liabilities arising on taxable temporary differences, as defined and regulated by IAS 12. These items are entered according to Italian GAAP as all consolidated companies are domiciled for tax purposes in Italy. All deferred tax liabilities on taxable temporary differences are recognised. Tax assets on deductible temporary differences are recognised if it is probable that sufficient taxable income will be generated in the future to permit use of these. Deferred tax assets and liabilities are recognised on the basis of the tax rate in force in the period in which the asset or liability is realised or settled. Deferred tax is recognised per contra in profit and loss except for tax relating to gains or losses on AFS financial assets and changes in the fair value of hedging instruments (cash-flow hedges), which are recognised net of tax directly per contra to equity.

Current tax assets and liabilities (IAS 12)

These items reflect current tax assets and liabilities as defined and regulated by IAS 12. Income taxes are calculated according to current tax laws. Tax charges (income) are the total of current and deferred tax included in the determination of the net profit or loss for the year. Current tax is recognised per contra in profit and loss.

Other assets

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

Cash and cash equivalents (IAS 7 and IAS 32)

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

Group interest in shareholders' equity

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

Share capital

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

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

The item includes:

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

Reserves for net exchange differences (IAS 21)

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

Other gains (losses) taken directly to equity

This item reflects the net balance of the changes recorded directly in as a counter entry in shareholders' equity. In this specific case, this item includes the actuarial profits and losses deriving from the assessment of the termination indemnities pursuant to IAS 19.

Provisions (IAS 37)

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

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

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

Technical provisions (IFRS 4)

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

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

Liability adequacy test

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

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

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

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

a) payables to banks;
b) deposits received from reinsurers;
c) amounts due to ceding companies for factoring contracts in portfolio.

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

Accounts payable (IAS 32 and IAS 39)

This category comprises trade payables.

Accounts payable arising out of direct insurance business

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

Accounts payable arising out of indirect insurance business

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

Other accounts payable

The item reflects the liability towards employees for termination benefits. It is calculated analytically for each employee in accordance with the law and current collective bargaining agreements. Following amendments to the law on supplementary pension schemes under Law 252/2005 and Law 296/2006 and in consideration of the guidelines established by the OIC (Italian Accounting Authority) the company has: a) recorded the obligation for benefits accrued at 31 December 2006 according to the rules of defined benefit plans; this means that the enterprise must assess the obligation for benefits accrued by employees using actuarial techniques and must determine the total amount of actuarial gains and losses and the part of these to be disclosed; b) recorded the obligation for benefits accruing from 1 January 2007, to be allocated to supplementary social insurance or to the special fund set up at INPS, according to the contributions due each year.

Other liabilities

This category comprises trade payables.

Current and Deferred Tax Liabilities

Reference should be made to the assets section.

Other liabilities

The item comprises:

a) transitory reinsurance accounts;

b) any accrued liabilities that could not be allocated to specific items.

Items of the PROFIT AND LOSS ACCOUNT

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

Net premiums (IFRS 4 and IAS 39)

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

All contracts under which one party, the insurer, accepts significant insurance risk, agreeing to compensate another party, the policyholder or another beneficiary, if a specified uncertain future event (the insured event) adversely affects the policyholder or another beneficiary are considered to be insurance contracts.
All contracts distributed by the Group qualify as insurance contracts according to IFRS 4. The premiums are recognised net of reinsurance transfers.

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

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

Income and expense on investments in subsidiaries, associates and joint ventures (IAS 27, IAS 28 and IAS 31)

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

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

This item reflects income from investment property and financial instruments not at fair value through profit and loss. Specifically, this item comprises:

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

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

This heading includes:

a) revenues from services other than insurance services and rental of property, plant and equipment and intangible assets or other assets belonging to the company, as prescribed by IAS 18;
b) other technical income not linked to insurance contracts;
c) exchange differences to be charged to profit and loss according to IAS 21;
d) profits on tangible and intangible assets;
e) reversals of impairment on tangible and intangible assets;
f) capital gains on non-current assets and disposal groups held for sale, other than discontinued operations.

Net claims incurred (IFRS 4)

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

Charges relating to equity investments in subsidiaries, associates and joint ventures (IAS 27, 28 and 31)

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

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

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

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

Operating expenses (IFRS 4)

The item includes:

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

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

This heading includes:

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

Current tax (IAS 12)

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

Deferred tax (IAS 12)

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

Items in foreign currency

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

On each annual or interim reporting date, accounting entries in currency are valued as follows:

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

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

Risk management

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

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

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

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

New accounting principles

The amendments, interpretations and changes listed below apply as of 1 January 2013, which have an impact on the financial statements of SACE Fct:

- IAS 19 - "Employee benefits" amended by Regulation (EU) 475/2012. This amendment approved the abolition of the so-called "corridor method" and the right to enter actuarial profits/losses in the profit and loss account, making it only possible to fully record them in Shareholders' equity. This principle also included additional information regarding defined benefit plans.
- IFRS 13 - "Assessment of fair value" adopted with Regulation (EU) 1255/2012. This new standard introduced a clear reference framework for the fair value assessment of financial and non-financial assets and liabilities. In particular, the new principle provides a clear and precise definition of fair value; of assessment techniques and methods for classifying assets and liabilities assessed at fair value within the scope of the fair value hierarchy provided by IFRS 7.
- IFRS 7 – "Financial instruments: Additional information - Offsetting Financial Assets and Financial liabilities" amended by Regulation (EU) 1256/2012. These changes provide additional information that helps the users of the financial statements to better assess the actual or potential effects of compensation agreements on the company's financial situation. In particular, these changes concern all the observed financial instruments subject to compensation in compliance with paragraph 42 of IAS 32, that is that are subject to an executive compensation agreement-framework or an agreement.

Accounting principles and interpretations to be introduced shortly

The following accounting standards, interpretations and amendments will instead be applicable as from 1 January 2014:

- IAS 27 - "Separate financial statements" amended by Regulation (EU) 1254/2012. The introduced changes consist in extrapolating the regulation concerning the drawing up of the consolidated financial statements and applying a new dedicated accounting principle (IFRS 10 – "Consolidated financial statements"). In this way, the new IAS 27 is responsible for defining and regulating the principles for drawing up only the separate financial statements, which remains substantially unchanged from this point of view in comparison to the previous version.
- IAS 32 - "Financial instruments: Presentation - Offsetting Financial Assets and Financial liabilities" amended by Regulation (EU) 1256/2012. Following the amendment to IFRS 7, the revised IAS 32 provides additional information for reducing inconsistencies in the practical application of the principle.
- IAS 36 - Impairment of assets, amended by Regulation (EU) 1374/2013. These changes are focused on clarifying the information to be provided regarding the recoverable value of the assets, when this value is based on fair value net the disposal costs, and concern only assets whose value has been reduced.

Finally, as of the approval date of the financial statements, several accounting standards, interpretations and amendments – some of which are still the subject of consultation - have been issued by the IASB, but have not yet been certified by the EU, namely:

- Exposure Draft "IFRS 9 – Financial Instruments", as part of the project to review the current IAS 39;
- certain exposure drafts, which were also issued as part of the project to review the current IAS 39, on the subject of Amortised Cost and Impairment, Fair Value Option for Financial Liabilities, Expected losses on receivables and Hedge Accounting;
- Exposure Draft "Annual cycle of improvements to IFRS" related to the period 2010-2012, 2011-2013 e 2012-2014, within the scope of annual improvement projects and general review of international accounting principles;
- Exposure Draft "Measurement of non-financial liabilities" as part of the project to review the current IAS 37 on the subject of recognising and measuring potential provisions, liabilities and assets;
- Exposure Draft "Revenue from contracts with Customers" as part of the project to review the current IAS 11 and IAS 18, on the subject of revenue recognition;
- Exposure Draft "IAS 16 – Property, plant and equipment" and "IAS 38 – Intangible assets – Clarifications on the methods permitted for Amortisation and Write-downs";
- Discussion Paper "Conceptual Framework for Financial Reporting" lying within the scope of the review project of the current framework.

The possible repercussions which these accounting standards, amendments and interpretations to be introduced may have on the company's financial reporting are currently being analysed and evaluated.

In the consolidated financial statements as at 31 December 2012, some financial assets, consisting of notes issued by private non-financial companies, were classified in the Held for Trading category and assessed at fair value. After the date of approval of the financial statements, the process of integrating SACE in the Cassa Depositi e Prestiti Group continued, which is a process that also includes the extraordinary distribution of reserves requested by the parent company within the scope of its rights, which took place in December 2013. With this modified scenario, and in order to account for new requirements, some of the SACE Group's accounting policies were changed, as defined in the framework of policies and procedures communicated by CDP. As a result, in order to provide a clearer representation of the results, the financial position and the cash flow of the company and the Group, a decision was made to represent the financial assets consisting of notes issued by private non-financial companies in the financial instrument category of "Loans and Receivables", assessed at the amortised cost. This change to the accounting policy, in line with what is specified by IAS principle 8, was applied retroactively by adjusting the opening balance of each component in shareholders' equity involved for the earliest year presented and the other comparative amounts indicated for each previous year are presented as if the new accounting principle had always been applied. This change did not have any impact on the profit and loss account or on the shareholders' equity of the SACE Group, as it was a simple reclassification.

Also to provide a better representation, the share in the building located in Via De Togni in Milan, leased to the companies of the Sace group, has been reclassified from investment property to property, plant and equipment. This new classification did not have any impact on the profit and loss account.

Segment reporting

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

- Non-life business
- Other businesses

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

Balance Sheet by business sector

(in thousand €)	Non-life business		Life business		Other businesses		Inter-segment adjustments		Total	
	31-12-2013	31-12-2012	31-12-2013	31-12-2012	31-12-2013	31-12-2012	31-12-2013	31-12-2012	31-12-2013	31-12-2012
1 INTANGIBLE ASSETS	**12,381**	**12,646**			**2,204**	**1,954**			**14,585**	**14,600**
2 PROPERTY, PLANT AND EQUIPMENT	**76,052**	**77,345**			**113**	**136**			**76,165**	**77,481**
3 REINSURERS' SHARE OF TECHNICAL PROVISIONS	**82,185**	**106,305**							**82,185**	**106,305**
4 INVESTMENTS	**6,464,928**	**7,328,719**			**1,350,193**	**1,138,784**	**-1,002,893**	**-1,001,350**	**6,812,228**	**7,458,433**
4.1 Investment property	12,999	13,229							12,999	13,229
4.2 Equity investments in subsidiaries, associates and joint ventures	7,570	7,500							7,570	7,500
4.3 Held-to-maturity investments	1,705,067	1,646,739							1,705,067	1,646,739
4.4 Loans and receivables	2,669,813	1,644,422			1,350,193	1,138,784	-1,000,182	-1,000,183	3,019,824	2,673,492
4.5 Available-for-sale financial assets										
4.6 Financial assets at fair value through profit or loss	2,069,479	4,009,109					-2,711	-1,167	2,066,768	3,117,473
5 OTHER RECEIVABLES	**1,106,720**	**985,400**			**8,810**	**4,497**	**-16,885**	**-17,776**	**1,098,645**	**972,121**
6 OTHER ASSETS	**454,169**	**260,350**			**8,468**	**6,287**	**-815**	**-1,163**	**461,822**	**265,474**
6.1 Deferred acquisition costs										
6.2 Other assets	454,169	260,350			8,468	6,287	-815	-1,163	461,822	265,474
7 CASH AND CASH EQUIVALENTS	**123,071**	**442,133**			**32,541**	**60,738**			**155,612**	**502,871**
TOTAL ASSETS	**8,319,506**	**9,205,179**			**1,402,329**	**1,212,396**	**-1,020,593**	**-1,020,290**	**8,701,242**	**9,397,285**
1 SHAREHOLDERS' EQUITY									**5,320,744**	**6,210,100**
2 PROVISIONS	**34,688**	**43,134**			**490**	**623**			**35,178**	**43,757**
3 TECHNICAL PROVISIONS	**2,519,477**	**2,589,712**						**-5**	**2,519,477**	**2,589,707**
4 FINANCIAL LIABILITIES	**49,557**	**29,203**			**1,244,747**	**1,104,208**	**-1,000,158**	**-1,000,183**	**294,146**	**133,228**
4.1 Financial liabilities at fair value through profit or loss	31,010	6,668							31,010	6,668
4.2 Other financial liabilities	18,547	22,535			1,244,747	1,104,208	-1,000,158	-1,000,183	263,136	126,560
5 ACCOUNTS PAYABLE	**86,217**	**95,146**			**61,216**	**32,758**	**-16,735**	**-17,637**	**130,698**	**110,267**
6 OTHER LIABILITIES	**396,185**	**309,402**			**8,514**	**3,289**	**-3,700**	**-2,465**	**400,999**	**310,226**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES									**8.701.242**	**9.397.285**

Segment reporting - Income Statement

(in thousand €)		Non-life business		Life business		Other businesses		Inter-segment adjustments		Total	
		31-12-2013	31-12-2012	31-12-2013	31-12-2012	31-12-2013	31-12-2012	31-12-2013	31-12-2012	31-12-2013	31-12-2012
1.1	Net premiums	469,779	436,724							469,779	436,724
1.1.1	Gross premiums for the year	501,509	471,462							501,509	471,462
1.1.2	Outward reinsurance premiums for the year	-31,730	-34,738							-31,730	-34,738
1.2	Commissions receivable					10,745	10,920			10,745	10,920
1.3	Income and expense on financial instruments at fair value through profit or loss	-84,071	28,974							-84,071	12,956
1.4	Income from equity investments in subsidiaries, associates and joint ventures										
1.5	Income from other financial instruments and investment property	230,235	71,654			46,714	51,794			276,949	139,466
1.6	Other income	516,232	443,975			11,843	11,448	3,620	-2,763	531,695	452,660
1	**TOTAL REVENUES AND INCOME**	**1,132,175**	**981,327**			**69,302**	**74,162**	**3,620**	**-2,763**	**1,205,097**	**1,052,726**
2.1	Net claims incurred	-246,876	-457,218					1,902	-1,352	-244,974	-458,570
2.1.1	Amounts paid and changes to technical provisions	-266,731	-484,263					1,902	-1,352	-264,829	-485,615
2.1.2	Reinsurers' share	19,855	27,045							19,855	27,045
2.2	Commission expense	41	41			-401	-600			-360	-559
2.3	Expense on equity investments in subsidiaries, associates and joint ventures										
2.4	Expense relating to other financial instruments and investment property	14,989	14,620			-22,415	-37,443			-7,426	-22,823
2.5	Operating expenses	-95,341	-90,094			-8,703	-9,257	1,560	-1,367	-102,484	-100,718
2.6	Other expense	-261,813	-189,376			-10,146	-10,098	244	-44	-271,715	-199,518
2	**TOTAL COSTS AND EXPENSES**	**-589,000**	**-722,027**			**-41,665**	**-57,398**	**3,706**	**-2,763**	**-626,959**	**-782,188**
	PROFIT (LOSS) FOR THE YEAR BEFORE TAX	**543,175**	**259,300**			**27,637**	**16,764**	**7,326**	**-5,526**	**578,138**	**270,538**

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

INFORMATION ON THE CONSOLIDATED BALANCE SHEET

(data in € thousand)

1. INTANGIBLE ASSETS (ITEM 1)

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

Table 1 (in € thousand)	net amount at 31-12-2013	net amount at 31-12-2012
Intangible assets		
Goodwill	7,655	7,655
Other intangible assets	6,930	6,945
Total	**14,585**	**14,600**

Other Intangible Assets comprises € 7,655 thousand for goodwill, which includes:

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

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

2. PROPERTY, PLANT AND EQUIPMENT (ITEM 2)

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

Table 2 (in € thousand)	Amount
Real property	
Opening balance	74,309
Acquisitions	5
Decreases	46
Depreciation	710
Final value	**73,558**

Property includes assets defined and regulated by IAS 16.

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

Table 3 (in € thousand)	**Amount**
Other property, plant and equipment	
Opening balance	3,172
Increases for purchases	358
Decreases	8
Depreciation	915
Final value	**2,607**

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

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

This heading for a total of € 82,185 thousand (€ 106,305 thousand at 31 December 2012) includes reinsurers' commitments arising on reinsurance contracts regulated by IFRS 4. Further details of Reinsurers' share of technical provisions are provided in the annex "Detail of Reinsurers' share of technical provisions".

4. Investments (item 4)

The detail is as follows:

Table 4 (in € thousand)	**31-12-2013**	**31-12-2012**
Investments		
4.1 Investment property	20,719	20,949
4.2 Equity investments in subsidiaries, associates and joint ventures	7,570	7,500
4.3 Investments held to maturity	1,705,067	1,646,739
4.4 Loans and receivables	3,019,824	2,673,492
4.6 Financial assets at fair value through profit or loss	2,066,768	3,117,473
Total	**6,819,948**	**7,466,153**

4.1 Investment property

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

4.2 Equity investments in subsidiaries, associates and joint ventures

This item comprises the interest in ATI (African Trade Insurance Agency) in the form of 100 shares for an equivalent value of USD 9.8 million.

4.3 INVESTMENTS HELD TO MATURITY

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

Table 5 (in € thousand)	**Amount**
Held-to-maturity investments	
Opening balance	1,646,739
Increases during the year:	151,862
Decreases during the year:	93,534
Total	**1,705,067**

The reductions during the year reflect reimbursements made.

4.4 LOANS AND RECEIVABLES

"Loans and receivables" (Item 4.4) include loans (IAS 39.9) regulated by IAS 39, excluding trade receivables as defined by IAS 32 AG4 (a). This item also includes non-sight deposits at banks and reinsurers' deposits with ceding companies. It also includes the amount of € 1,341,485 thousand for receivables from debtors arising from factoring contracts subscribed before the end of the year and Notes for € 808,380 thousand

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

4.6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

5. SUNDRY RECEIVABLES (ITEM 5)

Table 6 (in € thousand)	**31-12-2013**	**31-12-2012**
Sundry receivables		
5.1 Receivables arising out of direct insurance business	1,029,824	918,769
5.2 Receivables arising out of reinsurance business	12,356	10,506
5.3 Other receivables	56,465	42,846
Total	**1,098,645**	**972,121**

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

Receivables arising out of direct insurance business

The item consists mainly of subrogation credits from sovereign debtors amounting to € 895,702 thousand.

Receivables arising out of reinsurance business

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

Other receivables

Other receivables are detailed below.

Table 7 (in € thousand)	**31-12-2013**	**31-12-2012**
Other receivables		
Receivables from tax authorities	7,702	7,440
Receivables for invoices to be issued	3	5
Premiums on options	0	1,334
Sundry receivables	48,760	34,067
Total	**56,465**	**42,846**

6. OTHER ASSETS (ITEM 6)

Table 8 (in € thousand)	**31-12-2013**	**31-12-2012**
Other assets		
6.1 Non-current assets or of a disposal group available-for-sale		
6.2. Deferred acquisition costs		
6.3. Deferred tax assets	208,406	164,329
6.4. Current tax assets	237,533	78,678
6.5 Other assets	15,883	22,467
Total	**461,822**	**265,474**

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

7. CASH AND CASH EQUIVALENTS (ITEM 7)

Table 9 (in € thousand)	31-12-2013	31-12-2012
Cash and cash equivalents		
Bank and Post Office demand deposits	155,604	502,861
Cash in hand	8	10
Total	**155,612**	**502,871**

This heading includes the financial assets defined by IAS 7.6.

8. SHAREHOLDERS' EQUITY

At 31 December 2013, shareholders' equity totalled € 5,320,744 thousand and comprises:

Table 10 (in € thousand)	31-12-2013	31-12-2012
Shareholders' equity		
Group interest	**5,320,744**	**6,210,100**
Share capital	4,340,054	4,340,054
Retained earnings and other equity reserves	634,922	1,702,113
Other gains (losses) taken directly to equity	516	
Group interest in the profit (loss) for the year	345,252	167,933
Minority interest		
Minority interest in the profit (loss) for the year		

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

9. PROVISIONS

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

Table 11 (in € thousand)	31-12-2013	31-12-2012
Provisions		
Provisions for amounts due to policyholders	7,748	28,263
Provision for legal disputes	3,178	3,230
Provision for payments to agents	1,132	1,012
Other provisions	23,120	12,141
Total	**35,178**	**43,757**

Movements on this account during 2013 are detailed below:

Table 12 (in € thousand)	Amount
Description	
Initial value	43,757
Provisions for the year	3,170
Utilisations for the year	11,749
Final value	**35,178**

10. Technical provisions

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

Table 13 (in € thousand)	31-12-2013	31-12-2012
Description		
Provision for unearned premiums - non-life business	1,728,343	1,831,336
Provision for claims outstanding - non-life business	790,073	757,353
Other provisions	1,059	1,018
Total	**2,519,475**	**2,589,707**

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

11. Financial liabilities

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

Table 14 (in € thousand)	31-12-2013	31-12-2012
Financial liabilities		
4.1 Financial liabilities at fair value through profit or loss	31,010	6,668
4.2 Other financial liabilities	263,136	126,560
Total	**294,146**	**133,228**

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

12. ACCOUNTS PAYABLE

Table 15 (in € thousand)	31-12-2013	31-12-2012
Accounts payable		
5.1 Accounts payable arising out of direct insurance business	28,064	50,141
5.2 Accounts payable arising out of reinsurance business	11,940	12,627
5.3 Other accounts payable	90,694	47,499
Total	**130,698**	**110,267**

This heading includes trade payables as per IAS 32 AG.

Accounts payable arising out of direct insurance business mainly include payables for amounts due to policyholders for deductibles on amounts recovered, equal to € 20,684 thousand, other payables for premium reimbursements and front-end expenses in the amount of € 896 thousand.

Other accounts payable include:

Table 16 (in € thousand)	31-12-2013	31-12-2012
Description		
Amounts due to suppliers	12,542	9,382
Provision for termination benefits	6,334	7,144
Sundry creditors	71,818	30,973
Total	**90,694**	**47,499**

Sundry Creditors consist of costs for the year relating to employees (€ 11,536 thousand), payments received from creditors in connection with factoring activities and to be processed (€ 47,832 thousand).

13. OTHER LIABILITIES

This heading is detailed as follows:

Table 17 (in € thousand)	31-12-2013	31-12-2012
Other liabilities		
6.1 Liability of a disposal group held for sale	-	-
6.2 Deferred tax liabilities	105,101	89,852
6.3 Current tax liabilities	282,937	205,206
6.4 Other liabilities	12,961	15,168
Total	**400,999**	**310,226**

INFORMATION ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

14. NET PREMIUMS

This heading includes the premiums earned relating to insurance contracts under IFRS 4.2, net of amounts ceded to reinsurers. Gross premiums written amounted to € 398.671 thousand; indications regarding premiums income in 2013 segment by segment are provided in the Directors' Report.
Further details can be found in the annex "Detail of insurance technical items".

15. GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

16. INCOME FROM OTHER FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTY

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

Interest income

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

Other income

This item reflects income from rentals on investment property.

17. OTHER INCOME

This heading comprises income from the provision of services other than financial services and exchange differences taken to profit and loss as per IAS 21 for € 532,596 thousand (€ 426,826 thousand at 31 December 2012).

18. NET CLAIMS INCURRED

This heading includes (gross of payment costs and amounts ceded to reinsurers) the amount of claims paid (€ 401,945 thousand). Indications regarding the claims experience in 2013 by class of business are provided in the Directors' Report. Further details can be found in the annex "Detail of insurance technical items".

19. EXPENSE RELATING TO OTHER FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTY

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

Interest expense

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

Other expense

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

20. OPERATING EXPENSES

Commissions and other acquisition expenses

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

Investment management charges

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

Other administrative expenses

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

21. OTHER EXPENSE

This heading includes:

- costs relating to the provision of services other than those of a financial nature;
- other technical charges relating to insurance contracts (€ 4,113 thousand);
- write-downs and additional provisions accrued during the year (€ 3,389 thousand);
- exchange differences recognised in profit and loss, as set forth in IAS 21 (€ 240,354 thousand);
- realised losses, depreciation of property, plant and equipment, not otherwise allocated to other items of cost, and amortisation of intangible assets (€ 241,212 thousand).

22. TAX

Tax recognised in the consolidated profit and loss account is as follows:

Table 18 (in thousand €)	2013	2012
Income tax		
Through profit or loss		
Current tax		
Expense (income) for current tax	280,811	203,191
Adjustments to prior year current tax	-18,899	-21
Deferred tax	-29,026	-100,565
Expense (income) due to recognition and elimination of temporary differences		
Expense (income) due to changes in tax rates or new taxes		
Expense (income) recognised arising from tax losses		
Charges (income) relating to write-downs or write-backs of deferred tax assets		
TOTAL INCOME TAX	**232,886**	**102,605**

The reconciliation between the tax liability stated in the 2013 consolidated financial statements and the theoretical tax liability, determined according to theoretical tax rates adopted in Italy, is as follows:

Table 19

Reconciliation between average actual and theoretical tax rates - details

(values as a percentage)	2013	2012
Ordinary applicable rate	34.32%	34.32%
Effect of the increase/decrease	5.96%	3.61%
Income tax on profits before taxes	**40.28%**	**37.93%**

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

	Assets		Liabilities		Net	
Table 20 (in thousand €)	2013	2012	2013	2012	2013	2012
Deferred tax assets and liabilities						
Relating to:						
Intangible assets						
Unrealised revaluation	683	683			683	683
-Financial assets	*800*	*800*			*800*	*800*
-Investment property						
Equalisation and catastrophe provision			35,387	22,381	-35,387	-22,381
Employee benefits			200	10	-200	-10
Valuation of assets at fair value			42,999	22,582	-42,999	-22,582
Other items	207,723	163,647	26,516	44,880	181,208	118,767
Amount of tax relating to taxable losses						
Total gross deferred tax	208,406	164,330	105,102	89,852	103,304	74,477
Tax equalisation						
Total net tax (assets)/liabilities	**208,406**	**164,330**	**105,102**	**89,852**	**103,304**	**74,477**

OTHER INFORMATION

Intra-group transactions and transactions with related parties

As part of their business, SACE S.p.A. and its subsidiaries were not party to any atypical transactions extraneous to their usual business conduct. Intra-group transactions, settled on an arm's length basis, are carried out through reinsurance relationships, the provision of services under specific outsourcing agreements (activities entrusted by the SACE BT S.p.A. subsidiary and by SACE Fct S.p.A. to the SACE S.p.A. parent company for activities not part of company core business - IT, communication, personnel management and internal auditing). Premises at the offices of the controlling entity were rented at market prices and the subsidiaries entered into leasing contracts. These services made it possible to rationalise operating functions and improve the standard of service. During the year, insurance transactions were carried out with companies controlled by Cassa Depositi e Prestiti, also settled at arm's length.

SACE's financial investment portfolio contains 3 bonds with a total nominal value equal to € 104 million issued by the parent company Cassa Depositi e Prestiti and purchased by SACE before the change of the controlling shareholder. Furthermore on 31/12/2013 there were € 350 million as time deposits at the parent company Cassa Depositi e Prestiti S.p.A.

Fees paid to senior managers with strategic responsibility.

Fees were paid in 2013 for € 840 thousand.

Fees due to external auditors

In accordance with Italian Legislative Decree No. 39 of 27 January 2010, the fees due for FY 2013 to PricewaterhouseCoopers S.p.A. for auditing the consolidated accounts are shown in the table below.

Table 21 (in € thousand)	**2013**
SACE S.p.A. audit	88
Audit subsidiary and affiliated companies	200
Total	**288**

Events after the end of the year.

Reference should be made to the Directors' Report.

ANNEXES TO THE NOTES

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

Annex 1. Detail of property, plant and equipment and intangible assets

(in € thousand)	Valued at cost	At recalculated value or fair value	Total carrying value
Investment property	12,999		12,999
Other properties	73,558		73,558
Other property, plant and equipment	2,607		2,607
Other intangible assets	6,930		6,930

Annex 2. Detail of Reinsurers' share of technical provisions

	Direct business		Indirect business		Total carrying value	
(in € thousand)	31-12-2013	31-12-2012	31-12-2013	31-12-2012	31-12-2013	31-12-2012
Non-life provisions	**81,569**	**106,137**	**616**	**168**	**82,185**	**106,305**
Provision for unearned premiums	30,698	41,170	359	77	31,057	41,247
Provision for claims outstanding	50,513	64,660	257	91	50,770	64,751
Other provisions	358	307			358	307
Life provisions						
Provision for sums to be paid						
Provisions for policy liabilities						
Technical provisions where the investment risk is borne by the policyholders and provisions relating to the administration of pension funds						
Other provisions						
Total reinsurers' share of technical provisions	**81,569**	**106,137**	**616**	**168**	**82,185**	**106,305**

Annex 3. Detail of financial assets

	Held-to-maturity investments		Loans and receivables		Available-for-sale financial assets		Financial assets at fair value through profit or loss				Total carrying value	
							Financial assets held for trading		Financial assets designated at fair value though profit and loss			
(in thousand €)	**31-12-2013**	**31-12-2012**	**31-12-2013**	**31-12-2012**	**31-12-2013**	**31-12-2012**	**31-12-2013**	**31-12-2012**	**31-12-2013**	**31-12-2012**	**31-12-2013**	**31-12-2012**
Equity instruments and derivatives valued at cost												
Equity instruments at fair value							69,313	40,544			69,313	40,544
- of which listed							68,149	40,347			68,149	40,347
Debt securities	1,705,067	1,646,739					1,270,165	2,436,359			2,975,232	4,083,098
- of which listed	*1,705,067*	*1,646,739*					*1,270,165*	*2,436,359*			*2,975,232*	*4,083,098*
Shares of collective investment funds							717,887	621,947			717,887	621,947
Loans and receivables with insured banks			295	2,505							295	2,505
Interbank loans and receivables												
Deposits with ceding companies			23	88							23	88
Financial asset components of insurance policies												
Other loans and receivables			3,019,505	2,670,899							3,019,505	2,670,899
Non-hedge derivatives							9,403	18,623			9,403	18,623
Hedging derivatives												
Other financial investments												
Total	**1,705,067**	**1,646,739**	**3,019,824**	**2,673,492**			**2,066,768**	**3,117,473**			**6,791,659**	**7,437,704**

Annex 4. Detail of technical provisions

	Direct business		Indirect business		Total carrying value	
(in thousand €)	31-12-2013	31-12-2012	31-12-2013	31-12-2012	31-12-2013	31-12-2012
Non-life provisions	**2,475,062**	**2,549,964**	**44,415**	**39,743**	**2,519,477**	**2,589,707**
Provision for unearned premiums	1,697,010	1,793,853	31,334	37,483	1,728,344	1,831,336
Provision for claims outstanding	776,993	755,093	13,081	2,260	790,074	757,353
Other provisions	1,059	1,018			1,059	1,018
of which provisions made following liability adequacy tests						
Life provisions						
Provision for sums to be paid						
Provisions for policy liabilities						
Technical provisions where the investment risk is borne by the policyholders and provisions relating to the administration of pension funds						
Other provisions						
of which provisions made following liability adequacy tests						
of which deferred liabilities to policyholders						
Total Technical Provisions	**2,475,062**	**2,549,964**	**44,415**	**39,743**	**2,519,477**	**2,589,707**

Annex 5. Detail of financial liabilities

	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total carrying value	
	Financial liabilities held for trading		Financial liabilities designated at fair value through profit and loss					
(in thousand €)	31-12-2013	31-12-2012	31-12-2013	31-12-2012	31-12-2013	31-12-2012	31-12-2013	31-12-2012
Participating financial instruments								
Subordinated liabilities								
Liabilities from financial policies arising from:								
- policies where the investment risk is borne by policyholders								
- the administration of pension funds								
- other policies								
Deposits received from reinsurers					18,389	22,352	18,389	22,352
Financial liability components of insurance policies								
Debt securities issued								
Payables to insured banks					92,607	50,617	92,607	50,617
Interbank liabilities								
Other loans obtained					150,000	50,000	150,000	50,000
Non-hedge derivatives and forward contracts	31,010	6,668					31,010	6,668
Hedging derivatives								
Other financial liabilities					2,140	3,591	2,140	3,591
Total	**31,010**	**6,668**			**263,136**	**126,560**	**294,146**	**133,228**

Annex 6. Detail of technical insurance items

(in thousand €)	2013			2012		
	Gross amount	reinsurers' share	Net amount	Gross amount	reinsurers' share	Net amount
NET PREMIUMS	**501,511**	**-31,731**	**469,779**	**471,462**	**-34,738**	**436,724**
a Premiums written	398,671	-21,700	376,971	380,123	-33,855	346,268
b Change in the provision for unearned premiums	102,840	-10,031	92,809	91,339	-883	90,456
NET CLAIMS INCURRED	**264,830**	**-19,856**	**244,974**	**486,065**	**-27,495**	**458,570**
a Claims paid	401,945	-35,302	366,644	264,906	-26,946	237,960
b Change in the provision for claims outstanding	32,721	13,982	46,703	339,046	-4,240	334,806
c Change in recoveries	-169,877	1,515	-168,362	-117,773	3,638	-114,135
d Change in other technical provisions	41	-51	-10	-114	53	-61
Life business						
NET PREMIUMS						
NET CLAIMS INCURRED						
a Claims paid						
b Change in the provision for claims outstanding						
c Change in provisions for policy liabilities						
d Change in technical provisions where the investment risk is borne by the policyholders and relating to the administration of pension funds						
e Change in other technical provisions						

Annex 7. Financial and investment income and expense

(in thousand €)	Interest	Other income	Other expense	Realised gains	Realised losses	Total realised income and expense	Valuation gains		Valuation losses		Total non-realised income and expense	Total income and expense	
							Valuation gains	Restoration of value	Valuation losses	Reduction in value		31-12-2013	31-12-2012
Investment income (expense)	**287,349**	**3,262**	**(356)**	**144,328**	**(316,183)**	**118,400**	**120,374**	**0**	**(74,067)**	**(2,882)**	**43,426**	**161,825**	**114,505**
a On investment property	0	1,043	(350)	0	0	693	0	0	0	(308)	(308)	385	376
b On equity investments in subsidiaries, associates and joint ventures	0	0	0	0	0	0	82	0	0	0	82	82	44
c On held-to-maturity investments	62,108	0	0	103	0	62,211	0	0	0	0	0	62,211	71,034
d On loans and receivables	184,312	29	0	0	0	184,341	4,734	0	(5,744)	0	(1,010)	183,331	30,507
e On available-for-sale financial assets	0	0	0	0	0	0	0	0	0	0	0	0	0
f On held-for-trading financial assets	40,929	2,190	(6)	144,225	(316,183)	(128,845)	115,558	0	(68,323)	(2,574)	44,661	(84,184)	12,545
g On financial assets designated at fair value though profit or loss	0	0	0	0	0	0	0	0	0	0	0	0	0
Other receivables - income (expense)	**3,124**	**0**	**0**	**0**	**0**	**3,124**	**0**	**0**	**0**	**0**	**0**	**3,124**	**2,154**
Cash and cash equivalents - income (expense)	**21,526**	**0**	**0**	**0**	**0**	**21,526**	**0**	**0**	**0**	**0**	**0**	**21,526**	**13,248**
Financial liabilities - income (expense)	**(567)**	**3**	**0**	**0**	**0**	**(564)**	**0**	**0**	**0**	**0**	**0**	**(564)**	**(77)**
a On held-for-trading financial liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0
b On financial liabilities designated at fair value though profit or loss	0	0	0	0	0	0	0	0	0	0	0	0	0
c On other financial liabilities	(567)	3	0	0	0	(564)	0	0	0	0	0	(564)	(77)
Indebtedness	**(459)**	**0**	**0**	**0**	**0**	**(459)**	**0**	**0**	**0**	**0**	**0**	**(459)**	**(232)**
Total	**310,973**	**3,265**	**(356)**	**144,328**	**(316,183)**	**142,027**	**120,374**	**0**	**(74,067)**	**(2,882)**	**43,426**	**185,453**	**129,598**

Annex 8. Detail of insurance business costs

	Non-life business		Life business	
(in thousand €)	31-12-2013	31-12-2012	31-12-2013	31-12-2012
Gross commissions and other acquisition expense	**43,388**	**39,480**		
a Acquisition commissions	13,972	15,192		
b Other acquisition costs	28,399	22,925		
c Change in deferred acquisition costs	0	0		
d Collecting commissions	1,017	1,363		
Reinsurance commissions and profit-sharing	-7,267	-5,778		
Investment management charges	4,328	3,896		
Other administrative expenses	54,892	52,497		
Total	**95,341**	**90,094**		

Annex 9. Assets and liabilities evaluated at fair value on a recurrent and non-recurrent basis: breakdown by fair value level

		Level 1		Level 2		Level 3		Total	
(in thousand €)		31-12-2013	31-12-2012	31-12-2013	31-12-2012	31-12-2013	31-12-2012	31-12-2013	31-12-2012
Assets and liabilities evaluated at fair value on a recurrent basis									
Available-for-sale financial assets									
Financial assets at fair value through profit or loss	Financial assets held for trading	2,052,959	3,044,815	13,809	72,658			2,066,768	3,117,473
	Financial assets designated at fair value though profit and loss								
Investment property									
Property, plant and equipment									
Intangible assets									
Total assets evaluated at fair value on a recurrent basis		**2,052,959**	**3,044,815**	**13,809**	**72,658**			**2,066,768**	**3,117,473**
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading								
	Financial liabilities designated at fair value through profit and loss								
Total liabilities evaluated at fair value on a recurrent basis									
Assets and liabilities evaluated at fair value on a non-recurrent basis									
Non-current assets or of a disposal group held for sale									
Liabilities of a disposal group held for sale									

Annex 10. Assets and liabilities not evaluated at fair value: breakdown by fair value level

			Fair value							
	Carrying value		Level 1		Level 2		Level 3		Total	
(in thousand €)	31-12-2013	31-12-2012	31-12-2013	31-12-2012	31-12-2013	31-12-2012	31-12-2013	31-12-2012	31-12-2013	31-12-2012
Assets										
Held-to-maturity investments	1,705,067	1,646,739	1,750,677	1,609,800			38	51	1,750,715	1,609,851
Loans and receivables	3,019,824	2,673,492			2,211,444	1,783,023	808,380	890,469	3,019,824	2,673,492
Equity investments in subsidiaries, associates and joint ventures	7,570	7,500			7,570	7,500			7,570	7,500
Investment property	20,719	20,949			20,719	20,949			20,719	20,949
Property, plant and equipment	68,445	69,761			68,445	69,761			68,445	69,761
Total Assets	**4,821,625**	**4,418,441**	**1,750,677**	**1,609,800**	**2,308,178**	**1,881,233**	**808,418**	**890,520**	**4,867,273**	**4,381,553**
Liabilities										
Other financial liabilities	263,136	126,560			263,136	126,560			263,136	126,560

I, the undersigned, declare that this financial statement complies with the truth and accounting records.

The legal representatives of the company (*)

Alessandro Castellano (**)

The Statutory Auditors

Marcello Cosconati

Alessandra Rosa

Giuliano Segre

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

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

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 13, PARA. 10.8 OF THE CORPORATE BYLAWS OF SACE S.P.A.

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

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

of the administrative and accounting procedures used to prepare the consolidated financial statements for the year ended at 31 December 2013.

The adequacy of the administrative and accounting procedures used to prepare the consolidated financial statements for the year ended at 31 December 2013 was assessed on the basis of a process defined by SACE in accordance with generally recognised international standards.

We hereby also certify that:

- the consolidated financial statements at 31 December 2013:
  - correspond to the results of company records and accounting entries;
  - were drawn up according to the International Financial Reporting Standards adopted by the European Union pursuant to Regulation (EC) 1606/2002, the provisions of Legislative Decree 38/2005, the Italian Civil Code, Legislative Decree 209 of 7 September 2005 and the applicable ISVAP regulations and circulars and that to the best of our knowledge they give a true and fair view of the state of affairs, the financial standing and the operating result of the company and the group of companies included in the scope of consolidation.
- the report on operations includes a fair review of the operating performance and result and the situation of the company and all the consolidated companies, together with a description of the main risks and uncertainties to which they are exposed.

Rome, 27 March 2014

Alessandro Castellano	Roberto Taricco
CEO	**Executive Officer**

REPORT OF THE BOARD OF STATUTORY AUDITORS

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013

Dear Shareholders,

As stated in the Notes, the scope of consolidation of SACE S.p.A. includes:

- SACE S.p.A., which directs and coordinates its subsidiaries;
- SACE Fct S.p.A., wholly owned;
- SACE BT S.p.A., wholly owned;
- SACE SRV S.r.l., wholly-owned through SACE BT S.p.A.;
- SACE do Brasil Representações Ltda, with a 99.91% direct stake and a 0.9% indirect stake through SACE SRV S.r.l.

SACE S.p.A. does not hold any treasury shares or shares of the parent company, Cassa Depositi e Prestiti S.p.A.

The consolidated financial statements as of 31 December 2013 for SACE S.p.A. were prepared, based on the provisions of Italian Legislative Decree 28 February 2005, no 38, in compliance with the International Accounting Principles IAS/IFRS, issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union in the format required by IVASS regulation no. 7/2007.

The valuation criteria and consolidation principles adopted are explained in the Notes.

Together with the consolidated financial statements, SACE S.p.A. Directors provided us with the reporting package as of 31 December 2013, which was created for the purpose of preparing the consolidated financial statements of the parent company Cassa Depositi e Prestiti and prepared based on the instructions issued by Banca d'Italia, as well as those by the Shareholder.

Also the consolidated financial statements underwent statutory auditing by the Audit Company PricewaterhouseCoopers S.p.A. For these financial statements for the companies subjected to consolidation, we did not perform any direct controls as this is the responsibility of each single auditing body. We can state that the reports issued by the latter concerning the part for which they are responsible, do not reveal any anomalous situations, findings, criticisms or reservations.

We can also state that, within the framework of the supervisory duties assigned to us by law, we verified the following:

- compliance with valuation criteria, consolidation principles and other legal requirements, especially those concerning the formation of the scope of consolidation, the date of reference of data and rules of consolidation;
- the adequacy of the detailed information contained in the Report on operations and in the Notes and consistency with the information provided in the consolidated financial statements.

We noted that in their report, the independent auditors, PricewaterhouseCoopers S.p.A., certify that the consolidated financial statements for the year ended at 31 December 2013 were drawn up clearly and provide a true and fair view of the state of affairs, financial standing, operating result, changes in shareholders' equity and cash flows of SACE S.p.A. and of its subsidiaries.

For all our other findings and comments on the consolidated financial statements for the year ended at 31 December 2013, reference should be made to the Report on the financial statements of SACE S.p.A., which underlines the key aspects of the financial statements of the company, whose operations continued to have significant repercussions on the consolidated financial statements throughout 2013.

In our opinion and based on that stated above, the consolidated financial statements for the year ended at 31 December 2013 – recording a net profit of € 345,252 thousand, total assets for € 8,701,242 thousand, total liabilities for € 3,380,498 and consolidated shareholders' equity for € 5,320,744 thousand – which are the result of financial statements that generated no exceptions, recommendations, criticisms or reservations, give a correct view of the state of affairs, financial standing and consolidated operating result of SACE S.p.A. and its subsidiaries in accordance with the aforesaid laws governing consolidated financial statements.

Rome, 8 April 2014

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

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

To the Shareholder of
SACE SpA

1 We have audited the consolidated financial statements of SACE SpA and its subsidiaries ("SACE Group") as of 31 December 2013, which comprise the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and related explanatory notes. The directors of SACE SpA are responsible for the preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 90 of Legislative Decree No. 209/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

The consolidated financial statements present, for comparative purposes, the previous year figures. As reported in the notes to the consolidated financial statements, the directors have reclassified some comparative data of the prior year, in comparison to that previously presented and audited by us, on which we issued our auditors' report dated 27 March 2013. We examined the methods for the reclassification of the comparative data and the related disclosure in the notes in order to express an opinion on the consolidated financial statements as of 31 December 2013.

3 In our opinion, the consolidated financial statements of SACE SpA as of 31 December 2013 comply with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 90 of Legislative Decree No. 209/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, results of operations and cash flows of the SACE Group for the year then ended.

PricewaterhouseCoopers SpA

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4 The directors of SACE SpA are responsible for the preparation of a report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Italian Accounting Profession and recommended by CONSOB. In our opinion the report on operations is consistent with the consolidated financial statements of SACE SpA as of 31 December 2013.

Rome, 8 April 2014

PricewaterhouseCoopers SpA

Signed by

Antonio Dogliotti
(Partner)

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

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