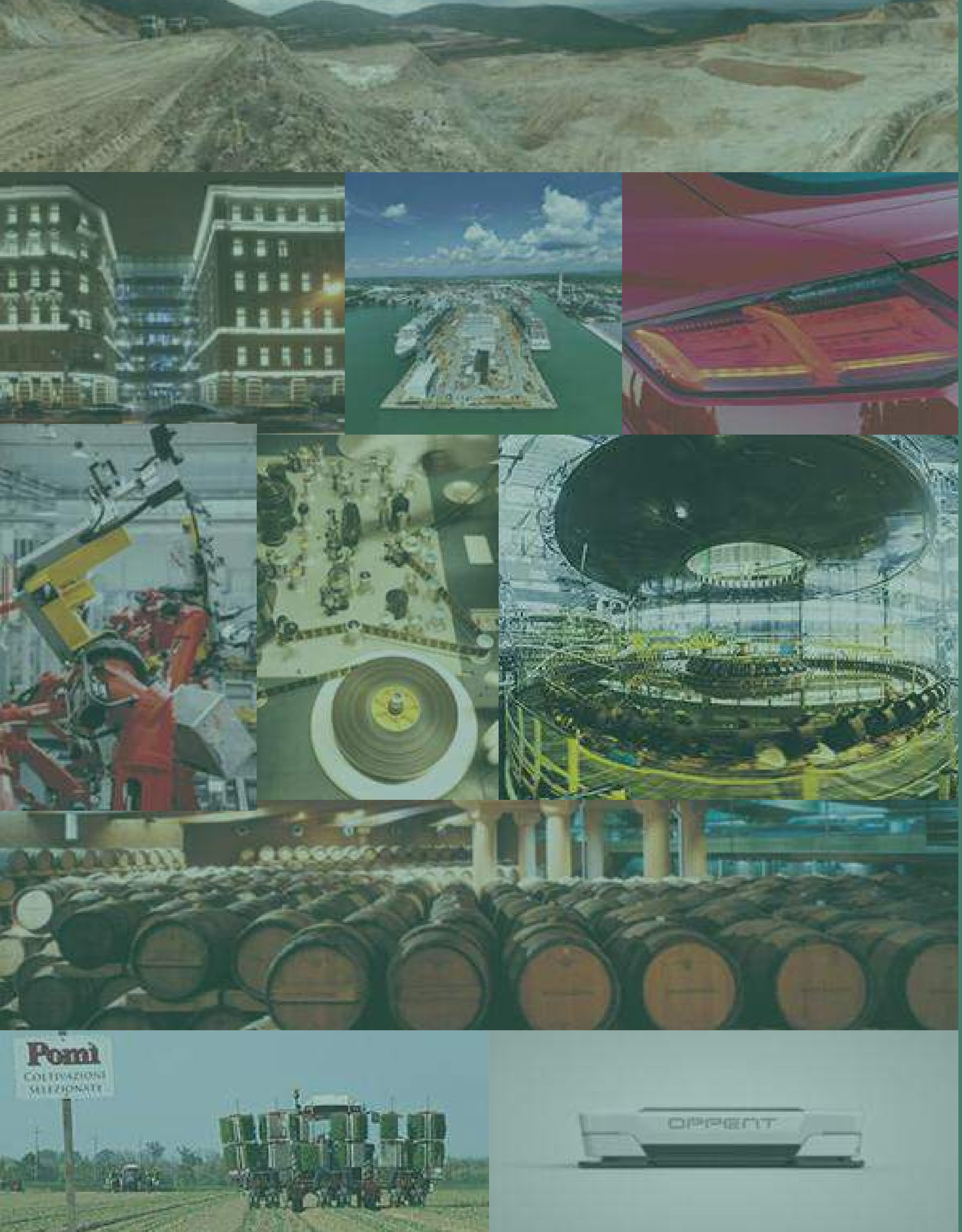
# Annual Report 2016

simest
gruppo cdp

we promote the future




**SIMEST**
supports Italian companies in their growth
over the entire **internationalization** lifecycle,
from the initial assessment of new markets
to the expansion through direct investments

# Contents

We would like to thank the following partner companies for kindly allowing us to make use of their photographic materials:

· Consorzio Casalasco del Pomodoro Soc. Agr. Coop.
· Exclusiva Design Srl
· Fincantieri Spa
· Holding Terra Moretti Srl
· IMI Fabi Spa
· L'Immagine Ritrovata Srl
· Olsa Spa
· Oppent Spa
· Prysmian Powerlink Srl
· Tiberina Holding Srl

**SIMEST Spa**
**Società italiana per le imprese all'estero**
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Share capital € 164.646.231,88 fully paid-up
Registered with the Rome Companies Register,
Tax ID and VAT no. 04102891001
Registered with the Rome Chamber of Commerce
under REA no. 730445

Company subject to the direction
and coordination of SACE Spa

# SIMEST: our role and mission

SIMEST is a joint-stock company of the Cassa depositi e prestiti Group and a subsidiary of SACE Spa. Other shareholders include banks and businesses in the private sector. The Company was established in 1991 to promote investments in Italian businesses abroad and to provide them with technical and financial support. Since 1999 the Company has managed public-sector financial instruments in support of the international expansion of Italian businesses. SIMEST supports companies in their growth over the entire international expansion lifecycle, from the initial assessment of new markets to the expansion through direct investments.

## Areas of activity

### Financing to support internationalization and exports

SIMEST manages financial instruments designed to support exports and other forms of internationalization for Italian businesses. More specifically, SIMEST:

· supports export credits related to investment goods;
· finances feasibility studies and technical assistance programs connected with foreign investments;
· finances programs for entering non-EU markets;
· finances the capitalization of exporting SMEs;
· finances the participation in trade fairs and exhibitions in non-EU markets.

### Equity investments

Working alongside Italian companies, SIMEST can acquire up to 49% of the equity of foreign firms, both directly and through a Venture Capital Fund, in order to support foreign investments in certain countries outside the European Union. SIMEST's investment also gives the Italian company access to interest-rate support to finance its equity interest in the non-EU company.
SIMEST can also acquire stakes (up to 49%), at market terms and without subsidy, in Italian companies or their EU subsidiaries that pursue investments in production and in innovation and research (bailouts are excluded).

### Activities based on EU funding

SIMEST is one of the Italian financial institutions authorized by the EU to serve as a lead financial institution within the scope of partnership programs, e.g. the Neighborhood Investment Facility (NIF), the Latin America Investment Facility (LAIF), Trust Fund Africa, the Investment Facility for Central Asia (IFCA), etc.

# Corporate officers

## Board of Directors

**Salvatore Rebecchini**[1]
Chairman

**Maurizio Marchesini**
Vice Chairman

**Andrea Novelli**
Chief Executive Officer

**Simonetta Acri**[2]
Director

**Antonella Baldino**
Director

**Ivana Greco**
Director

**Michele Tronconi**
Director

1. Since February 18, 2016, replacing Luigi Chessa.
2. Since January 27, 2017, replacing Camilla Cionini Visani.

## Board of Auditors

**Daniele Discepolo**
Chairman

**Laura Guazzoni**
Standing auditor

**Carlo Hassan**
Standing auditor

**Daniela Frusone**
Standing auditor

**Livio Domenico Trombone**
Standing auditor

## Director Designated by the State Audit Court
(Law 259/1958)

**Pio Silvestri**[3]

## Supervisory Body

**Vincenzo Malitesta** | Internal standing member (and interim Chairman since July 8, 2016)[4]
**Ugo Lecis** | External standing member

## Audit firm

**PricewaterhouseCoopers Spa**
(engaged by the Shareholders' Meeting of June 12, 2015 for a period of three years until the approval of the 2017 financial statements).

3. Since January 18, 2017, replacing Carlo Alberto Manfredi Selvaggi.
4. Replacing Roberto Tasca.

# Report on operations

# 1. Highlights of reclassified data

(€ millions)

| | 2016 | 2015 |
|---|---|---|
| **RECLASSIFIED BALANCE SHEET HIGHLIGHTS** | | |
| Total assets | 531 | 506 |
| Lending for equity investments | 506 | 480 |
| Liabilities for financing | 196 | 176 |
| Shareholders' equity | 324 | 316 |
| **RECLASSIFIED INCOME HIGHLIGHTS** | | |
| Gross income | 45 | 48 |
| Operating income | 17 | 12 |
| Net income | 11 | 4 |

## FUNDS MOBILIZED AND MANAGED

(€ millions)

| Funds for the year | 2016 | 2015 |
|---|---|---|
| Soft loans | 93 | 87 |
| Equity investments | 233 | 183 |
| Total for internationalization | 326 | 270 |
| Export credit support | 5,808 | 5,118 |
| Total for export | 5,808 | 5,118 |
| Total new funds | 6,134 | 5,389 |

| Balances at period end | 2016 | 2015 |
|---|---|---|
| Soft loans | 279 | 343 |
| Equity investments | 671 | 662 |
| Totals at period end | 950 | 1,005 |

## KEY FINANCIAL INDICATORS

(units; percentages)

| | 2016 | 2015 |
|---|---|---|
| **PROFITABILITY RATIOS** | | |
| Cost-to-income ratio (%) | 49 | 46 |
| ROE (%) | 3 | 1 |
| **OPERATING STRUCTURE** | | |
| Average number of employees (incl. seconded) | 155 | 152 |

(units)

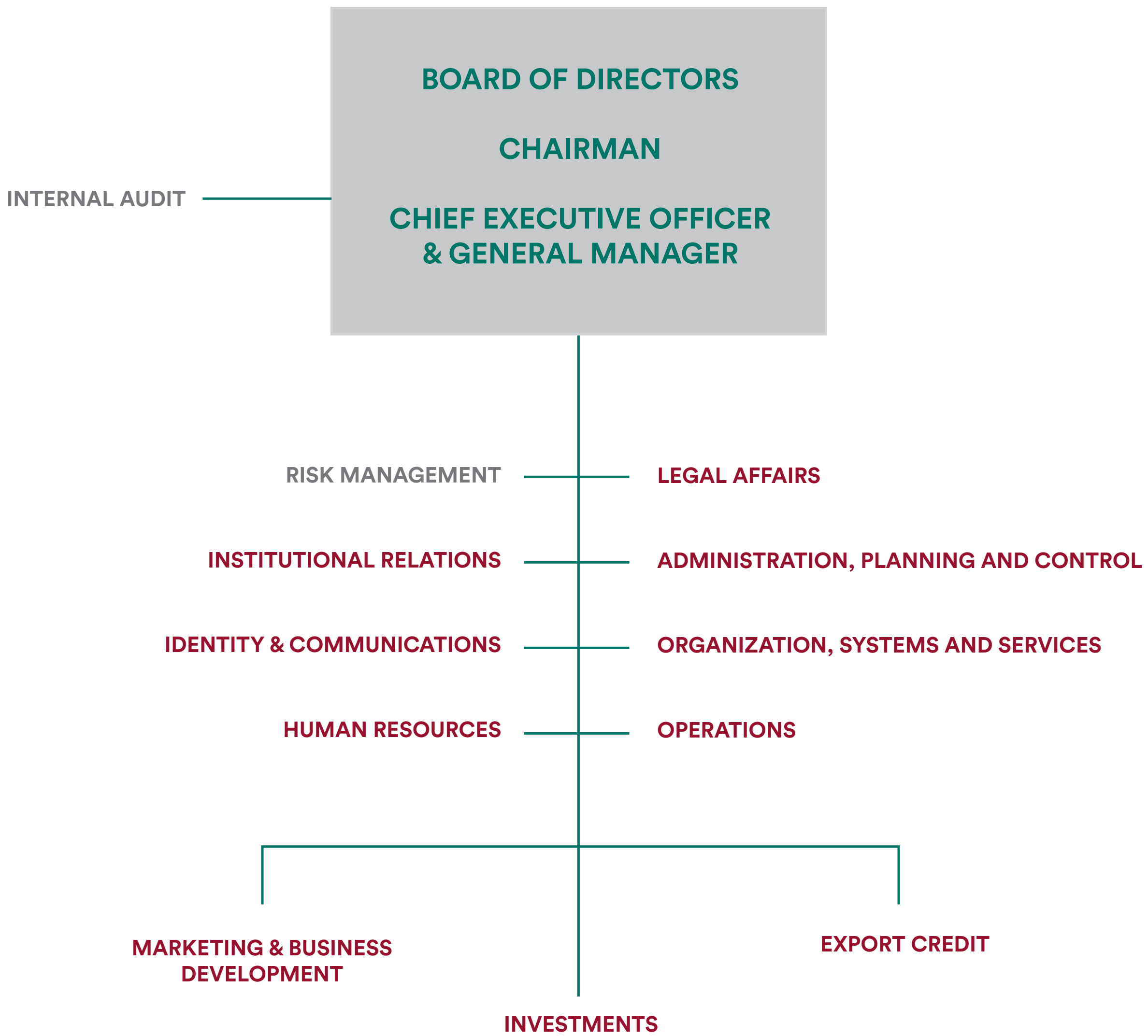
| | 2016 | 2015 |
|---|---|---|
| Customers served | 1,174 | 1,249 |
| Project countries | 98 | 99 |

# 2016

| | INTERNATIONALIZATION | EXPORT |
|---|---|---|
| MOBILIZED RESOURCES | 326 mln EUR<br>Soft loans<br>Equity participations<br>Interest rate subsidies | 5.8 bn EUR<br>Buyer credit<br>Supplier credit |
| ENABLED INITIATIVES | 1.1 bn EUR<br>New investments | 6.9 bn EUR<br>Export credit support |

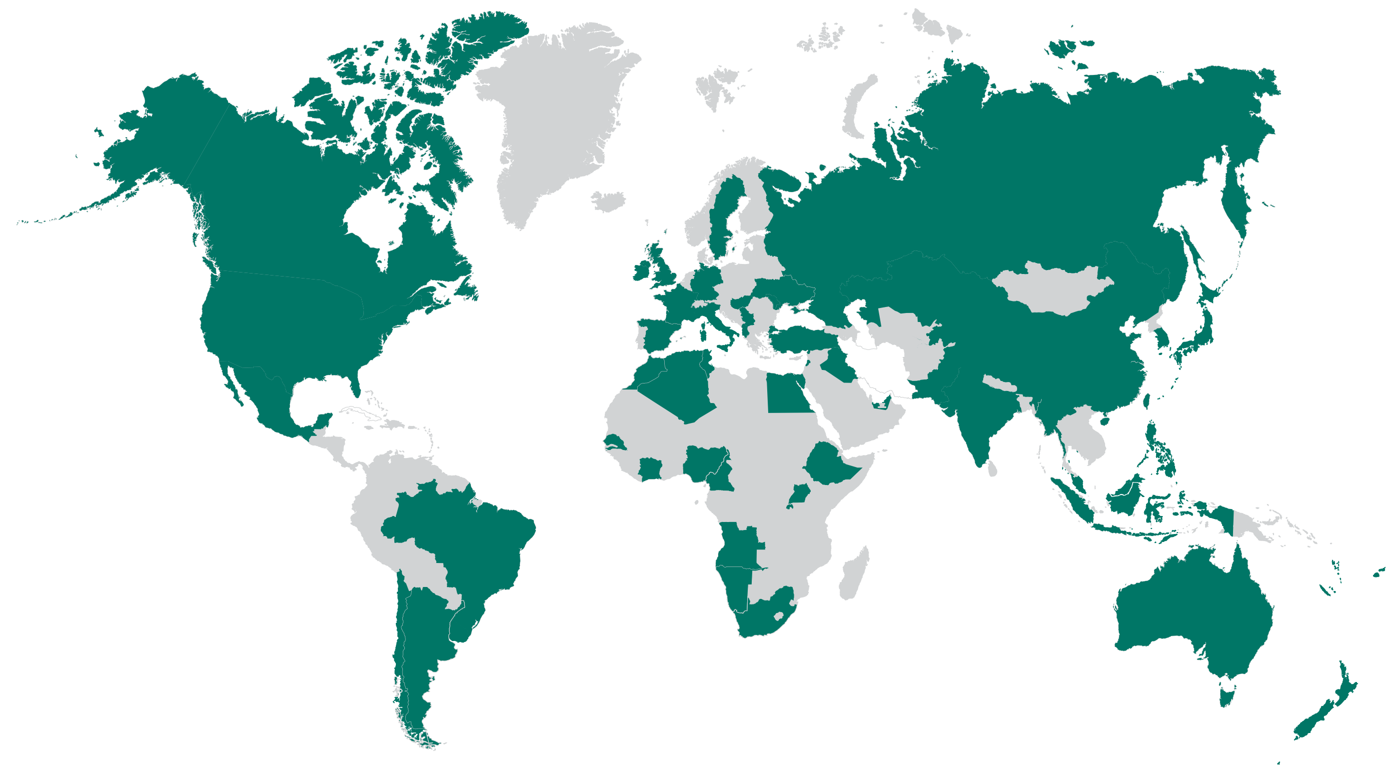
1,174 companies supported → 98 countries

# 2. Organizational structure




Outsourced unit · Corporate bodies · Structural hierarchy

# Project countries in 2016



**AMERICA**
- Argentina
- Bermuda
- Brazil
- Canada
- Chile
- Mexico
- Uruguay
- U.S.A.

**EUROPE**
- Albania
- France
- Germany
- Hungary
- Ireland
- Italy
- Macedonia
- Russia
- Serbia
- Spain
- Sweden
- Switzerland
- Turkey
- Ukraine
- United Kingdom

**AFRICA**
- Algeria
- Angola
- Cameroon
- Egypt
- Ethiopia
- Ghana
- Morocco
- Namibia
- Nigeria
- Rwanda
- Senegal
- South Africa
- Tunisia
- Uganda

**ASIA**
- Azerbaijan
- Bangladesh
- China
- India
- Indonesia
- Japan
- Kazakhstan
- Malaysia
- Myanmar
- Oman
- Pakistan
- Singapore
- South Korea
- U.A.E.

**OCEANIA**
- Australia

# 3. 2016-2020 Business Plan

## 2016-2020 Business Plan

On December 21, 2016 SIMEST's Board of Directors approved the 2016-2020 Business Plan, which was prepared in accordance with the guidelines provided by SACE and in line with the Group business plan approved by the Board of Directors of the Group Parent Cassa depositi e prestiti (CDP).
The Business Plan seeks to make SIMEST the reference institution for SMEs and mid-caps internationalization, supporting Italian companies along the entire internationalization cycle, taking an additionality approach with respect to the other market actors. The Plan is based on the analysis of SIMEST's results during its first 25 years of operation, which found that the Company has effectively supported the international expansion of Italian businesses in the private sector and the export of investment goods, contributing to the growth of partner companies and the creation of employment in Italy as well.
The analysis also revealed that Italian companies still lag behind the main European partners in their degree of internationalization and that there is still room for improving the effectiveness and efficiency of the instruments offered by SIMEST.
Specific actions will also be taken to maximize access for companies, including mid-sized firms, to the Group's offer, and initiatives to simplify these products, making better use of public resources.
The overhaul of the instrument of soft loans, which sought to make it simpler and more attractive to businesses, was completed at the end of 2016. The benefits for SMEs have resulted in greater financing opportunities, lower costs, a simpler application process and a significant reduction in response time. Over the course of the period covered by the Plan, new types of financing guarantees will be identified and further simplifications and improvements made.
The export credit support initiatives in the Plan focus on developing a new supplier credit product for SMEs and mid-caps, improving accessibility for businesses and optimizing the use of public resources. The volumes envisaged in the Plan for this instrument are dependent upon allocation of the necessary public funding.
Finally, with regard to equity investments, the projects will concentrate on expanding the product range, with emphasis on increasing the ability to handle risk.
Over the period covered by the Plan, around €3 billion is expected to be allocated for internationalization and more than €22 billion for supporting exports, a significant increase over the prior five-year period.
To guarantee the offering of products and the improvement in operational efficiency, measures have been identified and implemented in the commercial, image and communication, human resources and ICT systems that will also make it possible to have a greater impact on the companies served and double the number of customers by 2020.





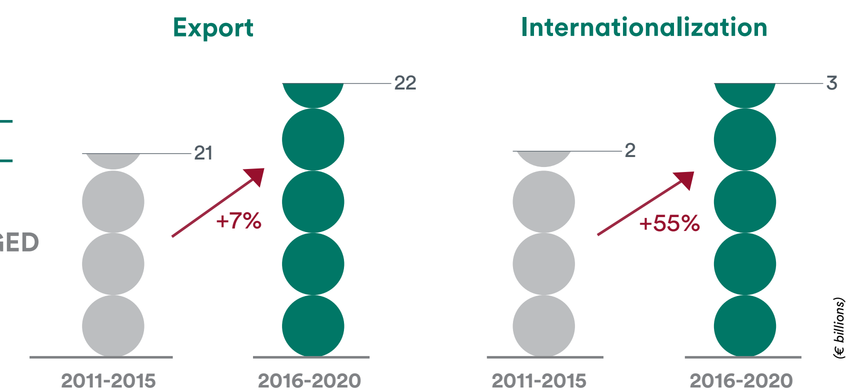
**AMBITION: TO PROMOTE THE INTERNATIONAL EXPANSION OF ITALIAN SMES AND MID-CAP COMPANIES ALONG THE ENTIRE INTERNATIONALIZATION LIFE CYCLE**

| PLAN GUIDELINES | | | |
|---|---|---|---|
| Simplifying and improving products | Maximizing synergies | Operational efficiency | Increased use of leverage and scope of intervention |

| ENABLING FACTORS | | | |
|---|---|---|---|
| Commercial strategy | Image and communication | Human resources | Digitalization and innovation |

**25 BN EUROS**

PROJECTED MOBILIZED AND MANAGED FUNDS IN 2016-2020




## The Italian export and internationalization hub

One of the many initiatives envisaged in CDP's 2016-2020 business plan approved in December 2015, is to strengthen and optimize the support for internationalization and exports by creating a single access hub for companies within SACE ("one-door" model).
In implementing the 2016-2020 CDP Group Business Plan, on September 30, 2016 CDP transferred its shares in SIMEST to SACE Spa. This operation has strengthened the Italian export and internationalization hub by creating a mechanism to support the growth and international competitiveness of the national production system. This combination of two CDP Group companies, which have already been closely collaborating since the beginning of 2016, is designed to offer Italian companies an integrated support system to meet all their needs relating to exports and internationalization. The one-door model combines the insurance-financial products, services and expertise of SACE and SIMEST, through synergies and complementarity that benefits Italian companies. This model calls for the creation of an integrated commercial network (single account) with the goal of increasing the number of customers served through an active approach; in addition, origination channels will be reinforced and special campaigns targeted at specific economic sectors will be undertaken. This system for supporting export and internationalization is the only one of its kind in Europe, representing a competitive advantage for Italian companies.

# 4. Economic background

## The international environment

In 2016, the global economy grew at a rate of 3.1%, based on changes in GDP, slightly slower than the 3.2% posted in 2015. The advanced economies registered a 1.6% increase in GDP, compared with 2.1% in 2015, while the rate of growth for emerging and developing economies remained essentially unchanged at 4.1%. The growth rate in international trade also declined from 2.7% in 2015 to 1.9% in 2016.[1]
Breaking down these figures by geographic area, the United States posted GDP growth of 1.6%, a slowdown compared with 2.6% growth in 2015, as a result of the weak performance in the first half of 2016.[1] The euro area posted moderate GDP growth of 1.7%, compared with 2.0% in 2015.[1]
The persistent rapid growth in the emerging and developing economies is the result of different rates of growth from one country to another. Whereas GDP contracted by 0.6% in Russia (-3.7% in 2015) and by 3.5% in Brazil (-3.8% in 2015), there was growth in both China (6.7% in 2016 compared with 6.9% in 2015) and India (6.6% in 2016 compared with 7.6% in 2015).[1]
Global flows of foreign direct investment (FDI) in 2016 fell by 13% from 2015, reaching $1,525 billion, compared with $1,750 billion for the prior year. FDI into advanced economies decreased by 9% from the previous year, going from $963 billion in 2015 to $872 billion in 2016, as a result of changes in direct investment in European Union, where inflows declined by 18%. FDI going to the United States rose by 11% owing to a number of cross-border M&As.[2]
The 20% decline in FDI into emerging economies (down from $749 billion in 2015 to $600 billion in 2016) is due to the decrease in investment in Developing Asia (-22%) and Latin America (-19%). By comparison, transitioning economies posted an increase of inflows of 38%, attributable, among other things, to growth in direct investment in Russia (+62%) owing to privatization in the energy sector.[2]

## Global outlook for 2017

Forecasts for 2017 point to a moderate recovery in the global economy, driven by higher growth rates in emerging and developing economies. Fiscal stimulus measures in the main economies – particularly in the United States – could further push growth rates above forecasts. The international economic situation, however, is affected by the persistence of certain risks. First, political uncertainty remains high in the United States, following the outcome of the Presidential election, and in Europe, due to concern about the effects of Brexit and the referendum in Italy and to expectations concerning the results of the upcoming elections in France, Germany and the Netherlands. This political situation therefore could impact companies' investment decisions, which would affect the recovery of the capital accumulation process.
Geopolitical tensions fuelled by conflicts in the Middle East and the threat of terrorism, as well as growing protectionist sentiments, with negative implications for the world trade, are also a source of risk. Possible turbulence in the emerging economies linked to the normalization of monetary policy in the United States is another factor of uncertainty weighing on growth projections. In the euro area, episodes of market volatility could be reflected in financing conditions.
The GDP forecasts of the International Monetary Fund (IMF) for 2017 project GDP growth of 3.4% globally; 2.3% in the United States; 1.6% in the euro area, 6.5% in China, and 7.2% in India. In Brazil, the economy is projected to expand by 0.2%, while the growth in GDP in Russia is expected to be 1.1%, an improvement over 2016. World trade for 2017 is forecast to grow by 3.8%,[3] faster than global GDP growth.
UNCTAD expects FDI to increase by around 10% in 2017 in light of a projection scenario that sees a rebound in the global economy and an acceleration in world trade.[4]

## The Italian economy

Italy posted a GDP growth of 0.9% in 2016, compared with 0.7% in 2015.[5] The average annual rate of inflation was -0.1%, (+0.1% in 2015),[6] eflecting the effects of the protracted decline in commodity prices – particularly energy products – combined with persistent weakness in household consumption, which showed signs of a slight recovery in 2016.
Employment rose to 57.3% of the labor force and the unemployment rate stood at 12%.[7] Industrial production rose by an average of 1.6% in 2016 compared with 2015.[7] Gross fixed capital formation in 2016 grew by 2.1% compared with 2015; collective consumption rose by 0.8%.[8] Exports of goods and services grew by 1.1% in value and by 1.2% in volume in 2016 compared with 2015, while imports fell in value terms by 1.4% and rose in volume by 3.1%.[9]
The trade balance for 2016 showed a surplus of €51.6 billion; excluding energy, the surplus was €78 billion.[9] Foreign direct investment into Italy came to €25.4 billion, compared with €11.7 billion in 2015, while FDI out of Italy amounted to €18.2 billion (€12.6 billion in 2015).[10]
More than 29,000 Italian companies held portions of risk capital in foreign companies at the end of 2014,[11] increasing 1% from 2013, mainly in EU countries (53%). In 2014 there was a 2% increase in the share of investments in non-EU companies compared with 2013, confirmation of the higher presence of Italian enterprises in world markets.
According to IMF projections, Italy's GDP will grow by 0.7% in 2017, less than the 1.6% growth forecast in the whole euro area and the expected growth rates for France (1.3%), for Germany (1.5%) and for Spain (2.3%).[12]
Under the Bank of Italy's macroeconomic framework for the 2017-2019 three-year period,[8] Italy's GDP is projected to grow by 1% per year, driven by domestic demand and by a gradual strengthening of foreign demand, which should benefit from, among other things, the depreciation of the euro against the main currencies. However, there is still the risk that the recovery of the global economy could be held back by the spread of protectionism and by possible turbulence in the emerging economies.

[1] See International Monetary Fund (IMF), *World Economic Outlook Update*, January 2017.
[2] See UNCTAD, *Global Investment Trends Monitor*, February 2017.
[3] See International Monetary Fund, op. cit.
[4] See UNCTAD, op. cit.
[5] See Bank of Italy, *Economic Bulletin no. 1/2017*, January 20, 2017; International Monetary Fund, op. cit.
[6] See ISTAT, *Prezzi al consumo. Dati definitivi (dicembre 2016)*, January 16, 2017.
[7] See ISTAT, *Occupati e disoccupati. Dati provvisori (dicembre 2016)*, January 31, 2017; ISTAT, *Produzione industriale (dicembre 2016)*, February 10, 2017.
[8] See Bank of Italy, *Economic Bulletin no. 1/2017*, January 20, 2017.
[9] See ISTAT, *Commercio estero e prezzi delle importazioni (dicembre 2016)*, February 16, 2017.
[10] See Bank of Italy, *Bilancia dei pagamenti e posizione patrimoniale sull'estero*, February 17, 2017.
[11] See Politecnico di Milano-ICE; Reprint database, Italia multinazionale (Rapporto di Aggiornamento 2016).
[12] See International Monetary Fund, op. cit.

# 5. Developments in operations

## 5.1 Mobilized and managed funds

Funds mobilized by SIMEST and resources managed through subsidized public funds in 2016 totaled €6,134 million, up 14% on the figure for 2015 (€5,389 million). This increase in operations was mainly attributable to export credit support instruments (€5.8 billion), which made it possible to provide over €6.9 billion in support of exports, with the highest amount ever reached for the buyer credit program. Investments by companies supported by SIMEST are expected to total around €1,100 million, thanks to the highest amount of equity investments acquired since the formation of the Company, against funds for international expansion of €326 million.
As at December 31, 2016, SIMEST now supports 1,174 businesses in their internationalization and export programs in around 100 countries and about 150 of these customers used more than one SIMEST product.

**MOBILIZED AND MANAGED FUNDS (cash flows for the period)**

*(€ millions)*

| Line of business | 2016 | 2015 | % change |
|---|---|---|---|
| Soft loans | 93 | 87 | 7% |
| SIMEST direct equity investments | 103 | 99 | 4% |
| Venture Capital Fund equity investments | 8 | 8 | -3% |
| Grants on equity investments* | 123 | 76 | 61% |
| TOTAL FUNDS FOR INTERNATIONALIZATION | 326 | 270 | 21% |
| Export credit support* | 5,808 | 5,118 | 13% |
| TOTAL FUNDS FOR EXPORT | 5,808 | 5,118 | 13% |
| TOTAL FUNDS MOBILIZED AND MANAGED | 6,134 | 5,389 | 14% |

* Total underlying nominal value.

The portfolio managed at the end of the year is slightly lower than a year earlier, as a result of the reduction in the volume of new soft loans recorded up until the introduction of the recent reform. On the contrary, the portfolio of equity investments continues to grow.

**BALANCES AT THE END OF THE PERIOD**

*(€ millions)*

| Line of business | 2016 | 2015 | % change |
|---|---|---|---|
| INTERNATIONALIZATION | 279 | 343 | -19% |
| SIMEST direct equity investments | 536 | 514 | 4% |
| Equity investments through the Venture Capital Fund | 135 | 148 | -9% |
| TOTAL EQUITY INVESTMENT | 671 | 662 | 1% |
| TOTALS AT THE END OF THE PERIOD | 950 | 1,005 | -5% |

## 5.2 Internationalization

### 5.2.1 Soft loans (Law 394/81 Fund and Sustainable Growth Fund)

SIMEST manages a revolving fund (Law 394/81 Fund) to disburse subsidized financing on behalf of the Ministry for Economic Development to assist Italian businesses in their internationalization efforts. In 2016, the Support Committee (the interministerial body responsible for authorizing uses of the fund) approved 188 operations for a total of €93 million (compared with 151 operations for a total of €87 million in 2015), contributing to the carrying out of more than €130 million in investments.

**SOFT LOANS**

Volumes approved – by product

| Products | No. of transactions | € millions | Total investments financed (€ millions) |
|---|---|---|---|
| Programs for entering non-EU markets | 117 | 84 | 111 |
| Capitalization of exporting SMEs | 23 | 6 | 7 |
| Feasibility studies and technical assistance programs | 16 | 2 | 12 |
| SMEs participation in trade fairs/exhibitions | 32 | 1 | 1 |
| OVERALL TOTAL | 188 | 93 | 132 |

Subsidized financing for internationalization breaks down as follows: a total of €84 million to programs to help companies enter foreign markets outside the EU, usually involving setting up permanent establishments; €6 million in financing for the capitalization of exporting SMEs; a total of €2 million for feasibility studies and technical assistance programs connected with Italian investments in non-EU countries; financing to help SMEs participate in trade fairs and exhibitions outside the EU, finally, totaled €1 million. In terms of the size of the enterprises receiving this financing in 2016, 96% were SMEs (85% of the volume) and 4% were large enterprises (15% of the volume).
The volume of new financing granted rose compared with 2015, mainly due to the impact of the reform of the instruments provided by the Ministry of Economic Development, which took effect on October

2016 SIMEST PROFILES

# EXCLUSIVA DESIGN: Italian architecture in MOSCOW

We helped the Roman firm, an ambassador of Italian style throughout the world, open the doors to the Russian market through a **program for entering non-EU markets**.

24, 2016. The reform made it possible to relaunch the instrument in view of the gradual decline in the effective subsidy involved as a result of falling market interest rates, taking account of the need for beneficiary firms to post bank or insurance guarantees on a portion of the financing. In the first 10 months of 2016, 123 operations were approved for a total of €61 million, while in November and December, once the reform took effect, 65 operations were approved for a total of €32 million, a 47% increase in just two months.

The changes introduced by the reform include reducing the time needed to obtain financing, expanding the types of expenses eligible for financing under the programs for entering foreign markets, reducing the guarantees required of SMEs and of mid-cap companies[13] as well, raising the maximum amount of financing that can be granted and simplifying operational procedures.

An agreement was signed on signed on 21 April 2016, making SIMEST responsible for managing an €80 million share of the Sustainable Growth Fund, supplementing the funding of the Law 394/81 Fund, which can only be used for programs for entering foreign markets and capitalization; recipients are not required to provide a guarantee. The Sustainable Growth Fund finances programs that help Italian companies enter non-EU markets and improve and safeguard the capital strength of small and medium-sized exporters. Subsidies are used to finance programs that have a significant impact on the competitiveness of the Italian production system. In 2016, more than €4 million in funding from the Sustainable Growth Fund were approved.

## SOFT LOANS

*(€ millions)*

Financing granted – by country

| Country | Programs for entering non-EU markets | Feasibility studies and technical-assistance programs | Participation of SMEs in trade fairs/exhibitions |
|---|---|---|---|
| U.S.A. | 30 | 0.4 | 0.1 |
| China | 7 | 0.2 | 0.1 |
| United Arab Emirates | 7 | | 0.2 |
| Brazil | 4 | | 0.1 |
| Russia | 2 | 0.1 | |
| Tunisia | 2 | | |
| Cameroon | 2 | 0.1 | |
| Switzerland | 2 | | |
| Namibia | 2 | | |
| Turkey | 2 | | 0.2 |
| Other | 23 | 1.2 | 0.5 |
| **OVERALL TOTAL*** | 84 | 2 | 1 |

* Excluding financing for the capitalization of exporting SMEs.

[13] Mid-cap companies have between 250 and 3,000 employees.

Financing involved a total of 39 countries, with programs to assist companies to enter foreign markets being concentrated in the United States, China and the United Arab Emirates. Feasibility studies and technical assistance programs mainly concerned the United States and China, whereas initiatives to facilitate SMEs participation in trade fairs and exhibitions primarily concerned the geographic areas of the United Arab Emirates and Turkey. During the year, there were 128 operations for a total of €68 million and 166 disbursements for a total of €33 million relating to existing financing.

## 5.2.2 Equity investments

### SIMEST direct equity investments

In 2016, the SIMEST Board of Directors approved 95 operations, including:
- 41 new investment projects;
- 8 capital increases of existing shareholdings;
- 46 adjustments to previously approved or evaluated projects.

The companies, whose equity investments have been approved by SIMEST during the year, call for:
- a financial commitment for SIMEST acquisitions of about €132 million;
- total final investment of € 1,176 million, by investee companies.

Overall, the volume of operations increased, compared with 2015, confirming the positive contribution that SIMEST is making sustaining Italian organizations investments in foreign markets. In 2016, working with SACE's network, the Company intensified its promotional efforts geared towards target customers and local counterparties, in addition to participating in joint and coordinated meetings and events. One-on-one meetings were held with companies interested in international expansion, which gave rise to opportunities for assessing foreign direct investments.

**SIMEST DIRECT EQUITY INVESTMENT** *(€ millions)*

**Equity investments approved – by country**

| Country | Planned investments by partners | SIMEST commitment |
|---|---|---|
| Italy | 601 | 53 |
| U.S.A. | 238 | 26 |
| Brazil | 80 | 12 |
| China | 30 | 11 |
| Mexico | 14 | 6 |
| Uganda | 99 | 5 |
| Argentina | 27 | 3 |
| Canada | 3 | 3 |
| Other | 84 | 13 |
| OVERALL TOTAL | 1,176 | 132 |

The two main geographic areas for equity investments in foreign companies are the Americas and Asia, primarily focusing on the United States and Brazil, accounting for 30% of total commitments across 13 projects (9 in the US and 4 in Brazil) for a total commitment of about €39 million.
Significant new equity investments were also made in Italy (with 8 initiatives for €53 million), to support internationalization initiatives that call for investment in Italy or across multiple countries. The main areas where initiatives are expected to be carried out include Asia and the Middle East, with emphasis on China, Japan, Indonesia, Singapore, Malaysia, and India.

**SIMEST DIRECT EQUITY INVESTMENT** *(€ millions)*

**Equity investments approved – by industry**

| Industry | Planned investments by partners | SIMEST commitment |
|---|---|---|
| Electrical/Mechanical engineering | 318 | 40 |
| Food & agriculture | 267 | 30 |
| Energy | 132 | 17 |
| Automotive | 320 | 13 |
| Chemical/Pharmaceutical | 51 | 9 |
| Electronics/IT | 11 | 5 |
| Rubber/Plastics | 11 | 3 |
| Other | 66 | 15 |
| OVERALL TOTAL | 1,176 | 132 |

In terms of industries, the focus continues to be on initiatives in Italy's leading industries: electrical and mechanical engineering, food and agriculture, energy, automotive and chemical/pharmaceutical.
During the year, SIMEST completed 33 operations involving equity investments approved during or prior to 2016 for a total of €103 million, including:
- 20 new equity investments in foreign companies totalling about of about €57 million;
- 7 capital increases in foreign companies held prior to December 31, 2015, for a total of €9 million;
- 5 new equity investments in Italian companies for a total of €32 million;
- a capital increase in an Italian company held prior to December 31, 2015, in the amount of €5 million.

**SIMEST DIRECT EQUITY INVESTMENT** *(€ millions)*

**Equity investments acquired – by country**

| Country | Planned investments by partners | SIMEST investment |
|---|---|---|
| Italy | 331 | 37 |
| U.S.A. | 244 | 25 |
| Brazil | 191 | 21 |
| China | 23 | 5 |
| Uganda | 99 | 4 |
| Argentina | 27 | 3 |
| Canada | 3 | 3 |
| Romania | 9 | 2 |
| India | 6 | 1 |
| Mexico | 12 | 1 |
| Other | 6 | 1 |
| OVERALL TOTAL | 951 | 103 |

Total operations in equity investments rose from €99 million in 2015 to €103 million in 2016, registering the highest volume since the Company's formation, with more than €950 million of investments facilitated. In 2016, in execution of agreements with partner companies, 32 equity investments were sold for a total of €82 million after value adjustments. At year end, following portfolio transactions in 2016, SIMEST held equity investments in 237 companies in Italy and abroad for a total of €536 million (including the interest in FINEST), compared with €514 million at the end of 2015.

**SIMEST DIRECT EQUITY INVESTMENT** *(€ millions)*

**Equity investments acquired – by industry**

| Industry | Planned investments by partners | SIMEST investment |
|---|---|---|
| Electrical/Mechanical engineering | 278 | 29 |
| Food & agriculture | 255 | 28 |
| Services | 128 | 12 |
| Chemical/Pharmaceutical | 51 | 8 |
| Energy | 104 | 8 |
| Electronics/IT | 19 | 6 |
| Automotive | 45 | 4 |
| Basic metals/Steel | 8 | 4 |
| Other | 63 | 4 |
| **OVERALL TOTAL** | 951 | 103 |

New equity investments are concentrated mainly in the electrical and mechanical engineering (28%), food and agriculture (27%), and services (about 12%) industries. These are followed by the chemical/pharmaceutical and energy industries, which together account for more than 15% of the total.

## Equity investments in the Venture Capital Fund

The Venture Capital Fund managed by SIMEST on behalf of Italy's Ministry of Economic Development is represented by a minority interest – in addition to the direct equity investment by SIMEST and/or FINEST – in the share capital of enterprises established by Italian companies abroad (outside the EU in geographic areas of strategic interest).
In 2016, a total of 27 equity investments were approved by the Guidance and Oversight Committee (the interministerial body responsible for authorizing uses of the fund). This included 11 new investment projects, 2 capital increases for existing shareholdings, and 14 revisions of previously approved projects.
The three-year term of office of the Guidance and Oversight Committee came to an end of September 2016 and was renewed in early 2017. This affected the volume of the activity registered for the year.
More specifically, these approvals of equity investments provide for:

- a total commitment under the Venture Capital Fund of about €11 million;
- a total cumulative investment by the foreign companies of €291 million.


2016 SIMEST PROFILES

# **TERRA MORETTI** wine conquering the **EU market**

We obtained a **stake** in the Brescian group, providing support for its acquisition of Sella & Mosca and Teruzzi & Puthod from Campari and helping it compete with Europe's largest wine producers.

**VENTURE CAPITAL FUND** *(€ millions)*

Projects approved – by country

| Country | Planned investments by partners | SIMEST commitment |
|---|---|---|
| **New projects and capital increases** | | |
| Brazil | 150 | 4 |
| Uganda | 99 | 1 |
| China | 18 | 2 |
| Serbia | 8 | 1 |
| Turkey | 7 | 1 |
| India | 4 | 1 |
| Macedonia | 3 | 1 |
| Tunisia | 2 | 0.3 |
| **OVERALL TOTAL** | **291** | **11** |

The geographic breakdown of the projects approved reveals – in line with the SIMEST direct equity investments – a marked focus on countries that Italian businesses have targeted for their international expansion.
In 2016, equity investments acquired with resources from the Venture Capital Fund totaled about €8 million, which can be broken down as follows:
- 8 new equity investments in foreign companies – in addition to the interests acquired directly by SIMEST and/or FINEST – for a total of about €6 million;
- 3 capital increases in companies held prior to December 31, 2015, for a total of about €2 million.

By geographic area, new initiatives drawing on the fund saw a reduction in Brazil (to 2 operations from 7 in 2015), China and India saw the greatest number of initiatives (at 3 operations) for a total of €2 million and €1 million respectively. There were also 2 operations, in Mexico and Uganda, accounting for €1 million each. The development in equity investments was affected by the suspension of the work of the Guidance and Oversight Committee beginning in September. Had there not been this interruption, the volume of new investments for 2016 would have reached €12 million. In 2016, in execution of agreements with partner companies, 16 equity investments were sold for a total of €21 million. As a result of the various transactions carried out during the year, the portfolio of equity interests held by SIMEST using resources from the Venture Capital Fund totaled about €135 million at the end of 2016 (around €148 million in 2015) and involved 182 foreign companies (190 in 2015). The trend in investments and in the portfolio reflects the preference of the Guidance and Oversight Committee to limit each individual equity interest to no more than €1 million and the suspension in approval activity in the final quarter of 2016.

## Grants for equity investments (Law 295/73 Fund)

SIMEST manages, on behalf of the Ministry of Economic Development, the interest subsidies to support international expansion under the Law 295/73 Fund.
These subsidies (pursuant to Article 4 of Law 100/90) are disbursed by SIMEST to Italian companies on the financing to acquire their portion of the interest in a foreign company, held by SIMEST, in countries outside of the European Union.
Under a specific agreement, SIMEST also conducts all assessment and disbursement activities on behalf of FINEST (financing entity for the region of Friuli-Venezia Giulia) in the form of grants under the Law 295/73 Fund for operations carried out by FINEST.

In 2016, the Subsidies Committee (the interministerial body responsible for authorizing uses of the fund) approved 32 operations for a total of €123 million (compared with 39 operations for a total of €76 million in 2015). Of these 29 transaction concerned investments, held by SIMEST, in non-EU countries (total of €118 million) and 3 transactions involved investments held by FINEST (total of €5 million).

**GRANTS FOR EQUITY INVESTMENTS** *(€ millions)*

Deferred principal amount approved – by country

| Country | Underlying nominal value |
|---|---|
| U.S.A. | 51 |
| Brazil | 22 |
| India | 13 |
| China | 12 |
| Uganda | 5 |
| Russia | 4 |
| Argentina | 4 |
| Canada | 3 |
| Turkey | 3 |
| South Africa | 2 |
| Other | 2 |
| **OVERALL TOTAL** | **123** |

The main countries attracting funding were the United States (42%), Brazil (18%), India and China.

**GRANTS FOR EQUITY INVESTMENTS** *(€ millions)*

Deferred principal amount approved – by industry

| Industry | Underlying nominal value |
|---|---|
| Electrical/Mechanical engineering | 58 |
| Chemical/Pharmaceutical | 26 |
| Energy | 10 |
| Automotive | 8 |
| Construction | 5 |
| Rubber/Plastics | 5 |
| Food & agriculture | 3 |
| Electronics/IT | 3 |
| Other | 4 |
| **OVERALL TOTAL** | **123** |

The main industries were electrical and mechanical engineering, chemical/pharmaceutical, energy and automotive.

2016 SIMEST PROFILES

**TIBERINA** from Perugia sets sights on **SOUTH AMERICA**

We assisted the Umbrian group – one of Italy's main manufacturers of automotive systems and components – in making an **equity investment** in Brazil and Argentina, supporting it in its rise to become a leader in the sector in Latin America.



### Start-Up Fund equity investments

In 2016 the Start-Up Fund, established with Ministerial Decree 102 of March 4, 2011 and managed by SIMEST, continued its operation, albeit to a limited extent. During the year, no new project was approved, but a new equity investment in the amount of €0.2 million was acquired on a project approved in 2015. Pursuant to agreements with partner companies, an equity investment of €0.2 million was transferred. As a result of these operations, the portfolio of equity investments using the Start-Up Fund totaled about €0.8 million at year end.

### FINEST Spa

SIMEST holds an interest of 3.9% in FINEST Spa of Pordenone (a member of the Fruilia Group), which had a paid-up share capital of about €137 million at June 30, 2016, acquired at a cost of €5.2 million. As of June 30, 2016, FINEST had conducted support activities for businesses in the Italian northeast for a total of over €8.5 million, entirely involving equity investments. The portfolio of equity investments included 70 interests totaling over €60 million (€53 million after write-downs), whereas outstanding financing totaled over €26 million.

## 5.3 Export credit support (Law 295/73 Fund)

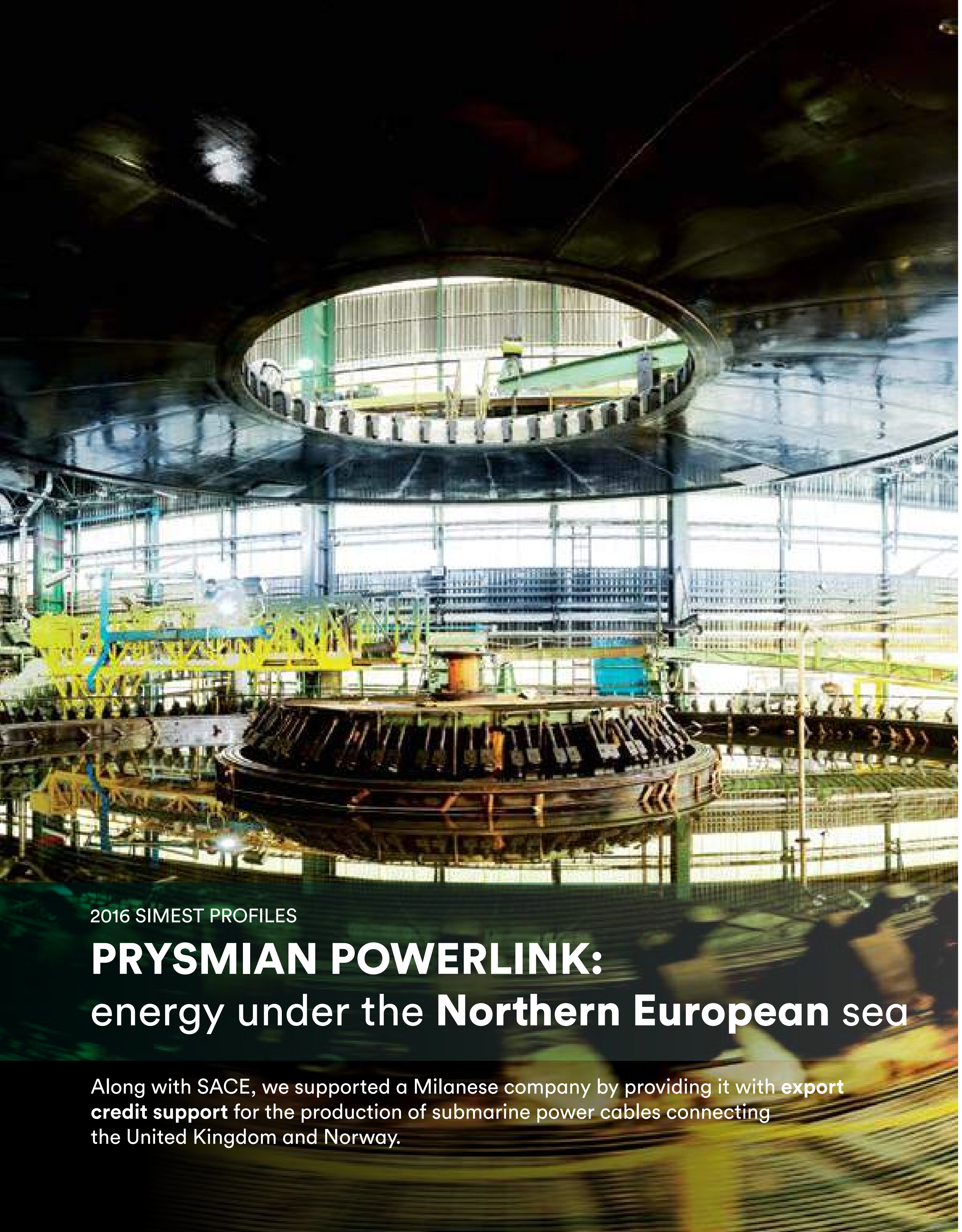
SIMEST manages a fund (Law 295/73 Fund) on behalf of the Ministry of Economic Development that is used to stabilize interest rates and distribute grants in support of export credit financing.
Interest rate stabilization programs, in the form of both buyer and supplier credit, are aimed at supporting the export of capital goods (plant, machinery, replacement parts, associated studies, works and other services) throughout the world.
In 2016, the Subsidies Committee (the interministerial body responsible for authorizing uses of the fund) approved 64 operations for a total of €5,808 million (compared with 44 operations for a total of €5,118 million in 2015), out of more than €6.9 billion in export financing facilitated.

EXPORT CREDIT SUPPORT *(€ millions)*

**Deferred principal amount approved – by product**

| Product | No. of transactions | Underlying nominal value |
|---|---|---|
| Buyer credit | 14 | 5,590 |
| Supplier credit | 50 | 218 |
| OVERALL TOTAL | 64 | 5,808 |

Of these transactions, €5,590 million took the form of buyer credit for contracts between Italian exporters and foreign customers in the shipbuilding (cruise ship segment), petrochemicals, energy, and infrastructure industries. The remaining €218 million, in the form of supplier credit, concerned contracts for machinery and components sold by Italian companies to foreign customers.



2016 SIMEST PROFILES

# PRYSMIAN POWERLINK: energy under the **Northern European** sea

Along with SACE, we supported a Milanese company by providing it with **export credit support** for the production of submarine power cables connecting the United Kingdom and Norway.

## EXPORT CREDIT SUPPORT

*(€ millions)*

**Deferred principal amount approved – by country**

| Country | Underlying nominal value |
|---|---|
| Bermuda | 2,280 |
| United Kingdom | 1,894 |
| Oman | 764 |
| U.S.A. | 460 |
| Cameroon | 170 |
| Indonesia | 40 |
| Turkey | 17 |
| Brazil | 16 |
| Sweden | 16 |
| Kazakhstan | 11 |
| Other | 140 |
| OVERALL TOTAL | 5,808 |

With regard to export credit, the main countries targeted are the United Kingdom, Oman, the United States and Cameroon; this excludes cruise ship sales, which are concentrated in Bermuda.

## EXPORT CREDIT SUPPORT

*(€ millions)*

**Deferred principal amount approved – by industry**

| Industry | Underlying nominal value |
|---|---|
| Marine and shipbuilding | 4,132 |
| Petrochemical | 764 |
| Construction | 638 |
| Electrical/Mechanical engineering | 120 |
| Energy | 40 |
| Textiles/Clothing | 21 |
| Aerospace | 16 |
| Basic metals/Steel | 11 |
| Other | 67 |
| OVERALL TOTAL | 5,808 |

Export credit volumes mainly refer to contracts for the marine and shipbuilding (71%), petrochemical (13%), and infrastructure and construction (11%) industries, while mechanical engineering, energy, machinery and aeronautics largely make up the remainder.

# 5.4 Promotion and development efforts

Promotion and development efforts in 2016 were undertaken in close coordination with SACE and were aimed both at domestic initiatives for the dissemination of the products and services provided by the Company to Italian businesses and at our involvement in missions abroad to provide technical support to the Italian enterprises concerned. By establishing a direct presence in certain regional areas, we have been able to improve our commercial coverage, in synergy with SACE's territorial network.

## Domestic activities

SIMEST strengthened its presence in Italy through the following main commercial initiatives:

- strengthening its presence in the North and combining its local offices with those of SACE;
- covering geographical areas in the Centre-South with dedicated professionals seconded to the Rome office;
- increasingly engaging in cooperative relationships with institutional, market, and trade and employer association counterparties;
- using electronic promotional channels and efforts to cover the smaller customer segments and to widely spread information on product innovations.

In order to create more frequent operational synergies and to make it easier to meet with customers, in March 2016 SIMEST's Milan office was relocated to shared space in the local SACE BT office and two new employees were hired to handle customer coverage in Northwest Italy and Emilia Romagna. In June a new commercial relations and development area was set up and, at the end of August, an employee responsible for handling customers in Triveneto was seconded to SACE Spa's Venezia-Mestre office.
SIMEST also took part in the 16 stages of the road show organized by the Cabina di Regia per l'Internazionalizzazione (Internationalization Control Room) overseen by the Ministry of Economic Development and the Ministry of Foreign Affairs and International Cooperation, which saw all private and public-sector players in the Italian economy involved in a joint action to promote public support mechanisms throughout the country. SIMEST signed an agreement in January with the National Council of the Italian Accounting Profession to organize a series of meetings, held in 10 Italian cities, to provide refresher courses and training to accountants in those local areas who advise SMEs on procedures for entering foreign markets.
As part of its efforts to collaborate with local authorities, SIMEST and SACE signed an agreement with the Region of Puglia (October 2016). SIMEST also took part in 4 stages of the road show entitled "Cooperazione allo Sviluppo dell'Unione Europea: nuovi trend ed opportunità per le imprese italiane" (European Union Development Cooperation: new trends and opportunities for Italian enterprises), which was organized by Confindustria, the Ministry of Foreign Affairs and International Cooperation, and ICE and saw the involvement of over 150 businesses and associations. In October a communication and marketing campaign was launched in support of the changes made by the reform of Law 394/81 Fund instruments, which took effect in October 2016. In addition to using all types of media, information on the reform was provided at 12 road shows held throughout Italy for industry associations, chambers of commerce and banks; as a result of the reform and these support initiatives, there was an increase in applications for financing in terms of both number and requested amount.

## Missions abroad

In 2016, SIMEST took part in 14 institutional and private-sector missions to the following countries: Algeria, Argentina, Brazil, China (two missions), Korea, Cuba (two missions), Egypt, Iran (two missions), Kazakhstan, Pakistan, Qatar, Tunisia and Turkey. Furthermore, there was a mission to Peru to assist the Ministry of Economic Development on a specific industrial cooperation project. During these missions, SIMEST provided support to Italian enterprises within the scope of numerous business forums and other business-to-business events in order to discuss issues related to business opportunities in these countries and with the goal of facilitating meetings with local businesses to help foster partnerships. These missions focused on the specific sectors of interest to each of the countries concerned.

## International relations

During the year, SIMEST strengthened its relationships with the major development finance institutions and took on a leading role within the European Development Finance Institutions (EDFI) when our CEO was given a seat on the board of directors of EDFI and of its management company, formed to manage EU funds targeted at the private sector (ElectriFI, AgriFI, etc.). At the operational level, SIMEST took an active part in all of EDFI's meetings and working groups in 2016 and participated in international events. In addition, SIMEST signed an agreement with Indonesia Infrastructure Finance to support investment in Indonesia by one of our Italian partners, a memorandum of understanding with Spanish bilateral finance institution COFIDES, and a partnership agreement with E4IMPACT, a spin-off foundation of Università Cattolica del Sacro Cuore in Milan that forges agreements with African universities to offer an MBA program to train local managers in order to develop Italian business initiatives in Africa. In March, during the business mission to Korea, organized by the Ministry of Foreign Affairs, Ministry of Economic Development, ICE, ABI and Confindustria, a partnership agreement was signed between SIMEST and Invest Korea, the government agency that promotes and facilitates investment in that country. The agreement seeks to strengthen economic ties in the field of investment and innovation to assist Italian companies, especially SMEs, in carrying out projects in Korea.

# 6. Risk management

Pursuant to Article 2428 of the Italian Civil Code, with regard to the main risks and uncertainties to which the Company is exposed in its equity investments, SIMEST has implemented policies for managing financial risk, including exposure to price risk, credit risk, liquidity risk and market risk.
In 2016 the Board of Directors approved the SIMEST Investment Rules. The primary purpose of the rules is to ensure that SIMEST, in coordination with the Group Parent Cassa depositi e prestiti, is able to handle the risks assumed with its own resources. The rules therefore contain the same risk management principles introduced at the Group Parent level, taking account of SIMEST's characteristics and size. The consequent operational policies were also issued.
Within the scope of these rules and the Investment Rules in force since November 2015, there are specific investment guidelines and specific measures for verifying credit ratings for each counterparty both prior to entering into a relationship and ongoing. The rules govern the functioning of the investment and the monitoring process, and establish the roles of the various units involved.
The outcome of the origination activities conducted by the various organizational units is summarized in investment proposals, which are then submitted for evaluation by the Investment Committee. In the event a proposal is deemed valid and of interest – given the related financial/credit risks and methods for managing and mitigating such risks – it is submitted to the SIMEST Board of Directors for final approval. Subsequently, agreements with the partner are defined based on the guidelines and other indications provided by the Board.
With regard to risk monitoring and mitigation, the credit risk related to the equity investment is first mitigated by acquiring direct commitments from the Italian partners for the forward acquisition of the SIMEST shareholdings, and these commitments are backed, in part, by corporate sureties, collateral and bank or insurance guarantees.

GUARANTEES

*(%; € millions)*

| | 2016 | | 2015 | |
|---|---|---|---|---|
| Direct commitments of Italian partners | 83% | 410 | 79% | 370 |
| Commitments backed by bank or insurance guarantees | 12% | 58 | 16% | 77 |
| Commitments backed by collateral | 6% | 28 | 5% | 21 |
| **TOTAL DISBURSED** | | **496** | | **468** |

As at December 31, 2016, direct commitments with Italian partners for the purchase of the equity interests totaled around €410 million (€370 million at December 31, 2015). Commitments backed by bank and/or insurance guarantees totaled about €58 million (€77 million at December 31, 2015), and those backed by collateral totaled €28 million (€21 million at December 31, 2015).
Price and foreign exchange risks are mitigated through contractual language, which generally guarantees that SIMEST will recoup its investment at the price paid in euros for the investment.
Liquidity risk and interest rate risk are constantly monitored using a cash flow analysis approach, especially for equity investments. In addition, in order to reduce exposure to liquidity and interest rate risk, in 2016 we continued to review the composition of debt to ensure the consistency of the temporal profile of equity investments with the related debt by taking on new medium and long-term financing and renegotiating existing lines of credit.
With regard to equity investments, as of December 31, 2016 14 pre-litigation situations occured for which negotiations are under way to recover the credit or settlement has been reached and SIMEST is receiving payments. These positions refer to receivables – for repayment of principal and net of amounts received from guarantors – of around €12 million. Furthermore, at the end of the year, there were 61 positions, also relating to positions no longer registered in the portfolio, being litigated (mainly enforcement orders, arrangements with creditors and insolvency proceedings), corresponding to receivables – for repayment of principal and net of amounts received from guarantors – of around €28 million.
During the year, the Company completed a project to design and implement the principles, processes and operational tools for analyzing and monitoring the risk associated with investments. This monitoring is done in order to quickly identify any abnormal credit positions so as to permit management to take specific measures to protect assets and, if necessary, undertake credit recovery.
Special safeguards have also been put into place for the subsidized funds managed by SIMEST aimed at monitoring and mitigating the main risks to which the funds are exposed. More specifically, to mitigate the higher risk, i.e. credit risk, to which the Law 394/81 Fund is exposed, in 2016 the scoring system used by SIMEST to financially assess applicants was updated. The proposed changes were approved by the relevant Subsidies Committee and will be gradually applied to all the financing applications received by SIMEST.
As to the Law 295/73 Fund, in 2016 the Subsidies Committee approved the plan for hedging risk using derivative financial instruments to mitigate interest rate risk, the primary risk to which the fund is exposed. This plan has been fully implemented.
Following the approval of the Risk Rules, during the year SIMEST implemented the process for assessing the congruity between the available capital resources (represented by shareholders' equity) and the economic capital necessary for the risks assumed, measured using the Internal Capital Adequacy Assessment Process (ICAAP) employed by the Group Parent. The results of the assessments confirmed that the capital is fully congruent with the current situation and with the projected horizon of the Business Plan.


2016 SIMEST PROFILES

## **OPPENT**’s pneumatic tube system travels from Milan to **DUBAI**

We provided subsidized financing to a Lombardy firm to help it **enter non-EU markets**, specifically opening a sales office. The goal: to expand its presence in the **Middle East**.

# 7. Internal control system

The internal control system consists of a set of rules, procedures, and organizational structures designed to ensure compliance with applicable regulations, in accordance with corporate strategies and the achievement of targets set by Company management.
More specifically, first-level controls, or line controls, are conducted by operational and administrative units. They are built into organizational procedures and are designed to ensure that operations are carried out correctly.
Second-level controls, or risk management controls, are carried out by different organizational units and are designed to ensure that risk governance processes are properly implemented, that the operational limits set for the various departments are respected and that business operations comply with regulations. Finally, third-level controls are performed by the Internal Audit unit, which provides monitoring and periodic assessment of the effectiveness and efficiency of the risk management, control and governance system, based on the nature and severity of the risk. For the performance of its tasks, the Internal Audit unit submits an action plan to the Board of Directors, which sets out the audits scheduled in line with the risks associated with the activities aimed at achieving the business objectives. The units reports on its results on an annual basis to the Board of Directors and the Board of Auditors. However, critical issued identified during examinations are immediately reported to the relevant Company units so that they can implement corrective actions.

# 8. Governance and support activities

## 8.1 Communication

Projects to restyle the Company's image, enhance online communications and celebrate the Company's 25th anniversary were completed in 2016, such as the Corporate Social Responsibility (CSR) pilot project. Specifically, SIMEST's institutional image was completely overhauled with new graphics for all supporting material. With regard to online communication, social media became more extensively used in issuing press releases. In November, a new version of SIMEST's website was launched, which is now accessible from all devices with innovative design. Between November and December 2016 the Company launched a communication campaign, making heavy use of online and digital channels, to promote the new internationalization financing options introduced by the Ministry of Economic Development.
Furthermore, SIMEST, in collaboration with SACE and ICE, held numerous promotional meetings throughout Italy. It also reinforced its press-driven communication efforts through a large number of articles focusing on SIMEST and its activity.
In the area of corporate events, on November 16, 2016 SIMEST organized a conference for its partner companies to celebrate its 25th anniversary. The event was held at the Milan Stock Exchange; in addition to members of SIMEST's and the CDP Group's top management, speakers included representatives of financial institutions and partner companies. 200 representatives of companies and professional firms attended. During the event, videos on SIMEST were shown and a published work on the impact of SIMEST's activities on the companies in its portfolio was presented.

## 8.2 Human resources and organization

### Organization and workforce

In 2016, the Company made significant changes to its structure in preparation for the drafting and implementation of the 2016-2020 Business Plan.
Following the systems in place at Cassa depositi e prestiti and SACE, the first-level organizational units have been called "Areas" and second-level ones called "Units" (except for certain Units responsible for staff functions, which report directly to the CEO/General Manager). In order to rationalize investment and financing activities, those activities relating to equity investments and subsidized financing under the Law 394/81 Fund have been combined into a single Investments Area. The management and monitoring of equity investments also come under the Investments Area.
In addition, in order to create new lines of business to expand the range of products offered to customers and to carry out promotional efforts throughout Italy, the Marketing and Business Development Area was formed. An Export Credit Area was also created to provide export credit support in the form of both buyer and supplier credit. In order to make processes more efficient, the Back Office and Middle Office Units, among the administrative organizational units under the CEO/General Manager, were centralized in the new Operations Area. The Back Office Unit disburses financing and processes repayments, while the Middle Office Unit is responsible for acquiring new equity investments and the operational and administrative management of investment and financing contracts.





The Administration, Planning and Control Area was established to carry out accounting, financial reporting, management control and treasury tasks directly or in support of activities centralized at the level of the Group Parent.
In order to better coordinate activities pertaining organization and internal operational services, the Organization, Systems and Services Area was formed, grouping within it the Organization Unit and the IT and Internal Operations Unit. This Area is responsible for overseeing procurement, in part prompted by the Group Parent's policy for centralizing this function.
The Legal Affairs Area has also been maintained, centralizing all the secretariat activities for the corporate bodies and the Subsidies Committee. A Legal Advisory Unit was added to provide greater support to companies. The Human Resources Unit's duties remain unchanged and it continues to report directly to the CEO/Managing Director.
The Identity & Communications Unit, which is responsible for external and internal communications and media relations, also reports directly to the CEO/General Manager, as the Institutional Relations Unit does, focusing on managing relationships with national institutions in synergy with the Group. Finally, in accordance with developments within Cassa depositi e prestiti and SACE and to better monitor the control functions, the Risk Management Unit (which has been outsourced to CDP) now reports directly to the CEO/General Manager.
During the year, the Company promoted job rotation for 35 persons, thereby providing an opportunity for employees to grow. Ordinary employee turnover was managed by shifting employees to cover the related positions.
The Company successfully completed the three-year renewal of the certifications for all enterprise systems in accordance with the ISO 9001:2008 quality standard, as well as the certification of the Occupational Health & Safety Management System in accordance with the OHSAS 18001:2007 standard.
As at December 31, 2016, the Company's workforce totaled 162 employees (including 8 CDP employees seconded to SIMEST: 4 senior managers, 2 middle managers, and 2 area professionals) for a decrease of 1 in 2016. This decrease was the net effect of 8 employees leaving the Company during the year and 7 new additions (3 of which CDP employees seconded to SIMEST). The average ages of the workforce is 49, while the percentage of employees with university degrees (first degrees and post-graduate qualifications) is over 60% of the workforce.

### COMPANY WORKFORCE*

| | Workforce at 31/12/2016 | Workforce at 31/12/2015 |
|---|---|---|
| Senior management | 12 | 10 |
| Middle management | 78 | 79 |
| Non-managerial personnel | 72 | 74 |
| TOTAL | 162 | 163 |

* Including 21 part-time employees as at December 31, 2016 (3 fewer than at December 31, 2015), and the CDP employees seconded to SIMEST.

### Personnel management and development

In 2016, SIMEST provided a total of 4,550 hours of classroom training (an increase of 38% over the approximately 3,300 hours provided in 2015) to assist employees in their career development. These courses concerned technical and specialist topics in order to enhance the management of business projects and behavioral coursework to improve relationship skills. Particular emphasis was placed on the integration with SACE, in particular on understanding SACE's instruments, to allow employees engaged in promotional efforts throughout Italy to be able to advertise these instruments. Mandatory training pursuant to Legislative Decree 81/2001 was provided.

## 8.3 Legal disputes

There were three labor disputes pending before the court at December 31, 2016, two of which concern a total amount of around €280 thousand. The third matter regards a legal challenge to an employee dismissal.
As to tax disputes, the appeal is under way to cancel a tax demand for a registration tax dating to the transfer by Mediocredito Centrale to SIMEST of assets to subsidized funds, which should reasonably conclude in SIMEST's favor, analogous to the outcome regarding Mediocredito Centrale's joint obligor.

## 8.4 Corporate governance

### Compliance model 231/2001

SIMEST has adopted the compliance model required under Legislative Decree 231/2001 ("Model 231"). This model identifies the areas of the Company most exposed to the risk of committing any of the crimes specified under the aforementioned decree and establishes the principles, rules, and measures of the system of controls adopted to govern "relevant" operations, which is subject to subsequent updates. On May 20, 2016, the Board of Directors approved an updated to the General section of Model 231.
The Supervisory Body is responsible for overseeing the functioning of and compliance with the Model, for updating its contents, and for assisting the competent corporate bodies in its proper, effective implementation. SIMEST's Supervisory Body consists of three members: one legal expert, one expert in business and economics, and CDP's Chief Audit Officer or another designated CDP Group employee possessing considerable experience with the internal control system.
On July 8, 2016, the Chairman of the Supervisory Body resigned after taking on new duties within the Company and the eldest member became the new Chairman pursuant to its rules. In 2016, the Supervisory Body was assisted by the Compliance Unit in providing ongoing, independent oversight of the regular execution of Company processes and of the overall system of internal controls. During the year the Supervisory Body met 11 times and held one meeting with the supervisory body of SACE Spa. As of November 15, 2016 SIMEST is subject to the management and coordination of its Parent Company SACE Spa in accordance with the "Rules on the exercise of management and coordination of CDP Group companies" approved by CDP on March 23, 2016.

### Code of ethics

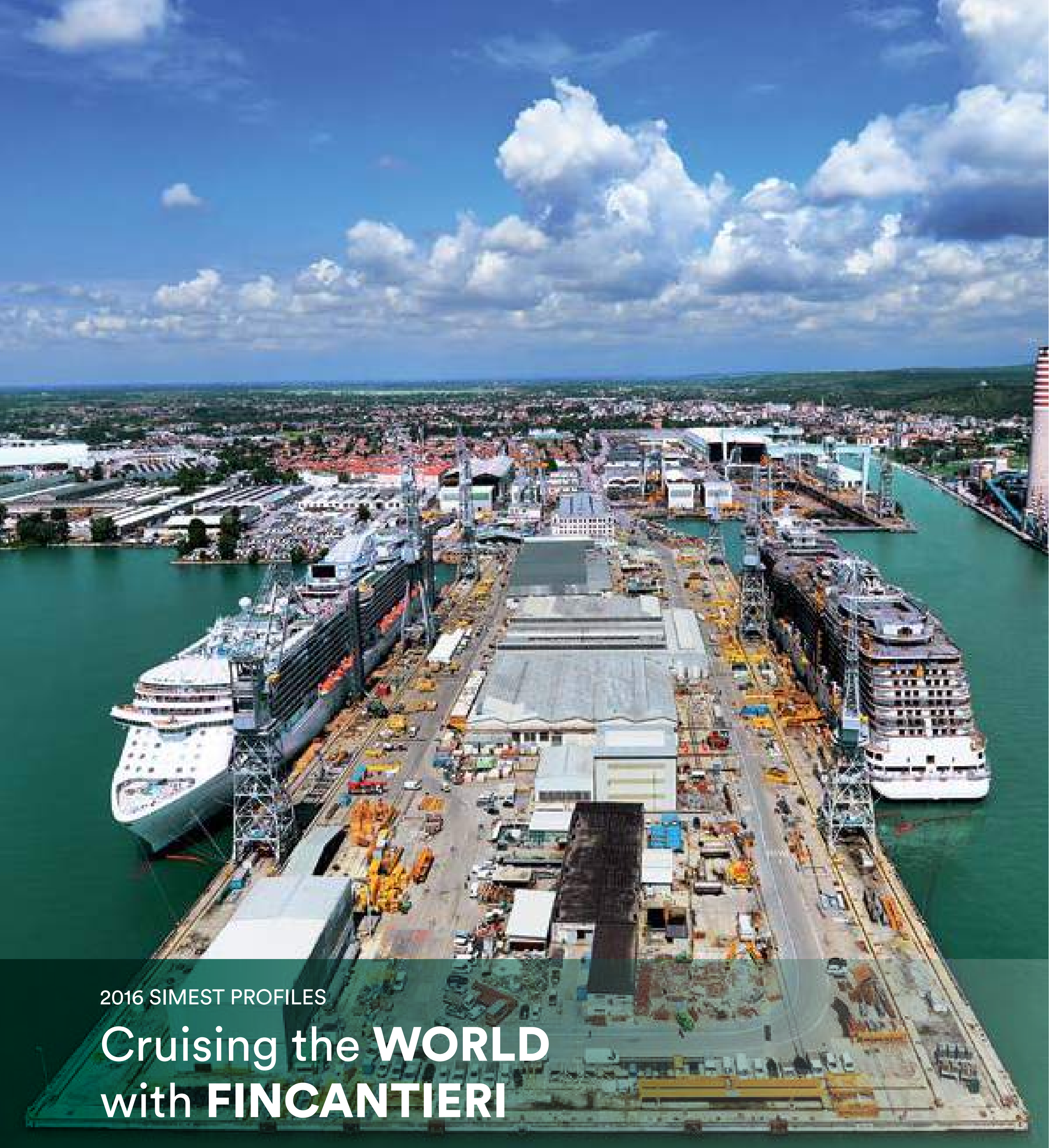
In line with the Code of ethics of Cassa depositi e prestiti Spa and of the companies subject to its management and coordination, the SIMEST Code of conduct is an integral part of Model 231 and contains the general rules of conduct and the values that SIMEST promotes and safeguards in conducting the organization's activities. The Code of conduct guides SIMEST relationships and establishes that the principles, values, and rules defined therein are to apply both to internal SIMEST personnel (Company employees, senior executives, and other parties subject to Company management) and to "any external parties who have relations of any kind, either directly or indirectly, with SIMEST".
SIMEST also promotes awareness of and compliance with Model 231 and the Code of conduct by way of specific contractual clauses that include specific measures to be taken in the event of violation of the values expressed therein, and a system of internal controls has been implemented that detects, measures, and monitors risks resulting from failure to follow the Code of conduct. Both the Code of conduct and the principles of SIMEST's compliance model can be found on the Company's web site.

### Internal committees

As far as internal committees are concerned, in May 2016, the update to the Rules for Investment (introduced in November 2015), amended specifically to incorporate the management of non-performing loans, was approved. The composition of the Investment Committee and the Investment Monitoring Committee was redefined following the introduction of new provisions on the Company's shareholding and organizational structure on June 13, 2016. Finally, in December 2016, an additional update to the Rules for Investment, containing provisions on the new process for monitoring the equity investments portfolio, was approved.

### Related parties

SACE Spa holds a 76% interest in SIMEST, starting from September 30, 2016 and exercises management and control over SIMEST. With regard to transactions with the controlling shareholder SACE Spa and the other members of the CDP Group, pursuant to Article 2428 of the Italian Civil Code, SIMEST, CDP and SACE have signed an Export Bank Convention regarding the financing of international expansion and exports of Italian businesses, with CDP providing financial support and SACE providing guarantees. In addition, in relations with the majority shareholder, remuneration was paid to one member of SACE Spa's senior management who sits on the SIMEST Board of Directors and payment was made for professional services received within the scope of a contract relating to the assessment of environmental impact parameters for export credit support transactions. Furthermore, the Company leases an office in Milan from SACE BT (a subsidiary of SACE Spa) and an office in Venice from SACE Spa.
With regard to other Group companies, SIMEST made use of a line of credit issued by CDP in a pool transaction with credit institutions. In addition, in 2016 remuneration was paid for the three members of the SIMEST Board of Directors appointed from among CDP's senior managers and for internal auditing and risk management units outsourced to CDP. In 2016, six CDP employees were seconded to SIMEST and one SIMEST employee was seconded to CDP, all on SIMEST's payroll. There are also IRES tax payables due to Group Parent Cassa depositi e prestiti Spa for joining the Group tax consolidation mechanism.
During the year, SIMEST transferred to Fincantieri Spa its share in the jointly-held foreign company Fincantieri U.S.A. Inc. as provided by contract. These transactions with related parties have all been conducted on an arm's length basis.



2016 SIMEST PROFILES

## Cruising the **WORLD** with **FINCANTIERI**

Through an **export credit support** operation, we, along with SACE, helped Italy's top shipbuilder fill an order from Virgin for three passengers ships.



# 9. Sustainability and socio-economic impact

## 9.1 Impact of SIMEST's action on the Italian economy

Since its establishment in 1991 until 2015 SIMEST has offered Italian companies interested in international expansion, particularly SMEs and mid-cap companies, ongoing support through a wide range of financial instruments. In 2016 the effects of these operations were monitored by quantifying the direct impacts on export industries, the indirect impacts on the beneficiary companies and the ripple effects on the Italian economy.

### Performance of the companies that made direct foreign investment[14]

Over its 25 years history SIMEST has made over 770 investments for a commitment of more than €1 billion, plus another €0.3 billion and over 300 equity investments through the Venture Capital Fund that has been in operation since 2004. Operations have involved Italy's main productive sectors and companies that have made direct foreign investments with SIMEST have achieved better results in terms of revenue, employment and investment in property, plant and equipment than the performance of Italian GDP and the market.
Italian companies that made direct foreign investment with SIMEST have experienced an 8% average annual increase in revenues compared with the average increase in Italian GDP of 0.9%. The number of people employed in Italy by SIMEST partners has risen by 8% per year on average, compared with an average decline of 0.5% registered for Italian industrial firms. In addition, with regard to property, plant and equipment to be used for productive activities, there was an average increase of 8% for SIMEST's partner companies, compared with an average annual decrease of 0.6% for Italian industrial undertakings.[15]
The impact of the Venture Capital Fund on the country system and at the macroeconomic level[16] translates into revenue generated in 2014 alone in the amount of €1.7 billion (panel of 88 equity investments), for an average annual return on public support (as the sum of the average estimated tax revenue generated and the return on capital employed) of 11%.

### Impact on the economy of resources managed for soft loans and export credit support programs

Between 1999 (when SIMEST took over this activity) and 2015, over 3,500 projects for international expansion, amounting to €2.6 billion, were funded. In 2015 alone over €62 million in financing for such projects was disbursed, the impact of which on the country system at the macroeconomic level translates into €237 million in foreign investment facilitated, with an average investment multiplier of 1.2, as well as better borrowing costs for companies than those available on the market.

[14] EY Financial Advisors SpA data on SIMEST's activities.
[15] *SIMEST, 25 anni di viaggi con le imprese italiane nel mondo,* November 2016.
[16] Measurement of performance of companies receiving SIMEST support in the second half of 2015 – Final Report, Ernst & Young – April 2016.

SIMEST internally conducted a specific impact analysis on the beneficiary companies and on the country system of these operations. The analysis period considered (2006 to 2015), allowed, among other things, an in-depth examination of the positive effects of these instruments during the years that the world economy experienced its greatest slowdown. Italian companies that took advantage of internationalization financing managed by SIMEST saw an average annual increase in turnover of 5.9% (compared with a 0.5% rise in GDP), of 4.2% in employment in Italy (compared with an average annual employment rate increased for industrial firms of 0.1%) and of 5.9% for property, plant and equipment (compared with a contraction for all industrial firms). The data gathered during the study confirm the importance of the instrument, whose effects, among other things, have contributed to mitigating the adverse effects of the economic crisis.
As to export credit support products, between 1999 and 2015 more than €63 billion was disbursed for about around 3,200 projects; in 2015 alone over €90 million in grants were funded under this program. The impact on the country system at the macroeconomic level translates into more than €38 billion in foreign orders facilitated in 2015, with an average investment multiplier of 23, as well as indirect benefits in terms of lower borrowing costs for exporter companies.

## 9.2 Development impact

SIMEST's mission is to support Italian companies in expanding their business and competing abroad, thereby contributing to the development of the private sector and the sustainable growth of the countries in which it invests. Through its activity, SIMEST therefore seeks to support a dynamic, secure and sustainable private sector, which is crucial for expanding markets. To better determine its impact on the economic growth of the target countries, in 2016 SIMEST took the first steps towards implementing a model that can track its effects on business expansion, private-sector development and green growth.
In 2016 SIMEST launched a pilot program, in conjunction with a leading specialist consulting firm, to evaluate the impact of the projects it has financed. This project was conducted by performing a comparative analysis of the models for measuring the development impact adopted by the leading European development finance institutions.
A set of indicators (economic, social and environmental), shared within the EDFI Development Effectiveness Working Group, was selected and applied to a sample of projects in the energy and agribusiness industries and new investments, with the goal of measuring the social-environmental impact in the country targeted by the operation in terms of job creation, female employment, local procurement, $CO_2$ emissions avoided and clean energy produced, and local tax revenues generated by the investment.
Working with its Italian partners (23 companies analyzed),[17] SIMEST collected data on the impact of its efforts in foreign countries in terms of tax revenue generated, local procurement, employment and reduced emissions.
Out of the overall panel, an in-depth study was conducted on six partners involved in the project. The partners came from different industries and totaled more than €190 million of total investments, with SIMEST's contribution amounting to over €18 million.

[17] The companies sampled operate in the agribusiness, energy and manufacturing services industries, with investments concentrated in Asia, Africa, Europe, the Middle East and North America.





**Results of the pilot project**

| DEVELOPMENT IMPACT | Indicators | Value created |
|---|---|---|
| Over €18 million invested (6 partners involved in pilot project) | Local procurement | over €76 million |
| | Taxes on income produced | over €38 million |
| | Direct jobs created | over 33 thousand new jobs of which 65% women |
| In industries: electronics, steel, services, energy | Sustainable energy generated | over 210 Mwh |
| | $CO_2$ emissions saved | over 121 thousand tons |

The preliminary results show that the companies supported by SIMEST build their local value chains by purchasing goods and services from suppliers in the countries in which they operate and promote economy activity that has further positive spillover in the country. SIMEST also contributes indirectly to job and value creation through the local suppliers of its partners. SIMEST's investments have had a positive impact on the environment, since the companies involved in the pilot project produce clean energy and help to reduce $CO_2$ emissions.
SIMEST, with the aim of creating a development impact assessment tool that can monitor the impact of its portfolio, has begun determining the specific priority areas for development, consistent with its mission, which will evolve around the themes of business expansion, development of the private sector and sustainable growth. Each area will include specific performance indicators that SIMEST will use to periodically measure progress. This model will enable a better understanding of the impact of SIMEST's work at the international level.

## 9.3 Corporate Social Responsibility

In 2016 SIMEST started a company-wide project to introduce the concept of Corporate Social Responsibility[18] (CSR) and to measure and improve its social responsibility.
Three stakeholders were chosen for the pilot project: People, the Environment and Society. Therefore the Company chose 3 impact categories based on the sustainable reporting guidelines provided by the Global Reporting Initiative:[19] Social, Environmental and Economic; several indicators were selected for each category, measuring the changes that occurred between 2015 and 2016.

### "PEOPLE" STAKEHOLDER

#### GRI category: Social

**EMPLOYMENT**
During the year, SIMEST continued to hire, adding 4 new employees, and attended recruiting and career days at the main universities in Rome and Milan.
As to insurance coverage for employees, the health insurance offered by SIMEST to its permanent employees provides greater coverage than indicated in the national collective bargaining agreements. It has also increased the amount allocated for education grants for the children of middle management and non-managerial employees by 18% over 2015, above that provided for in the national collective bargaining agreements.

[18] Definition of new metrics that enable companies to become more sustainable and contribute to economic sustainability as a whole. CSR focuses on environmental, humanitarian and social dimensions, contributing to defining procedures and obligations for the achievement of economic results.
[19] The Global Reporting Initiative (GRI) is a non-profit entity founded to provide sustainability reporting assistance to organizations of any size, any industry and in any country.

In 2016 SIMEST organized, for the first time, a program targeted at children of employees attending the 4th and 5th years of high school to prepare them for the world of work. In September, it introduced a contribution towards the costs of nursery school for children 0 to 3 years old (annual registration fees and monthly attendance fees).
Employees with at least one year of service can apply to SIMEST for low-interest loans and mortgages to purchase or renovate a primary residence.
To promote participation in sports, starting from July 2016 SIMEST offers support to its employees who practice running, provided they possess a certificate of fitness to engage in competitive sports and are members of a running organization.

### TRAINING AND EDUCATION

SIMEST increased the amount of training provided to employees from 3,300 hours in 2015 to 4,550 hours in 2016. The average annual hours of training per employee rose from 20 in 2015 to over 46 in 2016.

### OCCUPATIONAL HEALTH AND SAFETY

SIMEST conducts periodic monitoring of the working environment, where the Company physician administers a special questionnaire (inserted in the guidelines by INAIL) during Company-sponsored health check-ups.

#### GRI category: Economic

SIMEST participates in a supplementary pension fund, contributed to by the employee with a match by SIMEST.

## "ENVIRONMENT" STAKEHOLDER

#### GRI category: Environmental

### MATERIALS AND PAPER

There was a 36% reduction in the consumption of non-renewable resources compared with 2015, while the use of recyclable materials was cut by 28%. Moreover there was a 3% increase in the ratio of recyclable materials with a lesser environmental impact.

As to paper use, in 2016 the Company reduced its consumption of printed copies of magazines and newspapers and reported a further decrease of around 37% in the consumption of paper for printed materials and publications.

### ENERGY

Total internal energy consumption decreased by around 9% between 2015 and 2016.

### WATER

The total volume of water withdrawn in cubic meters for the year went from 2,901 $m^3$ in 2015 to 3,809 $m^3$ in 2016.

### TRANSPORT

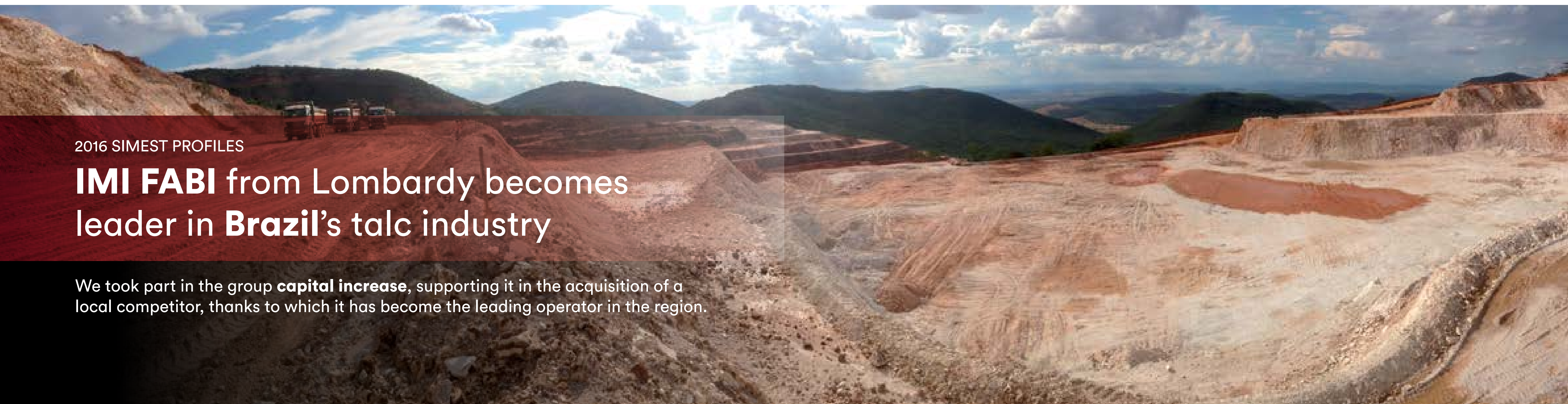
$CO_2$ emissions for business travel,[20] calculated based on kilometers travelled, went from 100 tonnes in 2015 to 156 tonnes in 2016, as a result of the increased commercial presence involved in providing support for international expansion and exports. However, the environmental impact was reduced in terms of the ratio of tonnes of $CO_2$ to kilometers traveled owing to the better mix of transport methods.

## "SOCIETY" STAKEHOLDER

#### GRI category: Economic

With regard to donations to non-profit associations, at the end of the year SIMEST holds a lottery among its employees, the proceeds of which are donated to charity with a matching donation made by the Company.
In 2016 the Company awarded scholarships to high school students through the Ministry of Education project "Fuoriclasse della Scuola" and contributed to the Leonardo Prize. Over the year SIMEST conferred the SIMEST Prize, through the Leonardo Committee, for the best university thesis on the topic of internationalization.

[20] The impacts were calculated by multiplying the kilometers traveled by the conversation factors taken from the site https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2016. The kilometers were calculated using travel agency reports. The increase in the use of trains in Italy (considering that short-distance flights produced higher $CO_2$ emissions) meant that the impact was lessened without reducing activity.



# 10. Performance and financial position

The financial position and performance of SIMEST at December 31, 2016 is analyzed below. In order to make the results easier to understand, the balance sheet and income statement have been reclassified on the basis of operational criteria.

## 10.1 Reclassified balance sheet

The assets from the reclassified balance sheet at December 31 can be grouped into the following aggregates:

*(€ millions)*

| Assets | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Cash and cash equivalents | 0.1 | 0.1 |
| Financial assets held for trading | 1.7 | 0.4 |
| Financial assets available for sale | 5.2 | 5.2 |
| Receivables for equity investments | 505.7 | 480.0 |
| Other financial receivables | 4.7 | 4.7 |
| Property, plant and equipment | 0.2 | 0.2 |
| Intangible assets | 0.6 | 0.3 |
| Tax assets | 3.4 | 4.6 |
| Other assets | 9.9 | 10.2 |
| TOTAL ASSETS | 531.5 | 505.5 |

As at December 31, 2016, total assets amounted to €531.5 million (€505.5 million at December 31, 2015), increasing of about €26 million from the prior year.
The change in assets mainly involved the increase in "receivables for equity investments", which came to €505.7 million (€480.0 million at December 31, 2015). This is the main component of assets, accounting for 95% of the total. The aggregate includes €483.6 million (€461.6 million at the end of 2015) in paid-in equity investments net of any value adjustments. The increase of €22 million in the total value of this item is mainly the net effect of payments (€100.2 million), receipts (€68.6 million), and value adjustments and other changes (€9.6 million) recognized in 2016. As a result of application of the International Financial Reporting Standards (IFRSs), the allocation of these amounts to "receivables for equity investments" takes account of the nature of SIMEST's operations in assisting Italian partners for a specified period of time and the fact that these partners are required to repurchase the equity investments at the end of that period treating them as equivalent to a loan to the partners even though they relate to equity investments.
"Receivables for equity investments" also include €17.4 million (€18.4 million at the end of 2015) in respect of receivables from the various partners for the fees related to activities connected with the equity investments.

The carrying amount of "receivables for equity investments" differs from the total value of the related portfolio specified above because it is reduced by the amount of payments on account in respect of sales to be completed and amounts not yet paid on investments made.
"Financial assets available for sale" amounted to €5.2 million at December 31, 2016, unchanged from the prior year, and represent the interest in FINEST (which is not an associate).
"Other assets", totaling €9.9 million (€10.2 million at December 31, 2015) mainly includes trade receivables in respect of the agreement to manage the various public funds in the amount of €8.5 million (€9.2 million at December 31, 2015) and advances to suppliers in the amount of €0.6 million (€0.5 million at December 31, 2015).
"Tax assets" totaled €3.4 million (€4.6 million at December 31, 2015), of which €2.6 million in deferred tax assets recognized in respect of income components that will become taxable in future periods; €0.5 million for current taxes related to the application for a refund of IRAP in accordance with Article 2 of Decree Law 201/2011; and over €0.3 million (€1.4 million at December 31, 2015) for payments on account of corporate income taxes in 2016.
The liabilities from the reclassified balance sheet at December 31 can be grouped into the following aggregates:

*(€ millions)*

| Liabilities and shareholders' equity | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Borrowings | 196.1 | 175.8 |
| Financial liabilities held for trading | 0.1 | 0.9 |
| Other liabilities and tax liabilities | 6.8 | 7.5 |
| Employee termination benefits | 3.1 | 3.5 |
| Provisions for risks and charges | 1.7 | 2.1 |
| Shareholders' equity | 323.7 | 315.7 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 531.5 | 505.5 |

On the other side of the balance sheet, "borrowings" totaled €196.1 million at December 31, 2016 (€175.8 million at December 31, 2015). The item represents drawings on loans and lines of credit granted by CDP and banks that are SIMEST shareholders. New borrowings were undertaken to support net outlays and the related expansion of the investment portfolio.
"Financial liabilities held for trading", amounting to €0.1 million (€0.9 million at December 31, 2015), includes the fair value measurement of one financial instrument used to hedge the interest-rate risk on debt.
"Other liabilities" and "tax liabilities" totaled €6.8 million (€7.5 million at December 31, 2015) and mainly includes trade payables in the amount of €1.7 million (€2.0 million at December 31, 2015) and amounts payable to employees and related contribution and tax liabilities in the amount of €1.6 million (€4.0 million at December 31, 2015), as well as the IRES tax payables due to Group Parent Cassa depositi e prestiti Spa for joining the tax consolidation mechanism (€2.4 million).
"Employee termination benefits" came to €3.1 million (€3.5 million at December 31, 2015), representing amounts due to employees under specific legislation and collective bargaining agreements at December 31, 2016. The item has been recognized in accordance with IAS 19.
"Provisions for risks and charges" amounted to €1.7 million (€2.1 million at December 31, 2015) and represent provisions for potential liabilities, at current values, in respect of disputes with third parties and with employees and other costs related to employees.
Shareholders' equity amounted to €323.7 million at December 31, 2016 (€315.7 million at December 31, 2015), equal to about 60% of total liabilities. It comprises "share capital", the "share premium reserve",

other “reserves” (including the first-time adoption, or “FTA”, reserve), and “net profit” for 2016. “Reserves” totaled €145.9 million at December 31, 2015 (€145.1 million at December 31, 2015), and represent about 45% of total equity.

## 10.2 Reclassified income statement

The following analysis of SIMEST’s performance is based on the income statement that has been reclassified on the basis of operational criteria, specifically:

*(€ thousands)*

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Income from equity investments | 27,361 | 29,101 |
| Interest and similar expense | (2,351) | (2,919) |
| Fee and commission income | 16,381 | 18,746 |
| Net gain (loss) on trading activities | 3,914 | 2,574 |
| Other financial income | 43 | 52 |
| **Gross income** | **45,348** | **47,556** |
| Net impairment adjustments of loans | (6,009) | (12,777) |
| Administrative expenses and other operating (expense)/income | (21,947) | (22,671) |
| **Operating income** | **17,393** | **12,107** |
| Net provisions for risks and charges | - | (780) |
| Net adjustments of property, plant and equipment and intangible assets | (397) | (194) |
| **Profit (loss) before tax** | **16,996** | **11,133** |
| Income tax for the period | (5,672) | (6,881) |
| **Net profit (loss) for the period** | **11,323** | **4,253** |

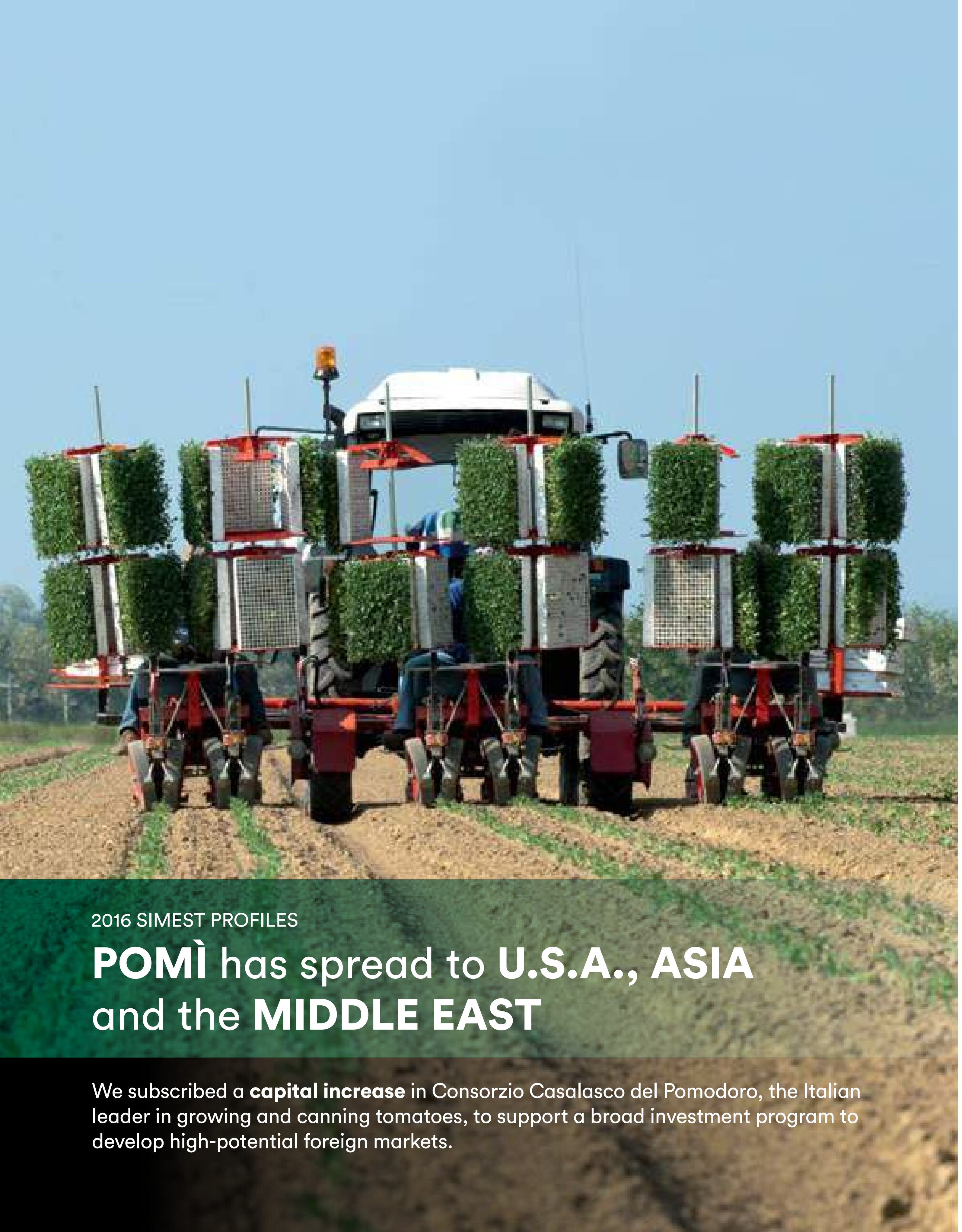
In terms of financial performance, in 2016 SIMEST posted a net profit of €11.3 million (€4.3 million in 2015) after provisions for taxes (both current and deferred) of €5.7 million. The net profit has doubled from 2015 due to lower writedowns on equity investments and the containment of overhead costs.
On the revenue side, “income from equity investments” totaled €27.4 million (€29.1 million in 2015). It includes fees, interest on deferred payments and default interest on receivables for equity investments. The average annual return on the equity investment portfolio reached about 5.9% (6.2% in 2015), with the reduction in income resulting from new equity investments made at current market terms after having assigned equity investments with higher rates of return.
“Interest and similar expense” came to €2.4 million (€2.9 million in 2015) and regards interest expense on financial debt and includes the expense for differences on financial instruments. The average cost of debt for 2016, including the effect of hedging using financial instruments, came to around 1.5% (1.9% for 2015). This result was obtained despite the lengthening of the average maturity of debts, by expanding the range of bank counterparties and more actively managing the instruments used.





“Fee and commission income” came to €16.4 million (€18.7 million in 2015) and mainly concerns fees received for management of the Venture Capital Fund, the Law 394/81 Fund, the Sustainable Growth Fund, the Law 295/73 Fund and the Start-Up Fund. The decrease in management fees on these public funds compared with the previous year was due to more efficient financial management and the lack of non-recurring expenses recognized during the previous year.
The “net gain on trading activities” came to €3.9 million (€2.6 million in 2015) and is comprised of gains on the assignment and measurement of operations in the portfolio (€3.1 million) and gains on the measurement of financial instruments (€0.8 million). Including the gains on and measurements of equity investments, the average return on equity investments amounted to 6.6%, unchanged from 2015.
As a result, “gross income” for 2016 comes to €45.3 million (€47.6 million in 2015), taking account of the reduction in income from outlays in respect of equity investments and fee and commission income, partly offset by the increase in gains on the assignment and measurement of receivables, compared with the previous year, due to an improvement in the average cost of debt.
“Net impairment adjustments of loans” showed net impairment losses of €6.0 million (€12.8 million in 2015), reflecting the individual and collective impairment of loans to customers recognized in accordance with IAS 39. This amounts to about 1% of the overall equity investment portfolio.

“Administrative expenses” (€21.9 million) decreased from the previous year (€22.7 million), due to the lack of non-recurring expenses recognized during the previous year related to early-retirement incentives. The overall reduction in expenses compared with 2015 and is also correlated with lower costs incurred in 2016 per for the management of programs for the Ministry of Economic Development, with no corresponding revenue recognized under “fee and commission income”.
As a result, operating income for 2016 came to €17.4 million, up from the €12.1 million at the end of 2015.
No “net provisions for risks and charges” were recognized in 2016 (€0.8 million in 2015), while “net adjustments of property, plant and equipment and intangible assets” – depreciation of operating assets – came to €0.4 million (€0.2 million in 2015).
Accordingly, “profit before tax” came to €17.0 million (€11.1 million in 2015) as a result of the factors described above.



2016 SIMEST PROFILES

## **POMÌ** has spread to **U.S.A., ASIA** and the **MIDDLE EAST**

We subscribed a **capital increase** in Consorzio Casalasco del Pomodoro, the Italian leader in growing and canning tomatoes, to support a broad investment program to develop high-potential foreign markets.

# 11. Outlook for operations

The 2017 budget, approved in December, assumes that the volume of funds mobilized and managed will increase, with a significant contribution made by export credit support activities, subject to the allocation of the necessary public funds, and by subsidized financing for internationalization, thanks to the full effectiveness of the changes introduced to simplify the process, make it more accessible to companies and reduce response times. Regarding equity investments, the volume of funds mobilized is expected to increase substantially, in part owing to the commercial synergies developed with SACE Spa.

As far as the balance sheet is concerned, we expect an increase in receivables for equity investments, thanks to the expected flow of new equity investments, and a correlated increase in borrowing, with a progressive matching of lending and funding maturities. Expected comprehensive income for 2017 should essentially be in line with the performance posted in 2016, despite expected non-recurring charges.

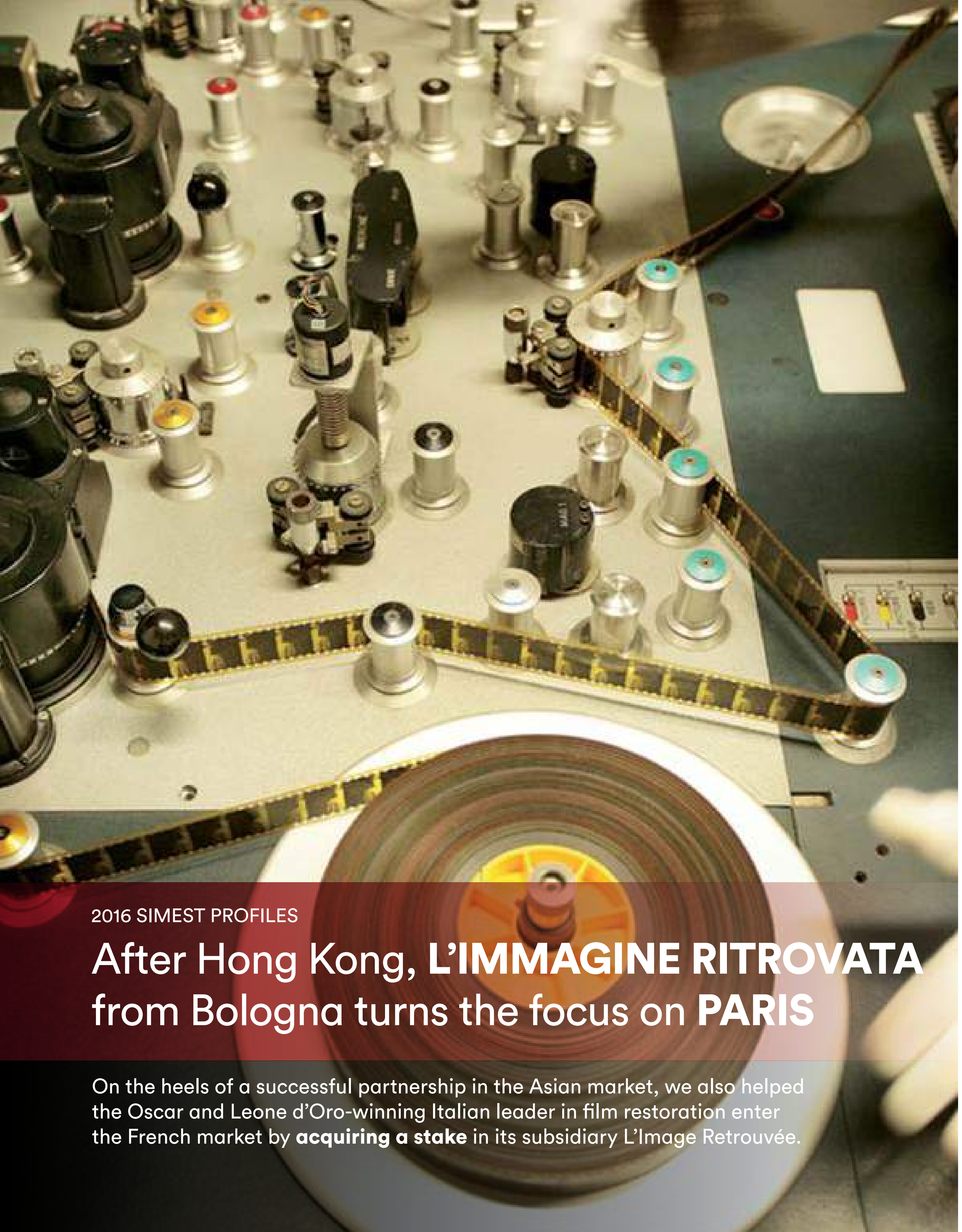
# Financial statements at December 31, 2016

# Form and content of the financial statements for the year ended December 31, 2016

The financial statements at December 31, 2016 were prepared in accordance with the regulations in force and consist of:

- Balance sheet
- Income statement
- Statement of changes in shareholders' equity
- Statement of comprehensive income
- Statement of cash flows
- Notes to the financial statements

**Contents of the notes to the financial statements:**



2016 SIMEST PROFILES

## After Hong Kong, **L'IMMAGINE RITROVATA** from Bologna turns the focus on **PARIS**

On the heels of a successful partnership in the Asian market, we also helped the Oscar and Leone d'Oro-winning Italian leader in film restoration enter the French market by **acquiring a stake** in its subsidiary L'Image Retrouvée.

# Financial statements at December 31, 2016

## Balance sheet

(euros)

| Assets | Note | 31/12/2016 | 31/12/2015 |
|---|---|---|---|
| Cash and cash equivalents | A.1 | 70,092 | 52,033 |
| Financial assets held for trading | A.2 | 1,710,674 | 439,974 |
| Financial assets available for sale | A.3 | 5,164,569 | 5,164,569 |
| Receivables for equity investments | A.4 | 505,725,054 | 480,034,847 |
| Other financial receivables | A.5 | 4,727,329 | 4,659,721 |
| Property, plant and equipment | A.6 | 205,796 | 174,810 |
| Intangible assets | A.7 | 566,534 | 273,921 |
| Tax assets | A.8 | 3,424,495 | 4,568,247 |
| a) current | | 812,548 | 1,857,575 |
| b) deferred | | 2,611,947 | 2,710,672 |
| Other assets | A.9 | 9,858,920 | 10,168,957 |
| **Total assets** | | **531,453,463** | **505,537,079** |

(euros)

| Liabilities and shareholders' equity | Note | 31/12/2016 | 31/12/2015 |
|---|---|---|---|
| Borrowings | P.1 | 196,060,759 | 175,840,281 |
| Financial liabilities held for trading | P.2 | 88,654 | 874,324 |
| Other liabilities | P.3 | 6,798,995 | 7,467,146 |
| Employee termination benefits | P.4 | 3,121,725 | 3,513,978 |
| Tax liabilities | P.5 | 17,472 | - |
| a) current | | - | - |
| b) deferred | | 17,472 | - |
| Provisions for risks and charges | P.6 | 1,715,561 | 2,137,985 |
| b) other provisions | | 1,715,561 | 2,137,985 |
| Share capital | P.7 | 164,646,232 | 164,646,232 |
| Share premium reserve | P.8 | 1,735,551 | 1,735,551 |
| Reserves | P.9 | 145,945,088 | 145,068,663 |
| - of which FTA reserve | | 63,526,684 | 63,526,684 |
| Net profit (loss) for the period (+/-) | P.10 | 11,323,427 | 4,252,919 |
| **Total liabilities and shareholders' equity** | | **531,453,463** | **505,537,079** |

## Income statement

(euros)

| | Note | 31/12/2016 | 31/12/2015 |
|---|---|---|---|
| Income from equity investments | C.1 | 27,360,772 | 29,101,326 |
| Interest and similar expense | C.2 | (1,535,065) | (2,210,470) |
| Fee and commission income | C.3 | 16,380,992 | 18,746,093 |
| Net gain (loss) on trading activities | C.4 | 3,098,381 | 1,866,608 |
| Other financial income | C.5 | 43,204 | 52,401 |
| **Gross income** | | **45,348,284** | **47,555,958** |
| Net impairment adjustments of loans | C.6 | (6,008,716) | (12,777,491) |
| Administrative expenses | C.7 | (21,271,680) | (21,914,911) |
| a) personnel expenses | | (14,125,808) | (15,233,116) |
| b) other administrative expenses | | (7,145,872) | (6,681,795) |
| Other operating (expenses)/income | C.8 | (17,623) | 12,875 |
| **Operating income** | | **18,050,265** | **12,876,431** |
| Net provisions for risks and charges | C.9 | (657,332) | (1,548,995) |
| Net adjustments of property, plant and equipment | C.10 | (54,001) | (41,900) |
| Net adjustments of intangible assets | C.11 | (343,039) | (152,048) |
| **Profit (Loss) before tax** | | **16,995,893** | **11,133,488** |
| Income tax for the period | C.12 | (5,672,466) | (6,880,569) |
| **Net profit (loss) for the period** | | **11,323,427** | **4,252,919** |

## Statement of changes in shareholders' equity: current period

(euros)

| | | | | Allocation of net profit of previous year | | Changes in the period Equity transactions | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 31/12/2015 | Change in opening balance | As at 01/01/2016 | Reserves | Dividends and other allocations | Changes in reserves | Issue of new shares | Purchase of treasury shares | Extraordinay dividends | Change in equity instruments | Derivatives on own shares | Stock options | Comprehensive income for 2016 | Shareholders' equity at 31/12/2016 |
| Share capital | | | | | | | | | | | | | | |
| a) ordinary shares | 164,646,232 | | 164,646,232 | | | | | | | | | | | 164,646,232 |
| b) preferred shares | | | | | | | | | | | | | | |
| Share premium reserve | 1,735,551 | | 1,735,551 | | | | | | | | | | | 1,735,551 |
| Reserves | | | | | | | | | | | | | | |
| a) earnings | 140,082,739 | | 140,082,739 | 1,086,645 | | | | | | | | | | 141,169,384 |
| b) other | 5,164,569 | | 5,164,569 | | | | | | | | | | | 5,164,569 |
| Valuation reserves | | | | | | | | | | | | | | |
| a) available for sale | | | | | | | | | | | | | | |
| b) cash flow hedges | | | | | | | | | | | | | | |
| c) other reserves | (178,645) | | (178,645) | | | | | | | | | | (210,221) | (388,866) |
| Equity instruments | | | | | | | | | | | | | | |
| Treasury shares | | | | | | | | | | | | | | |
| Net profit (loss) for the period | 4,252,919 | | 4,252,919 | (1,086,645) | (3,166,274) | | | | | | | | 11,323,427 | 11,323,427 |
| Shareholders' equity | 315,703,365 | | 315,703,365 | | (3,166,274) | | | | | | | | 11,113,206 | 323,650,297 |

## Statement of changes in shareholders' equity: previous period

(euros)

| | | | | Allocation of net profit of previous year | | Changes in the period Equity transactions | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 31/12/2014 | Change in opening balance | As at 01/01/2015 | Reserves | Dividends and other allocations | Changes in reserves | Issue of new shares | Purchase of treasury shares | Extraordinay dividends | Change in equity instruments | Derivatives on own shares | Stock options | Comprehensive income for 2015 | Shareholders' equity at 31/12/2015 |
| Share capital | | | | | | | | | | | | | | |
| a) ordinary shares | 164,646,232 | | 164,646,232 | | | | | | | | | | | 164,646,232 |
| b) preferred shares | | | | | | | | | | | | | | |
| Share premium reserve | 1,735,551 | | 1,735,551 | | | | | | | | | | | 1,735,551 |
| Reserves | | | | | | | | | | | | | | |
| a) earnings | 135,776,671 | | 135,776,671 | 4,306,068 | | | | | | | | | | 140,082,739 |
| b) other | 5,164,569 | | 5,164,569 | | | | | | | | | | | 5,164,569 |
| Valuation reserves | | | | | | | | | | | | | | |
| a) available for sale | | | | | | | | | | | | | | |
| b) cash flow hedges | | | | | | | | | | | | | | |
| c) other reserves | (399,812) | | (399,812) | | | | | | | | | | 221,167 | (178,645) |
| Equity instruments | | | | | | | | | | | | | | |
| Treasury shares | | | | | | | | | | | | | | |
| Net profit (loss) for the period | 7,472,342 | | 7,472,342 | (4,306,068) | (3,166,274) | | | | | | | | 4,252,919 | 4,252,919 |
| Shareholders' equity | 314,395,553 | | 314,395,553 | | (3,166,274) | | | | | | | | 4,474,086 | 315,703,365 |

## Statement of comprehensive income

*(euros)*

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Net profit (loss) for the period | 11,323,427 | 4,252,919 |
| Other comprehensive income net of taxes not recyclable to profit or loss | | |
| Cash flow hedges | | |
| Financial assets available for sale | | |
| Non-current assets held for sale | | |
| Defined-benefit plans | (210,221) | 221,167 |
| Total other comprehensive income net of taxes | (210,221) | 221,167 |
| Comprehensive income | 11,113,206 | 4,474,086 |

## Statement of cash flows (indirect method)

*(euros)*

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| **A. OPERATING ACTIVITIES** | | |
| **1. Operations** | (1,272,501) | (7,831,555) |
| - Net profit (loss) for the period (+/-) | 11,323,427 | 4,252,919 |
| - Gain (Losses) on financial assets held for trading and on financial assets/liabilities at fair value through profit or loss (-/+) | (2,056,371) | (1,420,896) |
| - Income, fees and commissions not yet received (-) | (24,136,469) | (25,184,012) |
| - Net losses/recoveries on impairment (+/-) | 6,666,540 | 12,777,491 |
| - Net adjustments of property, plant and equipment and intangible assets (+/-) | 397,040 | 193,948 |
| - Net provisions for risks and charges and other costs/revenues (+/-) | 6,533,332 | 1,548,995 |
| **2. Net cash flows from/used in financial assets** | (7,977,848) | 5,766,389 |
| - Receivables for equity investments | (16,099,982) | (988,992) |
| - Other financial receivables | (67,608) | (123,825) |
| - Other current assets | 8,189,742 | 6,879,206 |
| **3. Net cash flows from/used in financial liabilities** | (7,065,157) | 1,758,214 |
| - Other current liabilities | (7,065,157) | 1,758,214 |
| **Net cash flows from/used in operating activities** | (16,315,506) | (306,952) |
| **B. INVESTING ACTIVITIES** | | |
| **1. Cash flows from** | - | - |
| - Sales of property, plant and equipment | - | - |
| - Sales of intangible assets | - | - |
| **2. Cash flows used in** | (720,639) | (305,819) |
| - Purchases of property, plant and equipment | (84,987) | (70,895) |
| - Purchases of intangible assets | (635,652) | (234,924) |
| **Net cash flows from/used in investment activities** | (720,639) | (305,819) |
| **C. FINANCING ACTIVITIES** | | |
| - Issues/purchases of treasury shares (payment/repayment of share capital and reserves) | - | - |
| - Dividend distribution and allocations | (3,166,274) | (3,166,274) |
| **Net cash flows from/used in financing activities** | (3,166,274) | (3,166,274) |
| **Net increase/decrease in cash and cash equivalents** | (20,202,419) | (3,779,045) |
| **RECONCILIATION** | | |
| Initial cash and cash equivalents/(financial payables) | (175,788,248) | (172,009,203) |
| Net increase/decrease in cash and cash equivalents | (20,202,419) | (3,779,045) |
| **Final cash and cash equivalents/(financial payables)** | (195,990,667) | (175,788,248) |

# Notes to the financial statements

## Introduction

**Information on the Company**
For information on the Company please refer to the report on operations.

**General basis of preparation**

**I. Declaration of conformity with international accounting standards**
The financial statements of SIMEST have been prepared in accordance with the International Accounting Standards (IASs) and the International Financial Reporting Standards (IFRSs) endorsed by the European Commission as established by Regulation (EC) no. 1606/2002.
Starting from 2015 SIMEST has exercised the option provided for by Legislative Decree 38 of January 28, 2005 (IAS Decree), as amended by Decree Law 91/2014 (Enhancing Competitiveness Decree), to prepare its financial statements in accordance with the international accounting standards (IASs/IFRSs) which extends the option to all companies other than those for which application of the IASs/IFRSs is mandatory or those permitted to prepare condensed financial statements pursuant to Art. 2435-bis of the Italian Civil Code (Art. 4(6) of Legislative Decree 38/2005).

**II. Basis of preparation**
SIMEST's financial statements consist of the balance sheet, the income statement, the statement of changes in shareholders' equity, the statement of comprehensive income, the statement of cash flows and the notes to the financial statements, accompanied by the report on operations prepared by the Board of Directors.
The notes to the financial statements provide all the information required by applicable regulations as well as any supplementary information judged necessary to provide a true and fair representation of the Company. The financial statements have been prepared on the assumption that SIMEST will remain a going concern and that there are no doubts as to whether the Company will remain in operation.
The financial statements and accompanying notes set out the figures for the present period as well as the comparative figures at December 31, 2015.
The financial statements use the euro as the reporting currency and are expressed in euros, while unless otherwise indicated the figures in the notes to the financial statements are expressed in thousands of euros.

**III. New accounting standards endorsed and in force at December 31, 2016 and those not yet in force**
The new international accounting standards or amendments to existing standards, along with the endorsing European Commission regulations, for which application is mandatory starting from January 1, 2016 are:
- Regulation 28/2015: Amendments to IFRS 2-Share-based Payment, IFRS 3-Business Combinations, IFRS 8-Operating Segments, IAS 16-Property, Plant and Equipment, IAS 24-Related Party Disclosures, and IAS 38-Intangible assets;
- Regulation 29/2015: Amendments to IAS 19-Employee Benefits;
- Regulation 2113/2015: Amendments to IAS 16-Property, Plant and Equipment and IAS 41-Agriculture;
- Regulation 2173/2015: Amendments to IFRS 11-Joint Arrangements;
- Regulation 2231/2015: Amendments to IAS 16-Property, Plant and Equipment and IAS 38-Intangible assets;
- Regulation 2343/2015: Amendments to IFRS 5-Non-current Assets Held for Sale and Discontinued Operations, IFRS 7-Financial Instruments: Disclosures, IAS 19-Employee Benefits and IAS 34-Interim Financial Reporting;
- Regulation 2406/2015: Amendments to IAS 1-Presentation of Financial Statements;
- Regulation 2441/2015: Amendments to IAS 27-Separate Financial Statements;
- Regulation 1703/2016: Amendments to IFRS 10-Consolidated Financial Statements, IFRS 12-Disclosure of Interests in Other Entities and IAS 28-Investments in Associates and Joint Ventures.

Furthermore, in 2014 the International Accounting Standards Board (IASB) issued IFRS 15-Revenue from Contracts with Customers and IFRS 9-Financial Instruments, both still in the process of obtaining the endorsement of the European Commission. With IFRS 9 the IASB has completed (with the exception of the rules on macro-hedging) the process of introducing the new accounting standard for financial instruments; it will enter into force starting from January 1, 2018.

**IV. Use of estimates and judgments**

**Accounting estimates**
In applying the international accounting standards in the preparation of its financial statements, the Company is required to formulate reasonable and realistic estimates of certain items, based upon the information known at the time the estimates are made, that affect the carrying amount of assets and liabilities and to provide disclosures on contingent assets and liabilities at the reporting date, as well as the amount of revenues and costs for the period. Any changes to the conditions upon which judgments, assumptions and estimates are based can also have an impact on the subsequent results.
The estimates made as of the reporting date relate mainly to financial assets connected to receivables for equity investments to verify whether there is evidence indicating that the value of such assets has suffered a reduction, as well as to current and deferred taxes.

**Fair value measurement**
Fair value is the amount for which an asset (or a liability) can be exchanged in an arm's length transaction between parties with a reasonable level of knowledge about market conditions and the material circumstances of the object of the exchange.
In the definition of fair value a key assumption is that an entity is fully operational and does not have an urgent need to liquidate or significantly reduce a position. Among other factors, the fair value of an instrument reflects its credit quality as it incorporates the default risk associated with the counterparty or the issuer.
There are three possible ways of determining the fair value of financial instruments:
– in the case of instruments quoted on active markets, prices on financial markets are used (Level 1);
– in the case of instruments not quoted on active markets, recourse is made, where possible, to valuation techniques that use observable market parameters other than quoted prices for the instrument but connected with its fair value by non-arbitrage relationships (Level 2);
– in other cases, recourse is made to internal valuation techniques that also use as inputs parameters that are not observable on the market and thus are inevitably subjective to some degree (Level 3).
A market is considered active if prices are readily and regularly available from regulated markets, organized trading facilities, brokers, intermediaries, pricing services, etc. and if those prices can reasonably be considered to be representative of actual and regular market transactions carried out close to the valuation date.
In the case of financial instruments that are not quoted on active markets, valuation using Level 2 inputs requires the use of valuation techniques that process market parameters at different levels of complexity.
For example, valuation techniques may, in addition to interpolations and extrapolations, involve the specification of stochastic processes that represent market dynamics and the use of simulations or other numerical techniques to determine the fair value of the instruments being measured.

In selecting the valuation techniques to be used in Level 2 measurements, the Company takes account of the following criteria:

- simpler valuation techniques are preferred to more complex techniques, all other conditions being equal and as long as they represent all of the relevant characteristics of the product, ensuring that they are reasonably in line with the practices and results of other sector operators;
- valuation techniques are applied consistently over time to uniform categories of instruments, unless objective grounds for replacement of the technique should emerge;
- all other conditions being equal, preference is given to standard models whose mathematical structure and implementing procedures are familiar to practitioners and integrated into the Company's corporate systems.

The selection of market parameters as inputs for Level 2 valuations is carried out on the basis of non-arbitrage relationships or comparative relationships that define the fair value of the financial instrument being measured as the relative fair value compared with that of financial instruments quoted on active markets.
In some cases, in determining fair value it is necessary to have recourse to valuation techniques that call for inputs that cannot be drawn directly from observable market variables, such as statistical or "expert-based" estimates by the party performing the valuation (Level 3).
Level 3 valuation techniques are also applied consistently over time to uniform categories of instruments, unless objective grounds for their replacement should emerge.
Similarly, parameters that cannot be drawn directly from observable market variables are applied consistently over time.

# Main accounting policies

The following pages provide a description of the accounting policies adopted in preparing the financial statements of SIMEST at December 31, 2016.

### Cash and cash equivalents

Cash and cash equivalents are carried at fair value through profit or loss. Cash refers to cash on hand and the balance on accounts held with banks returning market rates. The amount of the item is increased by the interest accrued on cash and cash equivalents, even if not yet liquidated.

### Financial assets held for trading

Financial assets held for trading includes all financial assets, regardless of form, held for the purpose of generating profits over the short term and derivatives with a positive value, except for those held for hedging purposes.
The portfolio contains derivatives with a positive value, resulting from the separation of derivatives embedded in contracts with partner companies represented by contractual clauses that specify the redemption value of shares held by SIMEST in investee companies. These derivatives are separated from the host contract and classified in this portfolio.
Financial assets held for trading have the following characteristics:

- they are acquired for the purpose of reselling them in the near term;
- they are a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- they are derivatives (with the exception of derivatives that are designated as effective hedging instruments).

Reclassification to other categories of financial asset is not permitted except in the event of unusual circumstances that are unlikely to recur in the short term. In these cases, debt and equity securities no longer held for trading may be reclassified to other categories envisaged by IAS 39 where the requirements for such recognition have been met. The transfer value is given by the fair value at the time of the reclassification.

Financial assets are initially recognized on the settlement date for debt and equity securities and at the signing date for derivative contracts. Financial assets held for trading are initially recognized at fair value in the balance sheet, net of transaction costs or income.
Subsequent to initial recognition, financial assets held for trading are measured at fair value, with changes in value recognized in profit or loss. For financial instruments listed on active markets, the fair value is determined on the basis of the market price. In the absence of an active market, fair value is determined using the price of listed instruments with similar features as well as the results of pricing models (based mainly on objective financial variables).
Derivatives contracts are recognized under assets if their fair value is positive and under liabilities if their fair value is negative.
Financial assets held for trading are derecognized when payment is received, when the contractual rights to the cash flows expire or when a sale transfers all the risks and rewards of ownership to a third party. Conversely, when substantially all of the risks and rewards of ownership of the financial asset are retained, the asset continues to be recognized on the balance sheet even if legal title has been transferred.
The gains and losses on sale or redemption and unrealized gains and losses resulting from changes in the fair value of the trading portfolio are reported under "Net gain (loss) on trading activities". The income components are recognized based on the results of the measurement of the financial assets held for trading.

### Financial assets available for sale

This category includes financial assets that are not classified as "loans and receivables", "financial assets held to maturity", "financial assets held for trading" or "financial assets at fair value through profit or loss". Debt securities available for sale may be reclassified to "financial assets held to maturity" or to "loans and receivables" (provided that the Company plans to hold them for the foreseeable future). The transfer value is given by the fair value at the time of the reclassification.
Available-for-sale financial assets are initially recognized on the settlement date for debt and equity securities and on the disbursement date in the case of loans. The financial assets are initially recognized at fair value, which generally equals the amount paid, in addition to any directly attributable transaction costs, if material and determinable.
Following initial recognition, financial assets available for sale are measured at fair value with changes in value being recognized in a special equity reserve, the effects of which for the period are recognized in the statement of comprehensive income. For debt securities the value corresponding to the amortized cost is recognized in profit or loss. Certain equity securities not listed on active markets, the fair value of which cannot be reliably determined or verified, are carried at cost and written down in the event of impairment losses. The values recognized in the equity reserve are reversed to profit or loss upon disposal of the asset or in the event of impairment. Where impairment is found, the amount of the loss is measured as the difference between the carrying amount and the fair value of the asset. Where the reasons for the impairment should cease to obtain, writebacks are recognized in profit or loss for debt securities and in equity in the case of equity instruments. The amount of the writeback shall not in any event exceed the amortized cost that the instrument would have had in the absence of the prior writedown.
The interest on debt securities recognized in this category is calculated using the effective interest rate method and is recognized through profit or loss.
Dividends on available-for-sale capital instruments are recognized through profit or loss when the right to receive payment accrues.

### Receivables for equity investments

The term "receivables" refers to the portfolio of financial instruments, including debt securities, not quoted on active markets, that IAS 39 refers to as "loans and receivables" and that give rise to the right to future cash flows.
In SIMEST's financial statements this aggregate includes receivables from partner companies arising from investments in investee companies.
Specifically, existing transactions between SIMEST, the partner companies and investee companies represent a financial asset in the form of a linked transaction for which SIMEST has the right to receive a sum of money (determinable by contract and no less than the amount disbursed) from the partner company, thereby substantiating the relationship with the partner within the context of the linked transaction. These transactions, regardless of their legal form, are classified as "loans and receivables", as they meet the requirements set out in IAS 39 for such classification.
Receivables are recognized upon the execution of the contract, i.e. with the acquisition of an unconditional right to payment of an agreed amount. They are initially recognized at fair value, equal to the amount disbursed, including transaction costs and fees and commissions directly attributable to the transaction. If the net amount disbursed is not equal to its fair value due to the application of an interest rate that is lower than the market rate or the rate normally applied to similar loans, the asset is initially measured by discounting the expected future cash flows using an appropriate rate.
The receivables portfolio undergoes testing for impairment when, subsequent to initial recognition, events have occurred that could give rise to objective evidence of impairment.
Receivables for which no objective evidence of impairment has been found undergo collective impairment testing. This testing is performed on groups of positions with uniform credit risk profiles and the associated loss rates are estimated based on historic rates and other observable factors at the measurement date, making it possible to estimate the impairment for each group of receivables. The country risk of the counterparty is taken into account in measuring receivables. Collective value adjustments are taken to profit or loss.
The key to determining the value of the future cash flows is identifying the estimated collections (expected cash flows), the related timing, and the discount rate to be applied.
Individual and collective impairment is recognized through a writedown of the carrying amount based upon the criteria indicated above. Where the reasons for the impairment should cease to obtain or when a recovery occurs that exceeds the writedown originally taken, a writeback in recognized in profit or loss under net impairment adjustments of loans.

### Property, plant and equipment

"Property, plant and equipment" includes all non-current tangible assets used in operations. Property, plant and equipment are recognized at purchase cost including incidental expenses. The carrying amount represents the book value of the assets net of depreciation, which is calculated using the rates that are felt to reflect the remaining useful economic lives of each asset. Newly acquired assets are depreciated as from the period in which they enter service. Assets whose use or nature classifies them as capital equipment are depreciated on a straight-line basis over their remaining useful lives. Maintenance and repair costs that do not increase the utility or useful lives of assets are charged directly to profit or loss for the year.

### Intangible assets

"Intangible assets" are governed by IAS 38. Intangible assets are recognized at purchase or development cost including incidental expenses and are amortized over their estimated useful lives, which are reassessed at the end of each year in order to verify the appropriateness of the estimates. An intangible asset is only recognized in the balance sheet under the following conditions:
- the Company can control the future economic benefits generated by the asset;
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company;
- the cost of the asset can be measured reliably.

Intangible assets are therefore derecognized when future economic benefits are no longer expected or when sold. Costs incurred for the purchase and development of software by third parties are amortized over the residual useful lives of the assets, which is no greater than three years.

### Financial liabilities held for trading

Financial liabilities are initially recognized at the date of signing or at the date of issue at a value equal to the cost corresponding to the fair value of the instrument. The item includes the negative value of trading derivatives as well as the negative value of derivatives embedded in compound contracts but not strictly correlated with them. All financial liabilities held for trading are measured at fair value, with differences recognized through profit or loss. Financial liabilities held for trading are derecognized when the contractual rights to the cash flows expire or a sale transfers all the risks and rewards of ownership to a third party.

### Current and deferred taxes

Tax assets and liabilities are classified in the balance sheet under "Tax assets" and "Tax liabilities". The accounting entries current and deferred taxation include: i) current tax assets, consisting of tax paid in advance and receivables for withholding taxes incurred; ii) current tax liabilities, consisting of tax payables to be settled according to applicable tax regulations; iii) deferred tax assets, consisting of the amounts of tax recoverable in future years in view of temporarily deductible differences; and iv) deferred tax liabilities, consisting of payables for tax to be paid in future periods as a result of taxable temporary differences. Current taxes, consisting of corporate income tax (IRES) and the regional tax on business activities (IRAP), are recognized on an accruals basis using a realistic estimate of the negative and positive tax components for the year and are calculated on the basis of the tax rates currently in force, amounting, for the year 2016, to 27.5% for the IRES tax and 5.57% for the IRAP tax. Deferred tax assets and liabilities are recognized based on the tax rate that, under the legislation in force at the reporting date, is expected to apply in the year when the asset is realized or the liability is settled, and are periodically reviewed to take account of any changes in legislation. The term "deferred tax" refers, in particular, to the recognition, in terms of tax, of the temporary differences between the value assigned to the asset or liability for statutory accounting purposes and the corresponding value for tax purposes. Deferred taxes are recognized: i) under tax assets, if they relate to deductible temporary differences, which means the differences between statutory and tax values that will give rise to deductible amounts in future periods, to the extent that they are likely to be recovered; ii) under tax liabilities, if they relate to taxable temporary differences representing liabilities because they relate to accounting entries that will become taxable in future tax periods. More specifically, with respect to IRES, as a result of joining the CDP Group's tax consolidation mechanism and in accordance with the Consolidation Rules and the prevailing legal theory and practices, the Company calculated its "potential" charge, recognizing a payable to the consolidating entity that, in accordance with the new scheme, is the only entity obliged to make tax payments to the tax authority.

### Employee termination benefits

Employee termination benefits (trattamento di fine rapporto – TFR) cover the entire amount of the liabilities towards employees accrued at the end of the period, in accordance with the law (Art. 2120 of the Italian Civil Code) and applicable labor agreements. In accordance with IAS 19, TFR is considered a “defined-benefit plan” and, therefore, at the reference date represents the accumulating obligation towards employees as the present value of expected future payments with respect to benefits accrued in the current year and the present value of future payments arising from benefits accrued in previous years.

### Provisions for risks and charges

Provisions for risks and charges are only recognized to cover liabilities of a determinate nature, the existence of which is certain or probable, but whose amount or timing is uncertain at the end of the period. Therefore a provision is made under “Provisions for risk and charges” only when:
- there is a present legal or constructive obligation resulting from a past event;
- it is probable that performance of the obligation is likely to be onerous, that is, an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

Provisions are used only to discharge the obligations for which they were originally recognized.

### Income from equity investments and interest expense

Income from equity investments and interest expense are recognized in the income statement on a pro rata temporis basis for all instruments using an agreed interest rate or the effective interest rate, in the case of the application of the amortized cost.

### Fees and commissions

Fees and commissions are recognized in the income statement on an accruals basis. This excludes fees and commissions considered when calculating amortized cost for the purpose of determining the effective interest rate, which are recognized under interest.

### Costs

Costs are recognized on an accrual basis.





# Information on the balance sheet

## ASSETS

## A.1 Cash and cash equivalents

### Cash and cash equivalents: composition

*(€ thousands)*

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Bank accounts | 64 | 45 |
| Cash on hand | 6 | 7 |
| Total | 70 | 52 |

The item represents cash deposited in bank accounts at December 31, 2016, including interest income credited by banks, and cash on hand, in both euros and foreign currencies.

## A.2 Financial assets held for trading

### Financial assets held for trading: composition by debtor

*(€ thousands)*

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| **A. On-balance-sheet assets** | | |
| 1. Debt securities | | |
| 2. Equity securities | | |
| 3. Units in collective investment undertakings | | |
| 4. Loans | | |
| Total A | | |
| **B. Derivatives** | | |
| a) Banks | | |
| - at fair value | | |
| b) Customers | 1,711 | 440 |
| - at fair value | 1,711 | 440 |
| Total B | 1,711 | 440 |
| Total (A+B) | 1,711 | 440 |

The item shows the mark-to-market valuation at December 31 of derivatives relating to put/call options on receivables for equity investments.

### Financial assets held for trading: composition by type

*(€ thousands)*

| | 31/12/2016 | | | 31/12/2015 | | |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| **A. On-balance-sheet assets** | | | | | | |
| 1. Debt securities | | | | | | |
| 2. Equity securities | | | | | | |
| 3. Units in collective investment undertakings | | | | | | |
| 4. Loans | | | | | | |
| Total A | | | | | | |
| **B. Derivatives** | | | | | | |
| 1. Financial derivatives | | | 1,711 | | | 440 |
| 1.1 Trading | | | | | | |
| 1.2 Associated with the fair value option | | | | | | |
| 1.3 Other | | | 1,711 | | | 440 |
| 2. Credit derivatives | | | | | | |
| Total B | | | 1,711 | | | 440 |
| Total (A+B) | | | 1,711 | | | 440 |

## A.3 Financial assets available for sale

### Financial assets available for sale

*(€ thousands)*

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Equity interests paid up | 5,165 | 5,165 |
| Total | 5,165 | 5,165 |

The item refers to the equity interest (not constituting an associate relationship) that SIMEST holds in FINEST Spa.

### Financial assets available for sale: composition by type

*(€ thousands)*

| | 31/12/2016 | | | 31/12/2015 | | |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| 1. Debt securities | | | | | | |
| 1.1 Structured securities | | | | | | |
| 1.2 Other debt securities | | | | | | |
| 2. Equity securities | | | 5,165 | | | 5,165 |
| 2.1 At fair value | | | | | | |
| 2.2 Carried at cost | | | 5,165 | | | 5,165 |
| 3. Units in collective investment undertakings | | | | | | |
| 4. Loans | | | | | | |
| Total | | | 5,165 | | | 5,165 |

### Change for the period

*(€ thousands)*

| | |
|---|---|
| Opening balance at 31/12/2015 | 5,165 |
| Increases | |
| - | |
| Decreases | |
| - | |
| Closing balance at 31/12/2016 | 5,165 |

## A.4 Receivables for equity investments

### Receivables for equity investments: composition

*(€ thousands)*

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Receivables for equity investments | 505,725 | 480,035 |
| Total | 505,725 | 480,035 |

This item reports receivables arising in respect of equity investments.

### Receivables for equity investments: composition by type

(€ thousands)

| | 31/12/2016 Impaired positions | | | |
|---|---|---|---|---|
| | Performing | Acquired | Other | Total |
| Due from | | | | |
| a) Governments | | | | |
| b) Other public entities | | | | |
| c) Other | 493,410 | | 12,315 | 505,725 |
| Total | 493,410 | | 12,315 | 505,725 |

### Receivables for equity investments: by maturity

(€ thousands)

| | Past due | Up to 3 months | Up to 12 months | Up to 5 years | Beyond 5 years | Total |
|---|---|---|---|---|---|---|
| Receivables for equity investments | 5,930 | 2,268 | 73,078 | 298,986 | 133,610 | 513,872 |
| *less:* | | | | | | |
| Collective value adjustments | x | x | x | x | x | (8,147) |
| Total | | | | | | 505,725 |

## A.5 Other financial receivables

### Other financial receivables: composition

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Mortgage loans to employees | 4,261 | 4,190 |
| Personal loans to employees | 466 | 470 |
| Total | 4,727 | 4,660 |

The item refers to mortgage and personal loans disbursed to employees.

The breakdown by maturity is shown below:

(€ thousands)

| | Up to 3 months | Up to 12 months | Up to 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Receivables for mortgage loans to employees | 76 | 225 | 1,155 | 2,805 | 4,261 |
| Receivables for personal loans to employees | 94 | 99 | 273 | | 466 |
| Total | | | | | 4,727 |



## A.6 Property, plant and equipment

### Operating property, plant and equipment: composition of assets carried at cost

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| 1. Owned assets | 206 | 175 |
| a) land | | |
| b) buildings | | |
| c) movables | 91 | 71 |
| d) electronic plant | 115 | 104 |
| e) other | | |
| 2. Assets acquired under finance leases | | |
| a) land | | |
| b) buildings | | |
| c) movables | | |
| d) electronic plant | | |
| e) other | | |
| Total | 206 | 175 |

### Operating property, plant and equipment: change for the period

(€ thousands)

| | Movables | Electronic plant | Total |
|---|---|---|---|
| A. Opening gross balance | 1,292 | 1,991 | 3,283 |
| A.1 Total net writedowns | (1,221) | (1,887) | (3,108) |
| A.2 Opening net balance | 71 | 104 | 175 |
| B. Increases | 40 | 45 | 85 |
| B.1 Purchases | 40 | 45 | 85 |
| C. Decreases | (20) | (34) | (54) |
| C.1 Sales | | | |
| C.2 Depreciation | (20) | (34) | (54) |
| D. Closing net balance | 91 | 115 | 206 |
| D.1 Total net writedowns | (1,241) | (1,921) | (3,162) |
| D.2 Closing gross balance | 1,332 | 2,036 | 3,368 |

Depreciation is calculated on a straight-line basis at a rate determined in relation to the use of the assets and their residual useful lives.
Purchases during the year mainly regarded IT system hardware and movables and furniture.

# A.7 Intangible assets

### Intangible assets: composition

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Software licenses | 496 | 259 |
| Headquarters renovation costs | 70 | 14 |
| Total | 566 | 273 |

The item includes the costs for updating IT procedures used to manage Company operations. Software costs and the costs incurred in respect of the business development plan are amortized on a straight-line basis over three years.

### Intangible assets: change for the period

(€ thousands)

| | 31/12/2016 |
|---|---|
| A. Opening balance | 12,400 |
| A.1 Total net writedowns | (12,127) |
| A.2 Opening net balance | 273 |
| B. Increases | 636 |
| B.1 Purchases | 636 |
| of which business combinations | |
| C. Decreases | (343) |
| C.1 Sales | |
| of which business combinations | |
| C.2 Writedowns | (343) |
| - Amortization | (343) |
| - Impairment | |
| + Shareholders' equity | |
| + Income statement | |
| D. Closing net balance | 566 |
| D.1 Total net writedowns | (12,470) |
| E. Closing gross balance | 13,036 |

# A.8 Tax assets

### Deferred tax assets: composition

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Deferred tax assets recognized in the income statement | 2,612 | 2,711 |
| - Provisions for risks and charges | 1,797 | 1,926 |
| - Writedowns of receivables | 815 | 785 |
| Deferred tax assets recognized in equity | | |
| Total | 2,612 | 2,711 |





### Changes in deferred tax assets

(€ thousands)

| | 31/12/2016 |
|---|---|
| Opening balance | 2,711 |
| 2. Increases | |
| 2.1 Deferred tax assets recognized during the period | |
| 2.2 New taxes or increases in tax rates | |
| 2.3 Other increases | |
| 2.4 Business combinations | |
| 3. Decreases | (99) |
| 3.1 Deferred tax assets derecognized during the period | (99) |
| a) reversals | |
| b) writedowns for supervening non-recoverability | |
| c) due to changes in accounting policies | |
| d) other | (99) |
| 3.2 Reduction in tax rates | |
| 3.3 Other decreases | |
| 3.4 Business combinations | |
| Closing balance | 2,612 |

# A.9 Other assets

### Other assets: composition

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Trade receivables and advances to public entities | 9,049 | 9,231 |
| Advances to suppliers | 487 | 549 |
| Advances to employees | 1 | 9 |
| Other trade receivables | 76 | 44 |
| Other tax receivables | 1 | 1 |
| Accrued income and prepaid expenses | 245 | 335 |
| Total | 9,859 | 10,169 |

Trade receivables and advances to public entities include receivables for fees and commissions earned for managing the Law 295/73 Fund, the Law 394/81 Fund, the Sustainable Growth Fund, the Venture Capital Fund and the Start-Up Fund.

# LIABILITIES

## P.1 Borrowings

### Borrowings: composition

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Due to banks | 175,995 | 170,937 |
| Due to Cassa depositi e prestiti | 20,066 | 4,903 |
| **Total** | **196,061** | 175,840 |

This item refers to current bank account overdrafts and to the utilization of credit lines for covering cash flow requirements in respect of equity investments.

### Borrowings: distribution by maturity

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Borrowings repayable on demand | 65,830 | 93,814 |
| Term borrowings and borrowings repayable with notice | 130,231 | 82,026 |
| **Total** | **196,061** | 175,840 |

"Borrowings repayable on demand" refers to bank current account overdrafts at the end of the year. The carrying amount is equal to the nominal value and includes accrued fees.
"Term borrowings and borrowings repayable with notice" refers to the payable outstanding at the end of the year in respect of credit lines. It includes the 6-year committed credit line from Cassa depositi e prestiti in a pool with another credit institution.

## P.2 Financial liabilities held for trading

### Financial liabilities held for trading: composition

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Interest rate derivatives | 89 | 874 |
| **Total** | **89** | 874 |

This item refers to the period-end measurement of the fair value of one financial instrument held for trading obtained at the time to ensure greater matching of funding and lending, taking account of the need to achieve financial balance in acquiring and disposing of equity investments.

### Financial liabilities held for trading: composition by type

(€ thousands)

| | 31/12/2016 | | | 31/12/2015 | | |
|---|---|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Level 1** | **Level 2** | **Level 3** |
| **A. On-balance-sheet liabilities** | | | | | | |
| 1. Equity securities | | | | | | |
| 2. Units in collective investment undertakings | | | | | | |
| 3. Loans | | | | | | |
| **Total A** | | | | | | |
| **B. Derivatives** | | | | | | |
| 1. Financial derivatives | | 89 | | | 874 | |
| 1.1 trading | | 89 | | | 874 | |
| 2. Credit derivatives | | | | | | |
| 2.1 trading | | | | | | |
| 2.3 other | | | | | | |
| **Total B** | | 89 | | | 874 | |
| **Total (A+B)** | - | **89** | - | - | 874 | - |

## P.3 Other liabilities

### Other liabilities: composition

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Payables for amounts to be disbursed to employees | 963 | 2,870 |
| Trade payables and other items | 2,373 | 3,467 |
| Payables due to tax authorities | 385 | 421 |
| Payables due to social security institutions | 679 | 709 |
| Payables for IRES due to Group Parent Cassa depositi e Prestiti Spa under the Group tax consolidation mechanism | 2,399 | |
| **Total** | **6,799** | 7,467 |

# P.4 Employee termination benefits

### Employee termination benefits: change for the period

*(€ thousands)*

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| **A. Opening balance** | 3,514 | 3,793 |
| **B. Increases** | 275 | 56 |
| B.1 Provisions for the period | 65 | 56 |
| B.2 Other increases | 210 | |
| **C. Decreases** | 667 | 335 |
| C.1 Benefit payments | 667 | 114 |
| C.2 Other decreases | | 221 |
| **D. Closing balance** | 3,122 | 3,514 |

Post-employment benefits are divided into two categories:
- defined-contribution plans, in which the Company pays fixed contributions into a separate entity (a fund). In this case the actuarial risk (that benefits are less than expected) and investment risk (that the assets invested are not sufficient to generate the expected benefits) are borne by the employee;
- defined-benefit plans, in which the Company is obligated to pay out agreed benefits for employees in service and those no longer in service, thereby essentially assuming the actuarial and investment risks associated with the plan.

### Accounting treatment of defined-contribution plans

The plan's costs are recognized in profit or loss under "Personnel expenses", without any consideration of the present value of the obligation. From January 1, 2007 (the date of entry into force of the reforms of supplementary pension scheme introduced by Legislative Decree 252 of 5 December 2005), for companies with more than 50 employees, the portion of the employee termination benefit paid into pension funds and the INPS Treasury Fund falls under the definition of "defined-contribution plan" without requiring an actuarial valuation to be made. Conversely, the existing portion, which will continue to be held by the Company until the final date of disbursement of the benefits to the employee, will continue to be treated as a "defined-benefit plan". Specifically, the recognition of interest from discounting and the distributions made will affect this portion only.

### Accounting treatment of defined-benefit plans

The cost recognized with respect to a defined-benefit plan must be recalculated, based on demographic, statistical and salary movement assumptions. Specifically, the portion of the employee termination benefits that remains with the Company, which falls under the definition of a defined-contribution plan, is calculated based on the present value of the obligation accruing and accrued (respectively the present value of expected future payments with respect to benefits accrued in the current year and the present value of future payments arising from benefits accrued in previous years) using the projected unit credit method. The costs of servicing the plan are recognized under "Personnel expenses", while the actuarial gains and losses are posted in the "Valuation reserves" in equity. The actuarial assessment is conducted in accordance with the revised IAS 19, as amended by the IASB on June 16, 2011 and approved with Regulation (EU) no. 475/2012 of June 5, 2012.





In accordance with this standard, the following were calculated:

- past service liability: the present value calculated based on economic and financial parameters for employee service (employee pension benefit payments) derived on the basis of past periods of service;
- service cost: the present value calculated based on demographic and financial parameters for service accrued in the current period only;
- interest cost: the cost of liabilities arising from the passage of time, which is proportional to the interest rate adopted in the valuations and to the amount of the liabilities from the previous year;
- actuarial (gains)/losses: these measure the change in the obligation during the period.

The following were the main actuarial assumptions made in calculating employee termination benefits:

### Accounting treatment of defined-contribution plans and defined-benefit plans

| Economic and financial parameters | 2016 | 2015 | 2014 |
|---|---|---|---|
| Annual discount rate | 0.86% | 2.03% | 1.50% |
| Annual inflation rate | 1.50% | 1.75% | 1.75% |
| Annual rate of increase in employee termination benefits | 2.63% | 2.81% | 2.81% |

| Demographic parameters | 2016 |
|---|---|
| Mortality | RG48 |
| Disability | INPS tables by age and gender |
| Retirement age | Meeting requirements for statutory pension insurance scheme |

### Reconciliation of liabilities 01/01/2016-31/12/2016

*(euros)*

| | |
|---|---|
| **Past service liability 01/01/2016** | 3,513,978 |
| Total pension costs | 64,563 |
| Uses | (667,037) |
| Actuarial gains (losses) | 210,221 |
| **Past service liability 31/12/2016** | 3,121,725 |

The actuarial losses are recognized in the statement of comprehensive income without being recycled to the income statement, as an adjustment to equity. The following table sets out the analysis of the sensitivity to changes in the main actuarial assumptions used in the calculation model.

| Sensitivity analysis | Annual discount rate | | Annual inflation rate | | Annual turnover rate | |
|---|---|---|---|---|---|---|
| | +0.5% | -0.50% | +0.25% | -0.25% | +1.00% | -1.00% |
| Past service liability | 3,000,295 | 3,250,457 | 3,158,067 | 3,085,901 | 3,105,529 | 3,139,418 |

# P.5 Tax liabilities

### Tax liabilities: composition

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Tax liabilities for direct taxes | | |
| a) current | | |
| b) deferred | 17 | |
| **Total** | 17 | - |

"Tax liabilities" refer to the IRES payable in respect of components that will become taxable in future periods.

# P.6 Provisions for risk and charges

### Provisions for risk and charges: composition

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| **1. Company pension plans** | | |
| **2. Other provisions for risks and charges** | 1,715 | 2,138 |
| 2.1 Legal disputes | | 20 |
| 2.2 Personnel expenses | 1,152 | 1,549 |
| 2.3 Other | 563 | 569 |
| **Total** | 1,715 | 2,138 |

### Provisions for risk and charges: change for the period

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| **A. Opening balance** | 2,138 | 2,245 |
| **B. Increases** | 657 | 1,549 |
| B.1 Provisions for the year | 657 | 1,549 |
| B.2 Changes due to passage of time | | |
| B.3 Changes due to changes in the discount rate | | |
| B.4 Other increases | | |
| **C. Decreases** | 1,080 | 1,656 |
| C.1 Use during the period | 1,080 | 1,302 |
| C.2 Changes due to changes in the discount rate | | |
| C.3 Other increases | | 354 |
| **D. Closing balance** | 1,715 | 2,138 |





# SHAREHOLDERS' EQUITY

# P.7 Share capital

### Share capital: composition

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Share capital subscribed and paid | 164,646 | 164,646 |
| **Total** | 164,646 | 164,646 |

At December 31, 2016, the share capital amounted to €164,646 thousand, fully subscribed and paid up, represented by 316,627,369 shares with a par value of €0.52 each.

### Share capital – number of shares: change for the period

| | Ordinary | Other |
|---|---|---|
| **A. Shares at the start of the period** | 316,627,369 | |
| - fully paid | 316,627,369 | |
| A.1 Treasury shares (-) | | |
| A.2 Shares in circulation: opening balance | 316,627,369 | |
| **B. Increases** | | |
| B.1 New issues | | |
| B.2 Sale of treasury shares | | |
| B.3 Other changes | | |
| **C. Decreases** | | |
| C.1 Cancellation | | |
| C.2 Purchase of treasury shares | | |
| C.3 Disposal of companies | | |
| C.4 Other changes | | |
| **D. Shares in circulation: closing balance** | 316,627,369 | |
| D.1 Treasury shares (+) | | |
| D.2 Shares at the end of the year | 316,627,369 | |
| - fully paid | 316,627,369 | |

## P.8 Share premium reserve

### Share premium reserve

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Share premium reserve | 1,736 | 1,736 |
| **Total** | **1,736** | **1,736** |

The share premium reserve applied to a total of 22,403,298 shares.

## P.9 Reserves

### Reserves

At December 31, 2016 the Company reported the following “Reserves”:

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| **Capital reserves:** | 5,165 | 5,165 |
| Reserve pursuant to Art. 88(4) of Pres. Decree 917/86 | 5,165 | 5,165 |
| **Earnings reserves:** | 140,780 | 139,904 |
| Legal reserve | 21,788 | 21,575 |
| Other reserves | 55,465 | 54,802 |
| First-time adoption reserve | 63,527 | 63,527 |
| **Total** | **145,945** | **145,069** |

The reserve pursuant to Art. 88(4) of Pres. Decree 917/86 regards the capital contribution received from the Ministry of Economic Development to subscribe the equity investment in FINEST Spa of Pordenone, as established by Law 19 of January 9, 1991.





# Information on the income statement

## C.1 Income from equity investments

### Income from equity investments: composition

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Income from equity investments | 27,361 | 29,101 |
| **Total** | **27,361** | **29,101** |

Income from equity investments refers to fees received for outlays in respect of equity investments (€26,572 thousand) and includes the related deferred payment interest (€373 thousand) and default interest (€416 thousand).

## C.2 Interest and similar expense

### Interest and similar expense: composition

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Interest and similar expense | (1,535) | (2,210) |
| **Total** | **(1,535)** | **(2,210)** |

This refers to interest expense accrued on bank current account overdrafts and on credit lines used to meet cash flow requirements in respect of equity investments.

## C.3 Fee and commission income

### Fee and commission income: composition

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Fee and commission income | 16,381 | 18,746 |
| **Total** | **16,381** | **18,746** |

This item refers essentially to fees and commissions earned for managing the Venture Capital Fund (€2,998 thousand), the Law 394/81 Fund (€6,607 thousand), the Sustainable Growth Fund (€728 thousand), and the Law 295/73 Fund (€6,016 thousand).

# C.4 Net gain (loss) on trading activities

### Net gain (loss) on trading activities: composition

(€ thousands)

| | Capital gains (A) | Trading profits (B) | Capital losses (C) | Trading losses (D) | Net gain (loss) [(A+B) - (C+D)] |
|---|---|---|---|---|---|
| 1. Financial assets held for trading | 1,270 | 1,858 | | | 3,128 |
| 1.1 Debt securities | | | | | |
| 1.2 Equity securities | | | | | |
| 1.3 Units in collective investment undertakings | | | | | |
| 1.4 Loans | 1,270 | 1,858 | | | |
| 1.5 Other | | | | | |
| 2. Financial liabilities held for trading | | | | | |
| 2.1 Debt securities | | | | | |
| 2.2 Payables | | | | | |
| 2.3 Other | | | | | |
| 3. Financial assets and liabilities: foreign exchange differences | | | | | |
| 4. Derivatives | 786 | | | 816 | (30) |
| 4.1 Financial derivatives: | 786 | | | 816 | (30) |
| - on debt securities and interest rates | 786 | | | 816 | (30) |
| 4.2 Credit derivatives | | | | | |
| Total | 2,056 | 1,858 | | | 3,098 |

The item reports the net positive balance of gains on the assignment of receivables for investments (€1,858 thousand), gains on the mark-to-market valuation at December 31 of derivatives relating to two financial instruments (€786 thousand) and the negative differences on these transactions.

# C.5 Other financial income

### Other financial income: composition

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Other financial income | 43 | 52 |
| Total | 43 | 52 |

This item mainly refers to interest income on other financial receivables for mortgage and personal loans to employees.





# C.6 Net impairment adjustments of loans

### Net impairment adjustments of loans: composition

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Net impairment adjustments of loans | (6,009) | (12,777) |
| Total | (6,009) | (12,777) |

Net impairment adjustments of loans represent the individual and collective writedowns on loans in respect of equity investments as shown in the following table:

(€ thousands)

| | Writedowns | | Writebacks | | Total at 31/12/2016 |
|---|---|---|---|---|---|
| | Specific | Portfolio | Specific | Portfolio | |
| Receivables for equity investments | (5,048) | (1,617) | 656 | - | (6,009) |
| Total | (5,048) | (1,617) | 656 | - | (6,009) |

# C.7 Administrative expenses

### Administrative expenses: composition

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| a) Personnel expenses | (14,126) | (15,233) |
| b) Other administrative expenses | (7,146) | (6,682) |
| Total | (21,272) | (21,915) |

### Personnel expenses: composition

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| 1) Employee | (12,881) | (14,421) |
| a) wages and salaries | (8,771) | (8,498) |
| b) social security contributions | (25) | (30) |
| c) termination benefits | (603) | (615) |
| d) pensions | (2,343) | (2,333) |
| e) payments to external pension funds: | (317) | (324) |
| - defined contribution | (317) | (324) |
| i) other employee benefits | (822) | (2,621) |
| 2) Other personnel | (925) | (422) |
| 3) Board of Directors and Board of Auditors | (320) | (390) |
| Total | (14,126) | (15,233) |

### Other employee benefits: composition

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Lunch vouchers | (274) | (271) |
| Insurance policies | (530) | (528) |
| Early retirement incentives | | (1,820) |
| Other benefits | (18) | (2) |
| **Total** | **(822)** | **(2,621)** |

### Other administrative expenses: composition

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Professional and financial services | (1,699) | (1,162) |
| Outsourcing to CDP | (285) | (285) |
| Information technology | (754) | (544) |
| Advertising and marketing | (540) | (206) |
| General services | (1,108) | (1,098) |
| Utilities, duties and other expenses | (2,607) | (2,842) |
| Other corporate bodies | (139) | (101) |
| Expenses incurred on behalf of the Ministry of Economic Development (Special programs) | (14) | (444) |
| **Total** | **(7,146)** | **(6,682)** |

Fees for the services provided by PricewaterhouseCoopers Spa during the year are listed below:

(euros)

| | Provider | Fee |
|---|---|---|
| Auditing | PwC Spa | 155,833 |
| **Total** | | **155,833** |

## C.8 Other operating (expense)/income

### Other operating (expense)/income: composition

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Other operating (expense)/income | (18) | 13 |
| **Total** | **(18)** | **13** |





## C.9 Net provisions for risks and charges

### Net provisions for risks and charges: composition

(€ thousands)

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Sundry personnel costs | (657) | (1,549) |
| **Total** | **(657)** | **(1,549)** |

## C.10 Net adjustments of property, plant and equipment

### Net adjustments of property, plant and equipment: composition

(€ thousands)

| | Depreciation (a) | Writedowns for impairment (b) | Writebacks (c) | Net adjustment (a + b - c) |
|---|---|---|---|---|
| **A. Property, plant and equipment** | | | | |
| A.1 Owned | (54) | | | (54) |
| - Operating assets | (54) | | | (54) |
| - Investment property | | | | |
| A.2 Acquired under finance leases | | | | |
| - Operating assets | | | | |
| - Investment property | | | | |
| **Total** | **(54)** | **-** | **-** | **(54)** |

## C.11 Net adjustments of intangible assets

### Net adjustments of intangible assets: composition

(€ thousands)

| | Amortization (a) | Writedowns for impairment (b) | Writebacks (c) | Net adjustment (a + b - c) |
|---|---|---|---|---|
| **A. Intangible assets** | | | | |
| A.1 Owned | (343) | | | (343) |
| - Other | (343) | | | (343) |
| A.2 Acquired under finance leases | | | | |
| **Total** | **(343)** | **-** | **-** | **(343)** |

## C.12 Income tax for the period

**Income tax expense from continuing operations: composition**

*(€ thousands)*

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| 1. Current taxes (-) | (5,780) | (6,823) |
| 2. Changes in current taxes from previous periods (+/-) | 203 | |
| 3. Reduction of current taxes for the period (+) | | |
| 4. Change in deferred tax assets (+/-) | (78) | (113) |
| 5. Change in deferred tax liabilities (+/-) | (17) | 55 |
| **6. Income taxes for the period (-) (-1+/-2+3+/-4+/-5)** | **(5,672)** | **(6,881)** |

In 2016 provisions for current and deferred tax liabilities amounted to €4,669 thousand in respect of corporate income tax (IRES) and €1,003 thousand in respect of the regional business tax (IRAP). For deferred tax items, a receivable of €2,612 thousand with respect to deferred tax assets and a payable of €17 thousand with respect to deferred tax liabilities were recognized on the basis of the calculation of deferred tax assets and liabilities at December 31, 2016.

The following tables provide a reconciliation of the theoretical tax liability and the actual tax liability recognized.

*(€ thousands)*

| | 31/12/2016 |
|---|---|
| **Net profit (loss) for the period before tax** | 16,996 |
| **Theoretical IRES tax liability (27.5%)** | (4,674) |
| **Increases** | |
| - Temporary differences | (181) |
| - Permanent differences | (1,670) |
| **Decreases** | |
| - Dividends | 247 |
| - Gains on equity investments | 817 |
| - Other decreases | 792 |
| **Effective IRES tax liability** | (4,669) |

*(€ thousands)*

| | 31/12/2016 |
|---|---|
| **Difference between value of production and production costs** | 24,228 |
| **Theoretical IRAP tax liability (5.57%)** | (1,349) |
| Increases in taxes | (9) |
| Decreases in taxes | 355 |
| **Effective IRAP tax liability** | (1,003) |





## Information on risks and risk management policies

Pursuant to Article 2428 of the Italian Civil Code, with regard to the main risks and uncertainties to which the Company is exposed in its equity investments, SIMEST has implemented policies for managing financial risk, including exposure to price risk, credit risk, liquidity risk and market risk.
In 2016 the Board of Directors approved the SIMEST Investment Rules. The primary purpose of the rules is to ensure that SIMEST, in coordination with Group Parent Cassa depositi e prestiti, is able to handle the risks assumed with its own resources. The rules therefore contain the same risk management principles introduced at the Group Parent level, taking account of SIMEST's characteristics and size. The consequent operational policies were also issued.
Within the scope of these rules and the Investment Rules in force since November 2015, there are specific investment guidelines and specific measures for verifying credit ratings for each counterparty both prior to entering into a relationship and ongoing. The rules govern the functioning of the investment and the monitoring process and establish the roles of the various units involved.
The outcome of the origination activities conducted by the various organizational units is summarized in investment proposals, which are then submitted for evaluation by the Investment Committee. In the event a proposal is deemed valid and of interest – given the related financial/credit risks and methods for managing and mitigating such risks – it is submitted to the SIMEST Board of Directors for final approval. Subsequently, agreements with the partner are defined based on the guidelines and other indications provided by the Board.
With regard to risk monitoring and mitigation, the credit risk related to the equity investment is first mitigated by acquiring direct commitments from the Italian partners for the forward acquisition of the SIMEST shareholdings, and these commitments are backed, in part, by corporate sureties, collateral and bank or insurance guarantees.

*(%; € millions)*

| Guarantees | 2016 | | 2015 | |
|---|---|---|---|---|
| Direct commitments of Italian partners | 83% | 410 | 79% | 370 |
| Commitments guaranteed by financial institutions and insurance companies | 12% | 58 | 16% | 77 |
| Commitments secured by collateral | 6% | 28 | 5% | 21 |
| **Total amount paid** | | **496** | | **468** |

As at December 31, 2016, direct commitments with Italian partners for the purchase of the equity interests totaled around €410 million (€370 million at December 31, 2015). Commitments backed by bank and/or insurance guarantees totaled about €58 million (€77 million at December 31, 2015), and those backed by collateral totaled €28 million (€21 million at December 31, 2015).
Price and foreign exchange risk are mitigated through contractual language which generally guarantees that SIMEST will recoup its investment at the price paid in euros for the investment.
Liquidity risk and interest rate risk are monitored constantly using a cash flow analysis approach, especially for equity investments. In addition, in order to reduce exposure to liquidity and interest rate risk, in 2016 we continued to review the composition of debt in order to ensure the consistency of the temporal profile of equity investments with the related debt by taking on new medium and long-term financing and renegotiating existing lines of credit.
As to equity investments, as of December 31, 2016 there were 14 pre-litigation situations for which negotiations are under way to recover the credit or for which settlement has been reached as a result of which SIMEST is receiving payments. These positions refer to receivables – for repayment of principal and net of amounts received from guarantors – of around €12 million. Furthermore, at the end of the year there were

61 positions, also relating to positions no longer registered in the portfolio, being litigated (mainly enforcement orders, arrangements with creditors and insolvency proceedings), corresponding to receivables – for repayment of principal and net of amounts received from guarantors – of around €28 million.
During the year, the Company completed a project to design and implement the principles, processes and operational tools for analyzing and monitoring the risk associated with investments. This monitoring is done in order to quickly identify any abnormal credit positions so as to permit management to take specific measures to protect assets and, if necessary, undertake credit recovery.
Special safeguards have also been put into place for the subsidized funds managed by SIMEST aimed at monitoring and mitigating the main risks to which the funds are exposed. More specifically, to mitigate the higher risk, i.e. credit risk, to which the Law 394/81 Fund is exposed, in 2016 the scoring system used by SIMEST to financially assess applicants was updated. The proposed changes were approved by the relevant Subsidies Committee and will be gradually applied to all the financing applications received by SIMEST.
As to the Law 295/73 Fund, in 2016 the Subsidies Committee approved the plan for hedging risk using derivative financial instruments to mitigate interest rate risk, the primary risk to which the fund is exposed. This plan has been fully implemented.
Following the approval of the Risk Rules, during the year SIMEST implemented the process for assessing the congruity between the available capital resources (represented by shareholders' equity) and the economic capital necessary for the risks assumed, measured using the Internal Capital Adequacy Assessment Process (ICAAP) employed by the Group Parent. The results of the assessments confirmed that the capital is fully congruent with the current situation and with the projected horizon of the Business Plan.

## Transactions with related parties

Since September 30, 2016, SACE Spa has held a 76% interest in SIMEST and exercises management and coordination over SIMEST.

### Transactions with the Parent Company

With regard to transactions with the controlling shareholder SACE Spa and the other members of the CDP Group, pursuant to Article 2428 of the Italian Civil Code, SIMEST, CDP and SACE have signed an Export Bank Convention regarding the financing of international expansion and exports of Italian businesses, with CDP providing financial support and SACE providing guarantees.
In addition, in relations with the majority shareholder, remuneration was paid to one member of SACE Spa's senior management who sits on the SIMEST Board of Directors (for €13.4 thousand) and payment was made for professional services received within the scope of a contract relating to the assessment of environmental impact parameters (OECD parameters) for export credit support transactions (for €20.0 thousand). Furthermore, the Company leases an office in Milan (for €1.8 million) from SACE BT (a subsidiary of SACE Spa) and an office in Venice from SACE Spa.

### Transactions with other related parties

With regard to other CDP Group companies, SIMEST made use of a line of credit issued by Cassa depositi e prestiti in a pool transaction with leading banks. In addition, in 2016 remuneration was paid for the three members of the SIMEST Board of Directors appointed from among CDP's senior managers (for €85.3 thousand) and for internal auditing and risk management units outsourced to CDP (for €285.0 thousand). In 2016, six CDP employees were seconded to SIMEST and one SIMEST employee was seconded to CDP, all on SIMEST's payroll. There are also IRES tax payables due to Group Parent Cassa depositi e prestiti Spa for joining the Group tax consolidation mechanism.





During the year, SIMEST transferred to Fincantieri Spa its share in the jointly-held foreign company Fincantieri U.S.A. Inc as provided by contract (for around €11 million). These transactions with related parties have all been conducted on an arm's length basis.

*(€ thousands)*

| | Directors | | Auditors | |
|---|---|---|---|---|
| | Amount due for the year | Amount paid | Amount due for the year | Amount paid |
| Short-term benefits | 242 | 233 | 78 | 36 |
| Total | 242 | 233 | 78 | 36 |

## Subsequent events

On January 27, 2017, the Board of Directors of SIMEST, acting on the recommendations of the majority shareholder, unanimously appointed Simonetta Acri as a Director. During that meeting the Board also appointed a member of the Board of Directors of FINEST. Also in January the State Audit Court designated Pio Silvestri to serve as the judge providing oversight of SIMEST's finance operations pursuant to Law 259/1958.

## Proposed allocation of profit for the year

We hereby submit for your review and approval the Annual Report for 2016, which includes the balance sheet, the income statement, the statement of changes in equity, the statement of comprehensive income, the statement of cash flows and the notes to the financial statements. The financial statements are accompanied by the Directors' report on operations.
Net profit for 2016, in the amount of €11,323,427, shall be allocated in accordance with the resolution of the shareholders.
It should also be noted that €566,171 must be allocated to the legal reserve in accordance with Article 2430 of the Italian Civil Code.

For the Board of Directors
Chairman
Salvatore Rebecchini

# Financial highlights of the company that exercises management and coordination

In accordance with Article 2497-bis, paragraph 4, of the Italian Civil Code, the following tables report key financial highlights from the most recent financial statements of the Parent Company, SACE Spa, which has its registered office at Piazza Poli 37-42, Rome, with fiscal code and VAT no. 05804521002.

*(€ thousands)*

| | 31/12/2015 |
|---|---|
| Property, plant and equipment | 375 |
| Investments | 6,437,915 |
| Reinsurers' share of technical provisions | 395,160 |
| Receivables | 1,562,785 |
| Other assets | 117,314 |
| Accrued income and prepaid expenses | 27,074 |
| **Assets** | **8,540,624** |
| Shareholders' equity | |
| - Share capital | 3,541,128 |
| - Legal Reserve | 215,466 |
| - Other reserves | 146,518 |
| - Net income (loss) | 406,652 |
| | |
| Subordinated liabilities | 500,000 |
| Technical provisions | 3,086,800 |
| Provisions for risks and charges | 200,286 |
| Payables and other liabilities | 426,574 |
| Accrued expenses and deferred income | 17,199 |
| **Liabilities** | **8,540,624** |

*(€ thousands)*

| | 31/12/2015 |
|---|---|
| **Technical account – non-life insurance business** | |
| Gross premiums | 483,811 |
| Change in the provision for unearned premiums and outward premiums | (220,352) |
| Net earned premiums | 263,459 |
| | |
| Change in other technical provisions, net of reinsurance | (5,225) |
| Allocated investment return transferred from the non-technical account | 183,760 |
| Change in the equalization provision | (9,589) |
| Other technical income and charges | (6,210) |
| Claims incurred, net of sums recoverable | (174,358) |
| Bonuses and rebates | (5,965) |
| Operating expenses | (58,914) |
| **Balance on the technical account for non-life insurance business** | **186,956** |
| **Non-technical account** | |
| Investment income – non-life insurance business | 1,512,377 |
| Financial charges in non-life insurance | (996,015) |
| Allocated investment return transferred to technical account | (183,760) |
| Other income | 221,877 |
| Other charges | (97,413) |
| **Balance on the non-technical account** | **457,065** |
| **Extraordinary profit or loss** | **13,854** |
| Tax on profit or loss | (251,224) |
| **Net income (loss)** | **406,652** |

## Annex: equity investments in companies at December 31, 2016

### EUROPE

| Company | Italian Partner | Country | Sector | SIMEST % holding | Amount (euros) |
|---|---|---|---|---|---|
| MACCAFERRI BALKANS SH.P.K. | OFFICINE MACCAFERRI Spa | Albania | BUILDING/CONSTRUCTION | 9.5 | 211,418 |
| | | **Total Albania** | | | **211,418** |
| METECNO BULGARIA AD | METECNO Spa | Bulgaria | BUILDING/CONSTRUCTION | 10.7 | 383,081 |
| | | **Total Bulgaria** | | | **383,081** |
| BDF SERVIS D.O.O. | BDF INDUSTRIES Spa | Croatia | ENGINEERING | 25.4 | 689,135 |
| BIJELA HARMONIJA D.O.O. | ARMONIA HOLDING Spa | Croatia | SERVICES | 12.0 | 245,682 |
| CRVENA LUKA D.D. | OCTAVIA Srl | Croatia | TOURISM/HOTELS | 22.1 | 2,188,000 |
| FOCHISTA BELISCE D.O.O. | FOCHISTA Srl | Croatia | WOOD/FURNITURE | 35.0 | 386,000 |
| | | **Total Croatia** | | | **3,508,818** |
| TECNOCAP S.R.O. | TECNOCAP GROUP PARTECIPAZIONI Srl | Czech Republic | ENGINEERING | 18.0 | 2,914,603 |
| | | **Total Czech Republic** | | | **2,914,603** |
| L'IMAGE RETROUVÉE S.A.S. | L'IMMAGINE RITROVATA Srl | France | SERVICES | 49.0 | 196,000 |
| MARAIS TECHNOLOGIES S.A.S. | TESMEC Spa | France | ENGINEERING | 34.0 | 3,999,999 |
| | | **Total France** | | | **4,195,999** |
| FAREST R.T. | STUDIO DE CAPOA E ASSOCIATI | Hungary | SERVICES | 25.0 | - |
| | | **Total Hungary** | | | - |



| Company | Italian Partner | Country | Sector | SIMEST % holding | Amount (euros) |
|---|---|---|---|---|---|
| ALESSANDRO ROSSO GROUP Spa | THE RS HOLDING Srl | Italy | SERVICES | 16.7 | 1,500,000 |
| BRICOFER ITALIA Spa | GAVAL INTERNATIONAL Srl; MASSIMO PULCINELLI; ROBERTA PULCINELLI | Italy | OTHER | 12.6 | 5,000,000 |
| CASTELLINI OFFICINE MECCANICHE Spa | BRESCIA FINIMMOBILIARE Srl | Italy | ENGINEERING | 29.0 | 5,000,000 |
| CONSORZIO CASALASCO DEL POMODORO SOC. AGR. COOP. | CONSORZIO CASALASCO DEL POMODORO SOC. AGR. COOP. | Italy | AGRICULTURE/FOOD PRODUCTS | 25.0 | 15,000,000 |
| DISTILLERIA CANELLESE C. BOCCHINO & C. Srl | VINCA S.S.; VIPI S.S. | Italy | AGRICULTURE/FOOD PRODUCTS | 32.1 | 800,000 |
| DUCATI ENERGIA Spa | G.M.G. GROUP Srl | Italy | ENGINEERING | 18.1 | 10,000,000 |
| GREEN NETWORK HOLDING RINNOVABILI Srl | GREEN NETWORK Spa | Italy | ENERGY | 45.5 | 3,500,000 |
| GRUPPO PSC Spa | PSC PARTECIPAZIONI Spa | Italy | ENGINEERING | 10.7 | 11,000,000 |
| IDS Spa | FINSIS Spa | Italy | ELECTRONICS/IT | 10.0 | 3,737,999 |
| MA Srl | C.L.N. Spa | Italy | ENGINEERING | 2.2 | 5,000,000 |
| MAGLITAL Srl | FINAC Srl | Italy | TEXTILES/CLOTHING | 26.1 | 4,200,000 |
| MARIO BUCCELLATI ITALIA Srl | BUCCELLATI HOLDING ITALIA Spa | Italy | OTHER | 49.0 | 2,940,000 |
| MGM MONDO DEL VINO Srl | MONDODELVINO Spa | Italy | AGRICULTURE/FOOD PRODUCTS | 26.5 | 5,000,000 |
| OMNITECH FINANZIARIA INTERNAZIONALE Spa | OMNITECH HOLDING Srl; OMNITECH SERVICES Srl | Italy | ELECTRONICS/IT | 19.6 | 490,000 |
| PALOMAR Spa | INASPETTATAMENTE Srl | Italy | OTHER | 12.6 | 4,000,000 |
| PARMACOTTO Spa | COFIRM Srl | Italy | AGRICULTURE/FOOD PRODUCTS | 15.6 | - |
| PASTA ZARA Spa | FFAUF S.A. | Italy | AGRICULTURE/FOOD PRODUCTS | 14.9 | 11,000,000 |
| PELLICONI ASIA PACIFIC Srl | PELLICONI & C. Spa | Italy | ENGINEERING | 49.0 | 4,900,000 |
| PIETRO CORICELLI Spa | G.A. CORICELLI Spa | Italy | AGRICULTURE/FOOD PRODUCTS | 11.8 | 4,000,000 |
| PMP INDUSTRIES Spa | LUIGINO POZZO | Italy | ENGINEERING | 18.8 | 5,000,000 |
| PROGER Spa | PROGER INGEGNERIA Srl; PROGER MANAGERS & PARTNERS Srl; RECCHI INGEGNERIA E PARTECIPAZIONI Spa; TIFT PARTECIPAZIONI Srl | Italy | BUILDING/CONSTRUCTION | 27.4 | 6,000,000 |
| PROMA Spa | FINPO Srl | Italy | ENGINEERING | 6.4 | 11,000,000 |
| RUSTICHELLA D'ABRUZZO Spa | HOPERA Srl; MOLINO MAGRI Srl | Italy | AGRICULTURE/FOOD PRODUCTS | 26.4 | 600,000 |
| SOLCAP GREEN Srl | GREEN NETWORK Spa | Italy | ENERGY | 48.8 | 1,304,000 |
| SOLE COMPONENTS Srl | PRIMA SOLE COMPONENTS Spa | Italy | RUBBER/PLASTICS | 16.5 | 11,000,000 |
| STILNOVO MANAGEMENT Spa | STILNOVO PARTECIPAZIONI Srl | Italy | OTHER | 20.2 | - |
| TERMIGAS Spa | MISMA PARTECIPAZIONI Spa | Italy | ENGINEERING | 25.9 | 2,500,000 |
| TERRA MORETTI Spa | HOLDING TERRA MORETTI Srl | Italy | AGRICULTURE/FOOD PRODUCTS | 14.1 | 12,000,000 |
| VISMARA Spa | FERRARINI Spa; SOC. AGRICOLA FERRARINI Spa | Italy | AGRICULTURE/FOOD PRODUCTS | 13.5 | 5,000,000 |
| | | **Total Italy** | | | **151,471,999** |

| Company | Italian Partner | Country | Sector | SIMEST % holding | Amount (euros) |
|---|---|---|---|---|---|
| ARKOS LLC | R.I. Spa | Kosovo | BUILDING/CONSTRUCTION | 21.4 | 220,000 |
| SOL - K.L.L. CO. | SOL Spa | Kosovo | CHEMICALS/PHARMACEUTICALS | 23.0 | 807,300 |
| | | **Total Kosovo** | | | **1,027,300** |
| TRE ZETA MK Dooel | TRE ZETA GROUP Srl | Macedonia | TEXTILES/CLOTHING | 24.9 | 400,000 |
| | | **Total Macedonia** | | | **400,000** |
| FERRARINI SP.ZO.O. | FERRARINI Spa; SOC. AGRICOLA FERRARINI Spa | Poland | AGRICULTURE/FOOD PRODUCTS | 30.5 | 5,000,000 |
| | | **Total Poland** | | | **5,000,000** |
| DOROTEX SRL | ARFIL Srl | Romania | TEXTILES/CLOTHING | 25.3 | 413,165 |
| G. CANALE & C. SRL | G. CANALE & C. Spa | Romania | SERVICES | 3.2 | 460,000 |
| GDS MANUFACTURING SERVICES S.A. | GLOBAL DISPLAY SOLUTIONS Spa | Romania | ELECTRONICS/IT | 18.1 | 1,425,000 |
| GHIMAR SRL | INTERNATIONAL COMPANY Srl | Romania | ENGINEERING | 14.9 | - |
| PANDACIA NATURAL INNOVATIONS SRL | PANGHEA NATURAL AND CHEMICAL INNOVATION Srl | Romania | CHEMICALS/PHARMACEUTICALS | 48.8 | 483,301 |
| ROTER ROMANIA SRL | ROTER Spa | Romania | ENGINEERING | 22.4 | - |
| | | **Total Romania** | | | **2,781,466** |
| CMK OOO | CELLINO Srl | Russia | ENGINEERING | 12.5 | 177,867 |
| COLUSSI RUS AO | COLUSSI Spa | Russia | AGRICULTURE/FOOD PRODUCTS | 34.9 | 9,953,440 |
| EXTRA M OJSC | F.LLI DE CECCO DI FILIPPO - FARA SAN MARTINO - Spa | Russia | AGRICULTURE/FOOD PRODUCTS | 15.1 | 2,687,433 |
| GLENKO ZAO | M.M.M.S Spa | Russia | TEXTILES/CLOTHING | 10.7 | - |
| ISOPAN RUS OOO | ISOPAN Spa | Russia | BUILDING/CONSTRUCTION | 22.1 | 2,742,000 |
| MACCAFERRI GABIONS CIS LLC | OFFICINE MACCAFERRI Spa | Russia | ENGINEERING | 34.3 | 1,591,796 |
| MARCEGAGLIA RU OOO | MARIVEN Srl | Russia | ENGINEERING | 41.0 | 11,366,000 |
| OLD MILL HOLDING LLC | OLD MILL HOLDING Spa | Russia | RUBBER/PLASTICS | 33.0 | 1,238,000 |
| SERIOPLAST RUS LLC | SERIOPLAST Spa | Russia | RUBBER/PLASTICS | 33.9 | 1,360,000 |
| TECNOPLAST SAN PIETROBURGO LTD | TECNOPLAST Spa | Russia | RUBBER/PLASTICS | 19.7 | 251,103 |
| | | **Total Russia** | | | **31,367,640** |





| Company | Italian Partner | Country | Sector | SIMEST % holding | Amount (euros) |
|---|---|---|---|---|---|
| BELA HARMONIJA D.O.O. | ARMONIA HOLDING Spa | Serbia | SERVICES | 12.0 | 240,000 |
| LAMP EAST D.O.O. | LAMP SAN PROSPERO Spa | Serbia | CHEMICALS/PHARMACEUTICALS | 20.0 | 156,800 |
| PMC AUTOMOTIVE D.O.O. | PMC AUTOMOTIVE Spa | Serbia | ENGINEERING | 38.5 | 3,850,075 |
| P & T DESIGN D.O.O. | DELTA Srl; PLADOS Spa | Serbia | WOOD/FURNITURE | 20.0 | 387,000 |
| SIGIT SERBIA D.O.O. | SIGIT Spa | Serbia | RUBBER/PLASTICS | 25.0 | 550,100 |
| | | **Total Serbia** | | | **5,183,975** |
| CECOMP D.O.O. | CECOMP Spa | Slovenia | ENGINEERING | 49.0 | 2,205,000 |
| | | **Total Slovenia** | | | **2,205,000** |
| PET COMPANIA PARA SU RECICLADO S.A.U. | DENTIS Srl | Spain | RUBBER/PLASTICS | 33.9 | 2,000,000 |
| | | **Total Spain** | | | **2,000,000** |
| BITRON ELEKTROMECANIC LTD. STI. | BITRON INDUSTRIE Spa | Turkey | ELECTRONICS/IT | 9.7 | 711,382 |
| CORNAGLIA TURKEY LTD. STI. | OFFICINE METALLURGICHE CORNAGLIA Spa | Turkey | ENGINEERING | 26.7 | 629,594 |
| SAME DEUTZ-FAHR SAHSUVAROGLU TRAKTOR SANAYI VE TICARET A. S. | SAME DEUTZ - FAHR ITALIA Spa | Turkey | ENGINEERING | 7.7 | 1,500,000 |
| | | **Total Turkey** | | | **2,840,976** |
| ZEUS KERAMIK J.S.C. | EMILCERAMICA Spa | Ukraine | BUILDING/CONSTRUCTION | 6.8 | 597,420 |
| | | **Total Ukraine** | | | 597,420 |
| **Total EUROPE** | | | | | **216,089,695** |

## AFRICA

| Company | Italian Partner | Country | Sector | SIMEST % holding | Amount (euros) |
|---|---|---|---|---|---|
| COMETEX THREADS FREE ZONE S.A.E. | MANIFATTURA ITALIANA CUCIRINI Spa | Egypt | TEXTILES/CLOTHING | 15.8 | 475,000 |
| INSTANT RENTALS FOR VEHICLES S.A.E. | JAZ INVESTMENT GROUP Spa; INTERNATIONAL SERVICE DEVELOPMENT Srl | Egypt | SERVICES | 18.5 | 483,815 |
| INTERNATIONAL ENVIRONMENT SERVICES CO. | GE.SE.N.U. Spa | Egypt | SERVICES | 8.0 | 240,175 |
| KING PLAST S.A.E. | PLASTI-MAX Spa | Egypt | RUBBER/PLASTICS | 25.5 | 700,875 |
| MEDITERRANEAN TEXTILE S.A.E. | COTONIFICIO ALBINI Spa | Egypt | TEXTILES/CLOTHING | 12.5 | 873,571 |
| MEDITERRANEAN WOOL INDUSTRIES COMPANY S.A.E. | SCHNEIDER INDUSTRIE Srl | Egypt | TEXTILES/CLOTHING | 25.0 | 1,730,104 |
| | | **Total Egypt** | | | **4,503,540** |
| FUDA MARBLE P.L.C. | FUDA ANTONIO Srl | Ethiopia | BUILDING/CONSTRUCTION | 20.5 | 125,000 |
| | | **Total Ethiopia** | | | **125,000** |
| SIGIT MAROC TFZ S.A.R.L. | SIGIT Spa | Morocco | RUBBER/PLASTICS | 25.0 | 400,000 |
| | | **Total Morocco** | | | **400,000** |
| DEDALUS SOUTHERN AFRICA LTDA | DEDALUS Spa | South Africa | ELECTRONICS/IT | 20.8 | 500,000 |
| MA AUTOMOTIVE SOUTH AFRICA (PTY) LTD | MA Srl | South Africa | ENGINEERING | 5.2 | 4,825,355 |
| MACCAFERRI SA (PTY) LTD | OFFICINE MACCAFERRI Spa | South Africa | BUILDING/CONSTRUCTION | 26.3 | 1,485,000 |
| SERIOPLAST SOUTH AFRICA (PTY) LTD | SERIOPLAST Spa | South Africa | RUBBER/PLASTICS | 25.0 | 1,000,000 |
| | | **Total South Africa** | | | **7,810,355** |
| OMEGA FISHING S.A. | RIUNIONE INDUSTRIE ALIMENTARI Srl | Senegal | AGRICULTURE/FOOD PRODUCTS | 24.0 | 366,285 |
| | | **Total Senegal** | | | **366,285** |
| CIB - CORPORATE & INSTITUTIONAL BUILDING | APRI SVILUPPO Spa | Tunisia | SERVICES | 7.8 | - |
| EUROTRANCIATURA TUNISIA S.A.R.L. | EURO GROUP Spa | Tunisia | ENGINEERING | 24.5 | 980,141 |
| GENERAL BETON TUNISIE S.A.R.L. | GENERAL BETON TRIVENETA Spa | Tunisia | BUILDING/CONSTRUCTION | 16.2 | 1,219,768 |
| GUALINI AFRIQUE S.A.R.L. | GUALINI Spa | Tunisia | BUILDING/CONSTRUCTION | 23.9 | 65,410 |
| METEC INTERNATIONAL S.A.R.L | METEC W.W. Srl | Tunisia | ENGINEERING | 24.6 | 500,019 |
| PLASTIK NORD AFRIQUE S.A.R.L. | PLASTIK Spa | Tunisia | RUBBER/PLASTICS | 10.3 | 410,000 |
| SICILFERRO MAGHREBINE S.A.R.L. | HSG Srl | Tunisia | BUILDING/CONSTRUCTION | 27.5 | 1,148,214 |
| SIVAM TUNISIE S.A.R.L. | SIVAM Srl | Tunisia | SERVICES | 24.5 | 245,000 |
| TRE ZETA GROUP TN S.A.R.L. | TRE ZETA GROUP Srl | Tunisia | OTHER | 24.8 | 500,000 |
| | | **Total Tunisia** | | | **5,068,552** |
| SIPA HOLDINGS LTD | PAC Spa | Uganda | ENERGY | 38.9 | 4,244,520 |
| | | **Total Uganda** | | | **4,244,520** |
| **Total AFRICA** | | | | | **22,518,251** |

## AMERICA

| Company | Italian Partner | Country | Sector | SIMEST % holding | Amount (euros) |
|---|---|---|---|---|---|
| GRUPO ECONOMICO SCL AUSTRAL S.A. | SOCIETÀ CHIMICA LARDERELLO Spa | Argentina | CHEMICALS/PHARMACEUTICALS | 27.9 | 1,384,478 |
| TIBERINA AUTOMOTIVE ARGENTINA S.A. | TIBERINA HOLDING Srl | Argentina | AUTOMOTIVE | 27.5 | 3,000,000 |
| | | **Total Argentina** | | | **4,384,478** |
| ABRAMO DO BRASIL SERVICOS DE ATENDIMENTO TELEFONICO LTDA | ABRAMO HOLDING Spa | Brazil | SERVICES | 25.1 | 220,000 |
| ADVENTUS DO BRASIL LTDA | ADVENTUS INTERNATIONAL Srl | Brazil | BUILDING/CONSTRUCTION | 26.6 | 4,000,000 |
| ALMAVIVA DO BRASIL S.A. | ALMAVIVA CONTACT Spa | Brazil | SERVICES | 5.0 | 10,000,000 |
| ARVEDI METALFER DO BRASIL LTDA | METALFER Spa | Brazil | BASIC METALS/STEEL | 25.7 | 8,110,503 |
| ASK DO BRASIL LTDA | ASK INDUSTRIES Spa | Brazil | ENGINEERING | 4.3 | 312,500 |
| COMUTENSILI DO BRASIL LTDA | COMUTENSILI Spa | Brazil | ENGINEERING | 24.7 | 112,000 |
| CORGHI DO BRASIL LTDA | CORGHI Spa | Brazil | ENGINEERING | 14.0 | 140,000 |
| EMIL GROUP DO BRASIL LTDA | EMILCERAMICA Spa | Brazil | BUILDING/CONSTRUCTION | 23.8 | 83,333 |
| EXPRIVIA DO BRASIL SERVICOS DE INFORMATICA LTDA | EXPRIVIA Spa | Brazil | ELECTRONICS/IT | 24.3 | 500,000 |
| GASPARINI MERCOSUL-INDUSTRIA E COMERCIO DE MAQUINAS LTDA | GASPARINI Spa | Brazil | ENGINEERING | 23.4 | 225,000 |
| GSI BRASIL FABRICACAO DE ARTEFACTOS PLASTICOS LTDA | GLOBAL SYSTEM INTERNATIONAL Spa | Brazil | ENGINEERING | 24.0 | 750,000 |
| IMI FABI BRASIL PARTICIPACOES LTDA | IMI FABI Spa | Brazil | CHEMICALS/PHARMACEUTICALS | 24.2 | 8,000,000 |
| IRRITEC DO BRASIL INDUSTRIA E COMERCIO DE EQUIPAMENTOS PARA IRRIGACAO LTDA | IRRITEC Spa | Brazil | ENGINEERING | 32.4 | 1,600,000 |
| MACCAFERRI DO BRASIL HOLDING PARTECIPACOES EMPRESARIAIS E IMOBILIARIAS LTDA | OFFICINE MACCAFERRI Spa | Brazil | BUILDING/CONSTRUCTION | 43.9 | 3,520,000 |
| MAGNAGHI AERONAUTICA DO BRASIL PARTICIPACOES LTDA | MAGNAGHI AERONAUTICA Spa | Brazil | ENGINEERING | 33.5 | 1,950,000 |
| MAGNETTO AUTOMOTIVE DO BRASIL LTDA | MA Srl | Brazil | ENGINEERING | 15.0 | 4,389,608 |
| MANGINI SOUTH AMERICA PARTICIPACOES E INVESTIMENTOS LTDA | MANGINI Srl | Brazil | WOOD/FURNITURE | 27.1 | 199,828 |
| MARCEGAGLIA DO BRASIL LTDA | MARCEGAGLIA Spa | Brazil | BASIC METALS/STEEL | 13.9 | 11,000,000 |
| PEYRANI BRASIL S.A. | PEYRANI TRASPORTI Spa | Brazil | SERVICES | 8.9 | 625,000 |
| PMC AUTOMOTIVA DO BRASIL LTDA | PMC AUTOMOTIVE Spa | Brazil | ENGINEERING | 34.1 | 5,000,000 |
| PROMADOBRASIL PARTICIPACOES LTDA | PROMA Spa | Brazil | ENGINEERING | 24.2 | 1,500,000 |
| SOILMEC DO BRASIL S.A. | COLLIDRILL Spa; SOILMEC Spa | Brazil | ENGINEERING | 22.8 | 568,043 |
| SSE SIRIO SISTEMAS ELETRONICOS LTDA | SIRIO SISTEMI ELETTRONICI Spa | Brazil | ELECTRONICS/IT | 19.9 | 270,000 |
| STOLA DO BRASIL LTDA | METEC INDUSTRIAL MATERIALS Srl | Brazil | ENGINEERING | 18.2 | 2,547,661 |
| TIBERINA AUTOMOTIVE MG COMPONENTES METALICOS PARA INDUSTRIA AUTOMOTIVA LTDA | TIBERINA HOLDING Srl | Brazil | ENGINEERING | 23.2 | 4,000,000 |
| TIBERINA AUTOMOTIVE PE COMPONENTES METALICOS PARA INDUSTRIA AUTOMOTIVA LTDA | TIBERINA HOLDING Srl | Brazil | ENGINEERING | 28.0 | 4,000,000 |
| VERONAFIERE DO BRASIL ORGANICASAO DE EVENTOS LTDA | VERONAFIERE Spa | Brazil | SERVICES | 25.0 | 653,586 |
| | | **Total Brazil** | | | **74,277,062** |

| Company | Italian Partner | Country | Sector | SIMEST % holding | Amount (euros) |
|---|---|---|---|---|---|
| IDS NORTH AMERICA LTD | I.D.S. - INGEGNERIA DEI SISTEMI Spa | Canada | ELECTRONICS/IT | 43.0 | 2,492,544 |
| | | **Total Canada** | | | **2,492,544** |
| BOMI DE CHILE S.P.A. | BOMI ITALIA Spa | Chile | SERVICES | 24.5 | 318,500 |
| DISTRIBUDORA DE MUEBLES SA - DIMUSA | MOVING Srl | Chile | WOOD/FURNITURE | 12.2 | 245,000 |
| INVERSIONES ASSIMCO LIMITADA | ASTALDI CONCESSIONI Srl | Chile | HYDROELECTRICS | 31.4 | 8,908,447 |
| METECNO DE CHILE S.A. | METECNO Spa | Chile | BUILDING/CONSTRUCTION | 20.6 | 770,600 |
| PARQUE EOLICO TALINAY ORIENTE S.A. | ENEL GREEN POWER Spa | Chile | ENERGY | 4.5 | 4,922,903 |
| | | **Total Chile** | | | **15,165,450** |
| P.H. CHUCAS S.A. | ENEL GREEN POWER Spa | Costa Rica | ENERGY | 2.5 | 5,000,004 |
| | | **Total Costa Rica** | | | **5,000,004** |
| BROVEDANI REME MEXICO S.A. DE C.V. | BROVEDANI GROUP Spa | Mexico | ENGINEERING | 25.8 | 2,500,000 |
| DEDAMEX S. DE R.L. DE C.V. | DEDAGROUP Spa | Mexico | ELECTRONICS/IT | 34.8 | 605,387 |
| EOLICA ZOPILOAPAN S.A.P.I. DE C.V. | ENEL GREEN POWER PARTECIPAZIONI SPECIALI Srl | Mexico | ENERGY | 3.5 | 5,000,000 |
| ETROMEX S. DE R.L. DE C.V. | C.L.N. Spa; ISIL Srl | Mexico | ENGINEERING | 25.0 | 435,762 |
| EUROTRANCIATURA MEXICO S.A. DE C.V. | EUROTRANCIATURA Spa | Mexico | ENGINEERING | 16.4 | 2,541,181 |
| FLENCO DE MEXICO S.A. DE C.V. | FLENCO FLUID SYSTEM Srl | Mexico | ENGINEERING | 7.4 | 22,879 |
| OLSA SISTEMAS DE ILUMINACION AUTOMOTRIZ S. DE R.L. DE C.V. | OLSA Spa | Mexico | ENGINEERING | 9.6 | 1,000,000 |
| OMP MECHTRON MEXICO S.A. DE C.V. | OMP MECHTRON Spa | Mexico | ENGINEERING | 22.2 | 191,213 |
| OMPI NORTH AMERICA S. DE R.L. DE C.V. | STEVANATO GROUP Spa | Mexico | CHEMICALS/PHARMACEUTICALS | 3.1 | 500,693 |
| OPERADORA EROGI S.A. | SMALL BUILDING Srl | Mexico | TOURISM/HOTELS | 30.4 | 611,735 |
| STIPA NAYAA S.A. DE C.V. | ENEL GREEN POWER PARTECIPAZIONI SPECIALI Srl | Mexico | ENERGY | 4.1 | 5,000,000 |
| | | **Total Mexico** | | | **18,408,849** |





| Company | Italian Partner | Country | Sector | SIMEST % holding | Amount (euros) |
|---|---|---|---|---|---|
| AGRATI USA CORP. | A. AGRATI Spa | U.S.A. | ENGINEERING | 13.7 | 15,750,000 |
| BDF INDUSTRIES NORTH AMERICA L.L.C. | BDF INDUSTRIES Spa | U.S.A. | ENGINEERING | 48.4 | 517,552 |
| BREVINI WIND USA INC. | BREVINI WIND Srl | U.S.A. | ENGINEERING | 48.9 | 9,450,398 |
| COLAVITA INTERNATIONAL CORP. | COLAVITA Spa | U.S.A. | AGRICULTURE/FOOD PRODUCTS | 15.0 | 1,776,133 |
| DOXEE USA INC. | DOXEE Spa | U.S.A. | ELECTRONICS/IT | 49.0 | 1,121,102 |
| ENERRAY GLOBAL SOLAR OPPORTUNITIES INC. | ENERRAY Spa | U.S.A. | SERVICES | 49.0 | 2,290,559 |
| FAGIOLI INC. | FAGIOLI Spa | U.S.A. | BASIC METALS/STEEL | 8.7 | 750,000 |
| GEO INVESTMENT HOLDING INC. | EXERGY Spa | U.S.A. | ENERGY | 49.0 | 6,312,663 |
| GNUTTI CARLO USA INC. | GNUTTI CARLO Spa | U.S.A. | ENGINEERING | 5.8 | 1,525,204 |
| INGLASS USA INC. | INGLASS Spa | U.S.A. | ENGINEERING | 45.6 | 5,881,258 |
| LC INTERNATIONAL L.L.C. | COMPAGNIA IMMOBILIARE AZIONARIA Spa | U.S.A. | AGRICULTURE/FOOD PRODUCTS | 19.6 | 1,466,517 |
| M&G LOGISTICS & ENGINEERING CO. | M&G FINANZIARIA Spa | U.S.A. | CHEMICALS/PHARMACEUTICALS | 37.7 | 10,843,147 |
| MOLEMAB USA CORP. | MOLEMAB Spa | U.S.A. | BASIC METALS/STEEL | 33.8 | 291,947 |
| PARMACOTTO USA INC. | PARMACOTTO Spa | U.S.A. | AGRICULTURE/FOOD PRODUCTS | 49.0 | 377,791 |
| SAIRA AMERICAS INC. | SAIRA EUROPE Spa; GRUPPO IND.LE TOSONI Spa | U.S.A. | ELECTRONICS/IT | 46.7 | 960,000 |
| SEDA AMERICAS INC. | SEDA INTERNATIONAL PACKAGING GROUP Spa | U.S.A. | RUBBER/PLASTICS | 25.0 | 3,589,891 |
| TESMEC USA INC. | TESMEC Spa | U.S.A. | ENGINEERING | 33.0 | 7,406,069 |
| THESAN USA CORP. | THESAN Spa | U.S.A. | ENGINEERING | 49.0 | 1,750,000 |
| | | **Total U.S.A.** | | | **72,060,231** |
| PETREVEN SERVICIOS Y PERFORACIONES PETROLERAS C.A. | PETREVEN Spa | Venezuela | SERVICES | 15.9 | 8,999,115 |
| | | **Total Venezuela** | | | **8,999,115** |
| **Total AMERICA** | | | | | **200,787,732** |

## ASIA

| Company | Italian Partner | Country | Sector | SIMEST % holding | Amount (euros) |
|---|---|---|---|---|---|
| ALBA CHIARA HONG KONG LTD | E. BOSELLI & C. Spa; LINEA AZZURRA MARE Srl; PIAVE MAITEX Spa; ROMI Srl; TESSITURA TAIANA VIRGILIO Spa; TEXTRA Srl | China | TEXTILES/CLOTHING | 18.3 | 717,112 |
| BITRON ELECTRONIC CHINA CO. LTD | BITRON INDUSTRIE Spa | China | ELECTRONICS/IT | 10.9 | 1,280,457 |
| BITRON INDUSTRY CHINA CO. LTD | BITRON INDUSTRIE Spa | China | ELECTRONICS/IT | 9.0 | 1,215,000 |
| BOLZONI HOLDING HONG KONG LTD | BOLZONI Spa | China | ENGINEERING | 7.6 | 810,000 |
| BONFIGLIOLI DRIVERS (SHANGHAI) CO. LTD | BONFIGLIOLI RIDUTTORI Spa | China | ENGINEERING | 28.0 | 3,158,833 |
| BREVINI (YANCHENG) FLUID POWER CO. LTD | BREVINI FLUID POWER Spa | China | ENGINEERING | 15.0 | 600,000 |
| BREVINI (YANCHENG) PLANETARY DRIVES CO. LTD | BREVINI POWER TRANSMISSION Spa | China | ENGINEERING | 7.5 | 600,000 |
| CMS PRECISION MECHANICAL MANUFACTURING (WUJIANG) CO. LTD | C.M.S. Spa | China | ENGINEERING | 16.3 | 607,584 |
| COGNE HONG KONG LIMITED | COGNE ACCIAI SPECIALI Spa | China | BASIC METALS/STEEL | 21.1 | 5,042,214 |
| DAMIANI HONG KONG LTD | DAMIANI Spa | China | OTHER | 27.4 | 1,871,471 |
| EURO GROUP ASIA LTD | EURO GROUP Spa | China | ENGINEERING | 27.6 | 2,273,149 |
| FABI ASIA LTD | FABI Spa | China | TEXTILES/CLOTHING | 25.0 | 500,000 |
| FERRARINI PACIFIC LTD | FERRARINI Spa; SOCIETÀ AGRICOLA FERRARINI Spa | China | AGRICULTURE/FOOD PRODUCTS | 49.1 | 4,970,378 |
| FIAMM AUTOTECH CO. LTD | F.C.A. Spa | China | ENGINEERING | 25.0 | 1,000,000 |
| FLENCO HUASHEN AUTOMOBILE TOOLS CO. LTD | CA Srl | China | ENGINEERING | 25.0 | 182,941 |
| FLENCO NINGBO POWER AUXILIARY EQUIPMENT & SYSTEMS CO. LTD | FLENCO FLUID SYSTEM Srl | China | ENGINEERING | 12.5 | 67,735 |
| FMMG TECHNICAL TEXTILES (SUZHOU) CO. LTD | FIL MAN MADE GROUP Srl | China | TEXTILES/CLOTHING | 16.6 | 2,639,232 |
| GASKET (SUZHOU) VALVE COMPONENTS CO. LTD | GASKET INTERNATIONAL Spa | China | ENGINEERING | 18.0 | 900,000 |
| GIGLIO TV HK LTD | GIGLIO GROUP Spa | China | SERVICES | 24.5 | 735,000 |
| GLOBAL DISPLAY SOLUTION (SUZHOU) CO. LTD | GLOBAL DISPLAY SOLUTIONS Spa | China | ELECTRONICS/IT | 25.0 | 592,370 |
| ICONA HONG KONG LTD | ICONA STC Srl | China | ENGINEERING | 20.6 | 211,878 |
| IMF FOUNDRY MACHINERY (TIANJIN) CO. LTD | I.M.F. IMPIANTI MACCHINE FONDERIA Srl | China | ENGINEERING | 25.0 | 165,669 |
| INDIPENDENT (SHENZHEN) CO. LTD | MOTION Srl | China | ENGINEERING | 17.9 | 163,979 |
| JIANGMEN EMAK OUTDOOR POWER EQUIPMENT CO. LTD | EMAK Spa | China | ENGINEERING | 20.0 | 513,460 |





| Company | Italian Partner | Country | Sector | SIMEST % holding | Amount (euros) |
|---|---|---|---|---|---|
| JIAXING MD MILANO DESIGN FURNITURE CO. LTD | SOFALAND Srl | China | WOOD/FURNITURE | 24.5 | 2,350,459 |
| JIAXING OLSA MANUFACTURING COMPANY | OLSA Spa | China | ENGINEERING | 6.8 | 525,952 |
| K-FLEX (HONG KONG) INSULATION CO. LTD | L'ISOLANTE K-FLEX Srl | China | RUBBER/PLASTICS | 20.0 | 1,842,760 |
| LEONESSA BREVINI (YANCHENG) SLEWING BEARINGS CO. LTD | LA LEONESSA Spa; BREVINI POWER TRASMISSION Spa | China | ENGINEERING | 17.9 | 1,000,050 |
| L'IMMAGINE RITROVATA ASIA LTD | L'IMMAGINE RITROVATA Srl | China | SERVICES | 24.5 | 125,634 |
| MACCAFERRI ASIA LTD | OFFICINE MACCAFERRI Spa | China | ENGINEERING | 24.8 | 2,849,560 |
| MARCEGAGLIA CHINA CO. LTD | MARCEGAGLIA Spa | China | ENGINEERING | 9.1 | 10,000,000 |
| MATTEI (SUZHOU) AIRCOMPRESSORS MANUFACTURING CO. LTD | ING. ENEA MATTEI Spa | China | ENGINEERING | 20.0 | 110,000 |
| META SYSTEM ELECTRONICS CO. LTD | META SYSTEM S.P.A | China | ELECTRONICS/IT | 18.8 | 784,878 |
| METECNO HOLDING HONG KONG LTD | METECNO Spa | China | BUILDING/CONSTRUCTION | 11.2 | 539,356 |
| NINGBO ASK AUTOMOTIVE SOUND AND COMMUNICATION CO. LTD | ASK INDUSTRIES Spa | China | ENGINEERING | 14.4 | 325,000 |
| PEUTEREY HONG KONG LTD | PEUTEREY GROUP Spa | China | TEXTILES/CLOTHING | 28.2 | 1,550,000 |
| PMP DRIVE SYSTEMS (TAICANG) CO. LTD | PMP INDUSTRIES Spa | China | ENGINEERING | 26.1 | 854,476 |
| RANGER SHANGHAI CO. LTD | GLOBAL SYSTEM INTERNATIONAL Spa | China | RUBBER/PLASTICS | 20.0 | 800,000 |
| SAMP WIRE MACHINERY (SHANGHAI) CO. LTD | SAMP Spa | China | ENGINEERING | 28.6 | 1,177,753 |
| SHANDONG CHANGLIN DEUTZ-FAHR MACHINERY CO. LTD | SAME DEUTZ - FAHR ITALIA Spa | China | ENGINEERING | 1.8 | 1,500,000 |
| SIRA (TIANJIN) ALUMINIUM PRODUCTS CO. LTD | SIRA INDUSTRIE Spa | China | ENGINEERING | 17.6 | 892,039 |
| SIRA GROUP TIANJIN HEATING RADIATORS CO. LTD | EMILPRESS GROUP Srl | China | ENGINEERING | 11.6 | 500,153 |
| SITI B&T CERAMIC TECHNOLOGY CO. LTD | SITI - B&T GROUP Spa | China | ENGINEERING | 20.0 | 1,179,430 |
| SOILMEC (WUJIANG) MACHINERY CO. LTD | SOILMEC Spa | China | ENGINEERING | 24.5 | 1,470,000 |
| TIAN XIN YI GARMENT CO. LTD | SASCH Spa | China | TEXTILES/CLOTHING | 16.7 | - |
| TITAN ITM TIANJIN CO. LTD | ITALTRACTOR ITM Spa | China | ENGINEERING | 20.0 | 625,000 |
| VIR FAR EAST LTD | VIR VALVOINDUSTRIA ING. RIZZIO Spa | China | ENGINEERING | 19.5 | 91,982 |
| ZHEJIANG ELLECI NEW MATERIAL CO. LTD | ELLECI Spa | China | WOOD/FURNITURE | 20.9 | 305,000 |
| | | **Total China** | | | **62,217,945** |

| Company | Italian Partner | Country | Sector | SIMEST % holding | Amount (euros) |
|---|---|---|---|---|---|
| COGEME PRECISION PARTS PVT LTD | COGEME SOLUZIONI E TECNOLOGIA Spa | India | ENGINEERING | 12.5 | 125,000 |
| CORNAGLIA METALLURGICAL PRODUCTS INDIA PVT LTD | OFFICINE METALLURGICHE CORNAGLIA Spa | India | ENGINEERING | 14.2 | 257,250 |
| DECAL IN PVT LTD | SERIGRAFIA 76 Srl | India | RUBBER/PLASTICS | 21.0 | 75,000 |
| DELL'ORTO INDIA PVT LTD | DELL'ORTO Spa | India | ENGINEERING | 20.2 | 1,744,987 |
| D'ORSOGNA SWEET INGREDIENTS PVT LTD | D'ORSOGNA DOLCIARIA Srl | India | AGRICULTURE/FOOD PRODUCTS | 24.0 | 250,000 |
| FAGIOLI PSC INDIA PVT LTD | FAGIOLI Spa | India | SERVICES | 1.5 | 111,000 |
| GUSTORA FOODS PVT LTD | RUSTICHELLA D'ABRUZZO Spa | India | AGRICULTURE/FOOD PRODUCTS | 15.0 | 157,142 |
| ITALIAN EXPOSITION PVT LTD | EXPO RIVA INTERNATIONAL Srl; RIVA DEL GARDA - FIERECONGRESSI Spa | India | OTHER | 9.5 | 50,751 |
| K-FLEX INDIA PVT LTD | L'ISOLANTE K-FLEX Srl | India | RUBBER/PLASTICS | 41.8 | 5,000,000 |
| MECCANOTECNICA INDIA PVT LTD | MECCANOTECNICA UMBRA Spa | India | ENGINEERING | 25.3 | 556,243 |
| METECNO (INDIA) PVT LTD | METECNO Spa | India | BUILDING/CONSTRUCTION | 23.4 | 1,438,522 |
| OLCI ENGINEERING INDIA PVT LTD | OLCI ENGINEERING Srl | India | SERVICES | 20.0 | 600,000 |
| PMP DRIVE SYSTEMS INDIA PVT LTD | PMP INDUSTRIES Spa | India | ENGINEERING | 18.9 | 1,000,000 |
| ROSSINI INDIA PRINTING ROLLERS PVT LTD | ROSSINI Spa | India | RUBBER/PLASTICS | 25.0 | 993,240 |
| SAIRA ASIA INTERIORS PVT LTD | SAIRA EUROPE Spa; GRUPPO IND.LE TOSONI Spa | India | ENGINEERING | 23.7 | 580,797 |
| SIDERFORGEROSSI INDIA PVT LTD | SIDERFORGEROSSI GROUP Spa | India | ENGINEERING | 3.0 | 800,000 |
| TECNO SYSTEM INDIA PVT LTD | TECNO SYSTEM Spa | India | ELECTRONICS/IT | 24.5 | 544,455 |
| UTP-UNDERCARRIAGE & TRACTOR PARTS PVT LTD | JAAZMINE Srl | India | ENGINEERING | 12.1 | 782,163 |
| | | **Total India** | | | **15,066,549** |
| ATURA LTD | ALBIS INTERNATIONAL Spa | Israel | RUBBER/PLASTICS | 24.5 | 127,727 |
| | | **Total Israel** | | | **127,727** |
| K-FLEX MALAYSIA SDN BHD | L'ISOLANTE K-FLEX Srl | Malaysia | RUBBER/PLASTICS | 27.7 | 2,364,000 |
| | | **Total Malaysia** | | | **2,364,000** |
| MACCAFERRI (PHILIPPINES) MANUFACTURING INC. | OFFICINE MACCAFERRI Spa | Philippines | BUILDING/CONSTRUCTION | 46.3 | 1,320,000 |
| | | **Total Philippines** | | | **1,320,000** |





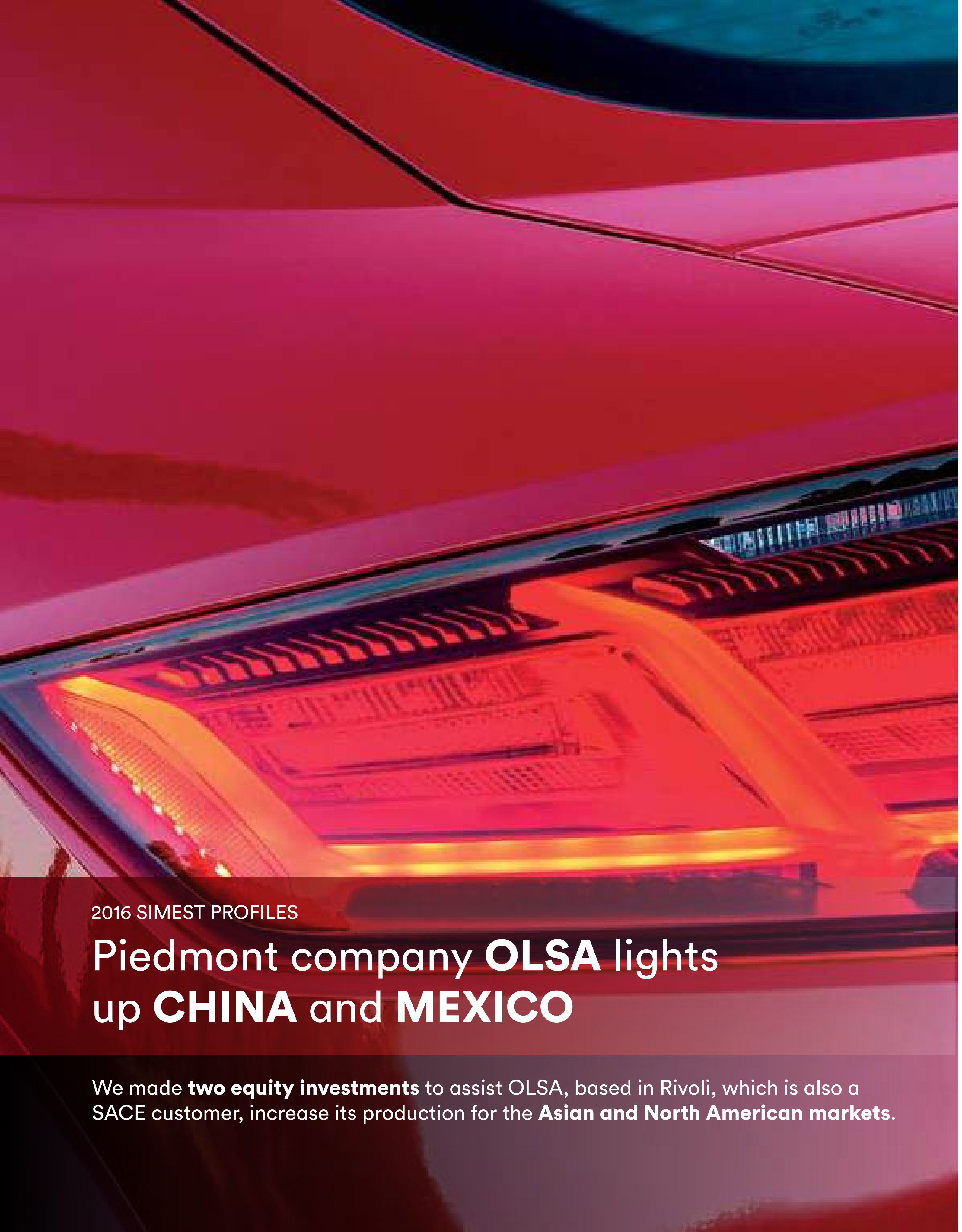
| Company | Italian Partner | Country | Sector | SIMEST % holding | Amount (euros) |
|---|---|---|---|---|---|
| FAGIOLI ASIA PVT LTD | FAGIOLI Spa | Singapore | SERVICES | 18.9 | 600,000 |
| | | **Total Singapore** | | | **600,000** |
| KITON KOREA CO. LTD | CIRO PAONE Spa | South Korea | TEXTILES/CLOTHING | 24.0 | 472,089 |
| | | **Total South Korea** | | | **472,089** |
| CHALYBS CYLINDERS LTD | FABER INDUSTRIE Spa | Thailand | BASIC METALS/STEEL | 7.6 | 1,472,132 |
| | | **Total Thailand** | | | **1,472,132** |
| BELLELLI EMIRATES ENGINEERING GENERAL CONTRACTING LLC | BELLELLI ENGINEERING Spa | United Arab Emirates | ENGINEERING | 20.0 | 408,612 |
| IK-INSULATION LIMITED | L'ISOLANTE K-FLEX Srl | United Arab Emirates | RUBBER/PLASTICS | 36.7 | 5,500,012 |
| LTC MIDDLE EAST FZCO | LEGNANO TEKNOELECTRIC COMPANY Spa | United Arab Emirates | ENGINEERING | 6.5 | 713,366 |
| NAPAG MIDDLE EAST FZCO | NAPAG ITALIA Srl | United Arab Emirates | SERVICES | 25.0 | 500,000 |
| | | **Total United Arab Emirates** | | | **7,121,990** |
| **Total ASIA** | | | | | **90,762,431** |

## OCEANIA

| Company | Italian Partner | Country | Sector | SIMEST % holding | Amount (euros) |
|---|---|---|---|---|---|
| WENTWORTH DISTRIBUTORS NZ -LTD | VIANA Srl | New Zealand | TEXTILES/CLOTHING | 25.0 | 500,000 |
| | | **Total New Zealand** | | | **500,000** |
| **Total OCEANIA** | | | | | **500,000** |

| | |
|---|---|
| **TOTAL EQUITY INVESTMENTS IN ITALY AND ABROAD AS OF DECEMBER 31, 2016** | **530,658,109** |

# Report of the Board of Auditors






# Report of the Board of Auditors

## Financial statements for the year ending December 31, 2016

Shareholders,
This report was approved by the entire Board in time for filing at the Company's (SIMEST's) registered office 15 days prior to the date of first calling of the Shareholders' Meeting to approve the financial statements.
The Board of Directors provided us with the following documents, approved on March 2, 2017, for the year ending December 31, 2016:
- draft financial statements with the statement of cash flows and accompanying notes;
- report on operations.

During the financial year ending December 31, 2016, we carried out our statutory supervisory activity in accordance with the standards recommended by the National Council of the Italian Accounting Profession.

We preface our remarks as follows:

A. the Board of Auditors sitting at the date of this Report was appointed by the Ordinary Shareholders' Meeting of August 6, 2015 and is composed of Daniele Discepolo (Chairman), Laura Guazzoni (Standing auditor) and Carlo Hassan (Standing auditor);
B. SIMEST is a joint-stock company (*società per azioni*) indirectly controlled by Cassa depositi e prestiti Spa (CDP);
C. SACE Spa holds a 76% interest in SIMEST, starting from September 30, 2016, as a result of the transfer by CDP to SACE Spa of its controlling interest;
D. the Company is subject to the management and coordination of its Parent Company SACE Spa in accordance with the "Rules on the exercise of management and coordination" approved by CDP and adopted by the Board of Directors of SIMEST;
E. in 2016, the Company, taking account of the recommendations of the Parent Company SACE Spa in the exercise of its management and coordination duties, approved the outsourcing of the risk management, compliance, internal auditing, human resources, IT systems and procurement functions to SACE Spa as from April 1, 2017, with credit recovery activities to be outsourced to SACE SRV Srl (subsidiary of SACE Spa) at a subsequent date;
F. in 2016, the Company approved the Risk Rules, the primary purpose of which is to ensure that the Company, in coordination with Group Parent CDP, is able to handle the risks assumed with its own resources; the consequent operational policies were also issued. The Risk Rules and the Investment Rules (in force since November 2015) contain investment guidelines and specific measures for monitoring them and verifying the associated credit ratings;
G. the Company approved the 2016-2020 Business Plan on December 21, 2016, which was prepared in accordance with the guidelines provided by SACE and in line with the Group business plan approved by CDP;
H. starting from the previous year SIMEST has exercised the option to prepare its financial statements in accordance with the international accounting standards (IASs/IFRSs) provided for by Legislative Decree 38 of January 28, 2005 (IAS Decree), as amended by Decree Law 91/2014 (Enhancing Competitiveness Decree), which extended the option to all companies other than those for which application of

the IASs/IFRSs is mandatory or those permitted to prepare condensed financial statements pursuant to Art. 2435-bis of the Italian Civil Code (Art. 4(6) of Legislative Decree 38/2005). Accordingly, the financial statements have been prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) endorsed by the European Commission as established by Regulation (EC) no. 1606/2002;

I. the faithful representation of the results of operations in the accounts and their presentation in the financial statements, in line with the IASs/IFRSs, have been audited by PricewaterhouseCoopers Spa (PwC) in the performance of its statutory auditing activities;

J. the financial statements for 2016 report net income of €11,323 thousand and equity of €323,650 thousand, including the net income for 2016.

The Board of Auditors reports, with regard to the issues within the scope of our responsibilities, that:

- we participated in the Shareholders' Meetings, all of the meetings of the Board of Directors held to date, and received periodic information from the Directors on the activities carried out, expected future developments, as well as on the most significant operations in terms of size or and/or features conducted by SIMEST;
- we believe that that the actions resolved by the Shareholders' Meeting and the Board of Directors comply with the law and the bylaws and were not manifestly imprudent or otherwise prejudicial to the integrity of the Company's assets;
- the transactions engaged in also comply with the law and the bylaws and do not potentially conflict with the resolutions of the Shareholders or are prejudicial to the integrity of the Company's assets;
- we examined and monitored the organizational structure of the Company and the functioning of its internal control, administrative and accounting system, as well as the reliability of the latter in correctly representing operational events, by obtaining information from individual department heads and PwC, the independent auditors responsible for the statutory audit, and by examining corporate documentation;
- we monitored the adequacy of the controls against risks of non-compliance with rules and regulations through periodic meetings with the head of the Compliance function;
- we held meetings with the independent auditor, PwC, during which we exchanged information;
- we received no complaints pursuant to Articles 2408 and 2409(7) of the Italian Civil Code;
- during the year we issued favorable opinions, as provided for by law, concerning the calculation of the compensation for directors assigned special duties;
- we monitored the work of the Supervisory Body by virtue of the Company's adoption of the compliance model envisaged under Legislative Decree 231/01 (the General section of which was updated) and no reports were received concerning the model that would require special mention in this Report. Furthermore, SIMEST's finance operations are subject to the oversight of the State Audit Court pursuant to Article 12 of Law 259/1958.

In addition, the Board of Auditors reports that:

1. we have examined the draft financial statements for the year ended December 31, 2016, provided to us by the time limit established in Article 2429 of the Italian Civil Code;
2. as this body is not responsible for performing the statutory audit of the financial statements, we monitored the general approach to their preparation and their general compliance with the provisions of law concerning their layout and structure;
3. as to the information obtained from the Directors and through meetings with the independent auditors responsible for the statutory audit, we found no atypical and/or unusual transactions carried out during 2016. With regard to transactions with related parties, the Directors report on the main operations carried out during the year with the controlling shareholder, SACE Spa and the members of the CDP Group in the notes to the financial statements, specifically in the section "Transactions with related parties"; they appear to have been carried out in the interests of the Company and on market terms; refer to this section for information on the types of transactions carried out and their impact on the Company's performance and financial position;
4. we have ascertained that the financial statements correspond to the information at our disposal, following the performance of our duties, and we have no special comments in this regard;
5. we have examined the format of the draft financial statements, their general compliance with the provisions of law concerning their layout and structure and have no particular observations in that regard;
6. we have also verified compliance with the provisions of law governing the preparation of the report on operations and have no comments that would require special mention here;
7. the independent auditor, PwC, in its report on the financial statements dated March 24, 2017 pursuant to Article 14 Legislative Decree 39 of January 27, 2010, did not have any particular observations or issue an adverse opinion. PwC also certified that the report on operations is consistent with the Company's financial statements at December 31, 2016;
8. in the course of its audit of the 2015 financial statements 2015, PwC performed additional extraordinary work related to the first-time adoption of the IASs/IFRSs, as provided in its contract for the conduct the statutory audit for the years 2015 -2017 referred to in paragraph 4.3(b), requesting additional compensation, for the 2015 financial statements only, of €30,000.
   Therefore, on August 12, 2016, the Board of Auditors issued its reasoned proposal, prepared in accordance with Article 13, paragraph 1 of Legislative Decree 39/2010, on extending the period and supplementing the compensation provided for in the contract with PwC for the years 2015-2017; this proposal was approved by SIMEST's Ordinary Shareholders' Meeting on September 14, 2016;
9. to the best of our knowledge, in preparing the financial statements the Board of Directors did not avail itself of the exemption permitted under Article 2423(4) of the Italian Civil Code;
10. in 2016, there were a total of 14 meetings of the Board of Directors and 2 Shareholders' Meetings, one of which was an Extraordinary Meeting, all of which were attended by the Board of Auditors. The Board of Auditors held 7 meetings, to which the judge designated by the State Audit Court was always invited.

In view of the foregoing and taking account of the findings of the external auditors responsible for the statutory audit, which are contained in their report accompanying the financial statements issued on March 24, 2017, we recommend that you approve the financial statements for the year ended December 31, 2016 and concur with the allocation of net profit proposed in the notes to the financial statements, specifically €566,171 to the legal reserve as provided for by Article 2430 of the Italian Civil Code and €11,323,427 as profit for the year to be distributed as resolved by the Shareholders' Meeting.

Milan, March 27, 2017

## THE BOARD OF AUDITORS

| | |
|---|---|
| **Daniele Discepolo** | Chairman |
| **Laura Guazzoni** | Standing auditor |
| **Carlo Hassan** | Standing auditor |

# Report
# of the audit firm

**RELAZIONE DELLA SOCIETA' DI REVISIONE INDIPENDENTE AI SENSI DELL'ARTICOLO 14 DEL DLGS 27 GENNAIO 2010, N° 39**

**SOCIETA' ITALIANA PER LE IMPRESE ALL'ESTERO - SIMEST SpA**

**BILANCIO D'ESERCIZIO AL 31 DICEMBRE 2016**

**RELAZIONE DELLA SOCIETA' DI REVISIONE INDIPENDENTE AI SENSI DELL'ARTICOLO 14 DEL DLGS 27 GENNAIO 2010, N° 39**

Agli Azionisti della
Società Italiana per le Imprese all'Estero – SIMEST SpA

***Relazione sul bilancio d'esercizio***

Abbiamo svolto la revisione contabile dell'allegato bilancio d'esercizio della Società Italiana per le Imprese all'Estero – SIMEST SpA, costituito dallo stato patrimoniale al 31 dicembre 2016, dal conto economico, dal prospetto della redditività complessiva, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario per l'esercizio chiuso a tale data, da una sintesi dei principi contabili significativi e dalle altre note esplicative.

*Responsabilità degli amministratori per il bilancio d'esercizio*

Gli amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea.

*Responsabilità della società di revisione*

E' nostra la responsabilità di esprimere un giudizio sul bilancio d'esercizio sulla base della revisione contabile. Abbiamo svolto la revisione contabile in conformità ai Principi di revisione internazionali (ISA Italia) elaborati ai sensi dell'articolo 11 del DLgs 39/10. Tali principi richiedono il rispetto di principi etici, nonché la pianificazione e lo svolgimento della revisione contabile al fine di acquisire una ragionevole sicurezza che il bilancio d'esercizio non contenga errori significativi.

La revisione contabile comporta lo svolgimento di procedure volte ad acquisire elementi probativi a supporto degli importi e delle informazioni contenuti nel bilancio d'esercizio. Le procedure scelte dipendono dal giudizio professionale del revisore, inclusa la valutazione dei rischi di errori significativi nel bilancio d'esercizio dovuti a frodi o a comportamenti o eventi non intenzionali. Nell'effettuare tali valutazioni del rischio, il revisore considera il controllo interno relativo alla redazione del bilancio d'esercizio dell'impresa che fornisca una rappresentazione veritiera e corretta al fine di definire procedure di revisione appropriate alle circostanze, e non per esprimere un giudizio sull'efficacia del

*PricewaterhouseCoopers SpA*

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

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controllo interno dell'impresa. La revisione contabile comprende altresì la valutazione dell'appropriatezza dei principi contabili adottati, della ragionevolezza delle stime contabili effettuate dagli amministratori, nonché la valutazione della presentazione del bilancio d'esercizio nel suo complesso.

Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

*Giudizio*

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società Italiana per le Imprese all'Estero – SIMEST SpA al 31 dicembre 2016 e del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data, in conformità agli International Financial Reporting Standards adottati dall'Unione Europea.

***Relazione su altre disposizioni di legge e regolamentari***

*Giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio*

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n° 720B al fine di esprimere, come richiesto dalle norme di legge, un giudizio sulla coerenza della relazione sulla gestione, la cui responsabilità compete agli amministratori della Società Italiana per le Imprese all'Estero – SIMEST SpA, con il bilancio d'esercizio della Società Italiana per le Imprese all'Estero - SIMEST SpA al 31 dicembre 2016. A nostro giudizio la relazione sulla gestione è coerente con il bilancio d'esercizio della Società Italiana per le Imprese all'Estero – SIMEST SpA al 31 dicembre 2016.

Roma, 24 marzo 2017

PricewaterhouseCoopers SpA

Gian Paolo Di Lorenzo
(Revisore legale)

# Approval of the financial statements at December 31, 2016

# Approval of the financial statements at December 31, 2016

On April 12, 2017 the Ordinary Shareholders' Meeting, representing 96.85% of the share capital, unanimously approved the financial statements for the year ended December 31, 2016 and the allocation of net profit for the year of €11,323,427 as follows:

· 5% or €566,171 to the legal reserve;
· €6,965,802 to the shareholders in the amount of 2.2 cents per share;
· the remainder of €3,791,454 to the extraordinary reserve.

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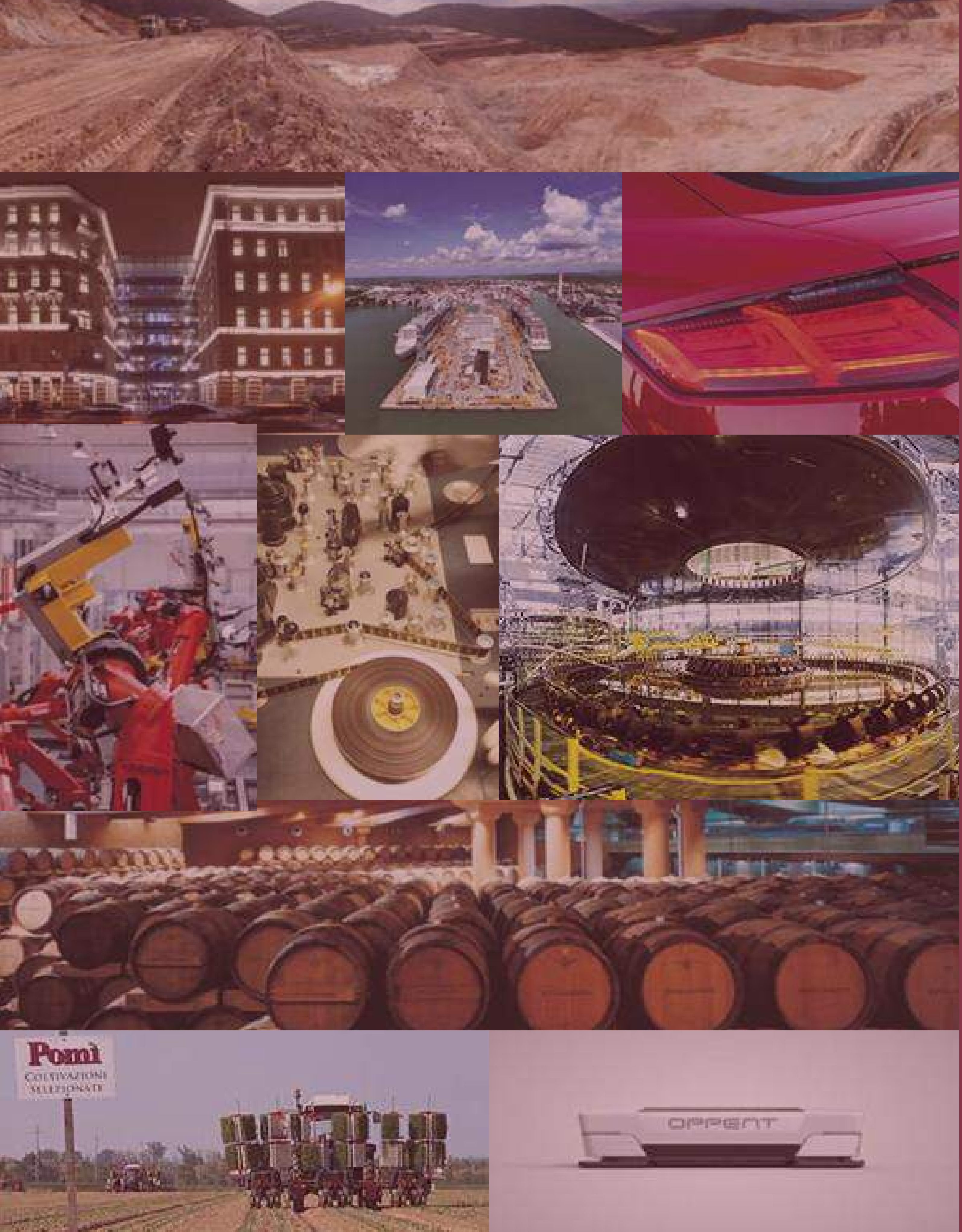


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