

**2017 POSTE ITALIANE PRELIMINARY RESULTS ABOVE EXPECTATIONS DRIVEN BY RENEWED FOCUS ON BUSINESS DEVELOPMENT AND OPERATIONS.  
CONSOLIDATED NET PROFIT: € 689 MILLION + 10.8%  
DIVIDEND POLICY CONFIRMED AT 80% OF NET INCOME AND DIVIDEND PER SHARE UP: 0,42€**

- **Total consolidated revenue: € 33.4 billion, +1% (€ 33.1 billion in 2016)**
- **Consolidated operating profit: € 1,123 million, up 7.8% mainly thanks to positive results in insurance and savings management (€ 1,041 million in 2016)**
- **Consolidated net profit: € 689 million, + 10.8% (€ 622 million in 2016)**
- **Dividend payout of 80% of 2017 preliminary net profit, corresponding to a dividend of € 0.42 per share, +7.7% (€ 0.39 per share on 2016 net profit)**
- **Cumulated direct and indirect collection: € 506 billion, +2.7% (€ 493 billion at FY16)**
- **Net industrial financial position: € 1,029 million surplus +15.2% (€ 893 million surplus at end FY2016)**

Rome, 19 February 2018 – The Board of Directors of Poste Italiane S.p.A. (“Poste Italiane”), chaired by Maria Bianca Farina, today reviewed the preliminary consolidated results for FY 2017, drawn up in compliance with the measurement, recognition and classification criteria laid down by international accounting standards (IAS/IFRS).

**Preliminary consolidated economic and financial highlights (EUR/million):**

	<b>2017</b>	<b>2016</b>	<b>Change</b>
<b>Total revenue</b>	<b>33,441</b>	<b>33,112</b>	<b>+1.0%</b>
<b>Operating profit</b>	<b>1,123</b>	<b>1,041</b>	<b>+7.8%</b>
<b>Net profit</b>	<b>689</b>	<b>622</b>	<b>+10.8%</b>
	<b>31.12.2017</b>	<b>31.12.2016</b>	
<b>Cumulated direct and indirect collection</b>	<b>506,240</b>	<b>492,707</b>	<b>+2.7%</b>
<b>Net (surplus) industrial financial position</b>	<b>(1,029)</b>	<b>(893)</b>	<b>+15.2%</b>

Matteo Del Fante, Chief Executive Officer and General Manager, commented on the results as follows:

*“The 2017 preliminary results illustrate the strength of Poste Italiane with strong earnings, providing quality services to customers, whilst creating value for shareholders and employees. The numbers confirm Poste Italiane Group’s growth trend in terms of revenues, operating profit and net profit. 2017 also saw a significant increase in BancoPosta’s savings collection and PosteVita’s operating profit. The increased parcels revenues are encouraging, a sign of the company’s capacity to seize the growing of e-commerce opportunities in Italy. These results mitigate the expected drop in revenues in postal services, linked to the ongoing fall in mail volumes. Poste Italiane continues to invest in innovation and in digital solutions. An important step in this direction is the creation of the new Payments Mobile & Digital division, which will offer advanced payment*

*solutions through Poste Italiane's physical and online distribution channels. The 2017 results represent a solid basis for the strategic plan, which will be presented in Milan on 27 February. We confirm the distribution of 80 per cent of 2017 preliminary net profit, corresponding to a €0.42 dividend per share up from 2016."*

\* \* \*

Final approval of the 2017 Financial Report by the Board of Directors is scheduled for 29 March 2018, authorisation date for publication pursuant to IAS 10 also for the purpose of reporting events occurring after the end of the financial year. The data and information contained in this release may be based on provisional estimates, currently under verification, and have not been audited.

In addition to the standard financial indicators required by IFRS, Poste Italiane also utilises a number of alternative performance indicators, with a view to providing a clearer assessment of the business performance and financial position. The meaning and content of such indicators are described in the annex, in line with the ESMA/2015/1415 Guidelines of 5 October 2015.

\* \* \*

At 31 December 2017, cumulated direct and indirect collection amounted to € 506 billion, up 2.7% from € 493 billion at year-end 2016. The result is mainly attributable to the increase in technical reserves in the life insurance business, BancoPosta's current account deposits and mutual funds.

In 2017 the Group's **total revenues**, inclusive of insurance premiums, registered a 1% growth compared with the previous year, rising to € 33.4 billion. The Insurance Services and Asset Management operating segment, in a market that has seen a contraction in insurance premiums, contributed € 24.4 billion of total revenues, an increase of 2.4% on the previous year. Financial Services were stable, generating revenues of € 5.2 billion, while Postal and Business Services reported revenues of € 3.6 billion, -5.0% compared with 2016, with parcels revenues (€ 693 million, up 6.7% compared with the previous year) mitigating the steady fall in mail volumes.

**Operating profit** of € 1,123 million showed a marked increase of 7.8% compared with the previous year (€ 1,041 million) mainly due to the positive performance of the insurance services and asset management. This increase is due to the previously mentioned positive revenues performance together with a solid reduction in operating costs.

With a view to increasing efficiency and renewing human resources skills, in 2017 around 700 new resources were hired (including over 200 transformations from part-time to full-time contracts), while the Group's total average headcount fell by around 3,200 FTEs compared to 2016. In addition, Group personnel received over 3.8 million hours of training.

**Net profit** of € 689 million grew from the € 622 million of the previous year.

A dividend payout of 80% of 2017 preliminary net profit, corresponding to a **dividend** of € 0.42 per share, paid entirely out of the FY 2017 net profit of Poste Italiane.

**Capital expenditure** for the year comes to € 467 million and is primarily related to the development and upgrading of postal and logistics mechanization systems, as well as measures for the ICT segment and workplace safety.

The **net industrial financial position** recorded a surplus of € 1,029 million, an improvement on the surplus of € 893 million at the end of 2016.

Information on the main operating segments is reported below.

## **FINANCIAL SERVICES**

- **BancoPosta's cumulated collection total € 56 billion, up 12% on 31.12.2016**
- **Market revenues of € 5.2 billion, down -0.9%**
- **Operating profit of € 773 million, down 5.0%**
- **4.7 million Postepay Evolution cards issued at 31 December 2017**

BancoPosta's **average current account deposits** (including long-term repos) amount to € 55.8 billion, up 12.3% from € 49.6 billion in 2016.

**Total revenues** came to € 5.8 billion (including captive revenue for € 0.6 million), slightly down from FY 2016 (- 0.5%). The slight decrease is mainly due to one-off events such as lower non-recurring gains for a total of € 30 million from the sale of some shareholdings (Visa Europe Ltd. in 2016 for € 121 million and Mastercard Incorporated in 2017 for € 91 million), and the end of the contribution to revenues of around € 55 million from BdM-MCC, sold on 7 August 2017. Net of these items, the segment saw revenues grow by € 58 million (+1%), with income from active management of the BancoPosta securities portfolio and the positive contribution of the PostePay and PostePay Evolution products offsetting the fall in revenues from collection and payment services.

**Operating profit** fell by -5.0% compared with 2016 to € 773 million. Besides the above mentioned trend in revenues, the reduction was attributable to higher provisions for more than € 80 million, largely due to an upwards revision in the probable liabilities linked to real estate funds sold in the early 2000s, due to a voluntary initiative, resolved today by the Poste Italiane Board of Directors in favour of clients who invested in Fondo Europa Immobiliare I, which reached its maturity on 31 December 2017.

The number of Postepay Evolution cards – the personal rechargeable prepaid card with IBAN code – saw 1.6 million new issues in 2017.

The leverage ratio as of 31 December 2017 stands at around 3.1% (the regulatory minimum is 3%). On 25 January 2017 Poste Italiane's Board of Directors approved the recapitalisation of BancoPosta through the transfer of free reserves for € 210 million to rebalance the leverage ratio to the more stringent internal targets (3.15%). The CET1 ratio at the same date is 16.9% (16% at the end of FY 2016).

Poste Italiane, through BancoPosta, has continued to strengthen its services for Italian households by expanding the range of consumer loans and mortgages, with different solutions in terms of length, amount and repayment flexibility. Commercial initiatives continued during the year designed to valorise the Postal Savings offering (a new agreement with CDP SpA was signed on 14 December 2017), and consolidate Digital Banking activities, as well as reinforce our position in the Transaction Banking segment. In this area in May we re-launched the new Conto BancoPosta which allows account holders to use all services on multichannel platforms.

## **INSURANCE SERVICES AND ASSET MANAGEMENT**

- **Net Insurance Premiums up 2% to € 20.4 billion**
- **Operating profit at € 840 million, up 32.1%**
- **Successful launch of new health and home protection products offering**

**Total revenues**, inclusive of other income from insurance operations, came to € 24.4 billion, up 2.4% compared with the previous year (€ 23.8 billion), mainly due to the positive performance of insurance premiums and net inflows from mutual funds (fees +42.4% compared with the previous year). More specifically, Poste Vita, the leading Italian insurance company with technical

provisions amounting to € 123.5 billion (€ 113.5 billion at the end of December 2016) saw premiums rise by 2% to around € 20.2 billion (€ 19.8 billion in 2016) notwithstanding the fall of 5.2% in new production of the Italian insurance market in 2017 (source: ANIA). This performance was achieved mainly thanks to the sale of class I products and to a lesser degree of class III and V products. The above increase in premium revenues had a physiological offset in the increase in insurance technical provisions.

**Operating profit** amounted to € 840 million, up 32.1% compared with 2016 (€ 636 million) mainly thanks to the increase in assets under management and therefore insurance investments on which Poste Vita earns partly recurring fees.

## **POSTAL AND BUSINESS SERVICES**

### • **Market revenues of € 3.63 billion, down -5% (€ 3.82 billion in 2016)**

**Total revenues** amount to € 8.1 billion (inclusive of € 4.5 billion in captive revenue, mainly due to distribution services), down -2.8% compared with FY 2016 (€ 8.4 billion). The fall in market revenues from mail volumes (-8.8% compared with 2016), is impacted by higher one-off revenues in 2016 amounting to € 108 million - related to the partial compensation of the cost of the universal service incurred in previous years - and the reduction in the volume of postal products (-9.7%), though smaller than the 2016 decline from 2015 (-11.0%).

The marked improvement in revenues for the parcels segment (up € 43 million compared with 2016), mitigated the decline in revenues from postal products due to the reduced volumes (-9.7%). In this space, the 17% growth compared with 2016, for a total number of 113 million parcels handled in the year, demonstrates the company's capacity to grasp the opportunities of the developing growth of e-commerce in Italy.

In the defence of revenues, besides new tariffs and the development of the parcels segment, measures have been taken to improve the quality of traditional postal services and the efficiency of the related operating processes.

Measures to contain external costs and in particular labour costs have been sustained. In 2017 the latter showed a reduction of 2.2% (or € 131 million) compared with last year. This reflects the measures taken to reduce the average workforce size..

**Operating profit** was a negative € -517 million (€ -437 million in 2016) and, besides the aforementioned effects of the one off USO compensation recorded in 2016, was affected by the material provision for risks made by Poste Italiane in respect of the € 23 million fine imposed by the Italian Antitrust Authority for alleged abuse of dominant position in the market, against which the Company will appeal through the relevant channels.

As regards the **distribution networks**, the process of modernisation and digitalisation of post offices continued during 2017 via the roll-out of wi-fi connectivity, now available in 4,119 post offices and the installation of a "new queue management" system, now present in over 2,948 offices. These initiatives continue to further improve the quality of customer services, including the opening of 27 multilingual offices across the nation (4 of which in 2017).

## **RECENT EVENTS AND BUSINESS OUTLOOK**

### **Key events during the period**

On 15 February 2017 Poste Italiane SpA finalised the acquisition from FSI Investimenti SpA (controlled by CDP Equity SpA through a 77% stake) of a 30% quota of FSIA Investimenti Srl, which holds 49.5% of SIA SpA, business leader in e-payments, payments and online services. Following the deal, Poste Italiane indirectly holds a 14.85% stake in SIA and, by virtue of a shareholder agreement on the governance and ownership structure of FSIA and SIA, exercises

joint control with CDP Equity. On completion of the deal, Poste paid 80% of the expected total acquisition price of € 278 million. As agreed, the final price was adjusted up by € 0.5 million to reflect SIA's net financial position at 31 December 2016 and might be adjusted further depending on the shareholding's business results for financial year 2017.

On 1 April 2017 the partial spin-off from Postecom SpA in favour of Postel SpA of the business unit responsible for activities relating to Postecom's shareholdings in PatentiViaPoste ScpA and Consorzio Poste Motori took legal, accounting and tax effect, as did the merger by incorporation of what remains of the Company in Poste Italiane.

On 7 August 2017, after receiving the necessary authorisations from the Ministry of Economic Development, the European Central Bank and the Bank of Italy, Poste Italiane and Invitalia - the National Agency for the Attraction of Investment and Business Development - finalised the transfer to Invitalia of the 100% stake in Banca del Mezzogiorno-MedioCredito Centrale held by Poste Italiane. The operation, as a related party transaction (in that Poste and Invitalia are subject to common control by the Ministry of Economy and Finance), in accordance with the law and applicable regulations was approved by Poste's Board of Directors after hearing favourable opinions from the Related Parties and Connected Parties Committee within it.

On 9 November 2017 the respective Boards of Directors bodies approved the plan for the simplified merger of Poste Tutela SpA (a wholly owned subsidiary of Poste Italiane SpA) in Poste Italiane.

On 14 December 2017, following resolutions by the Boards of Directors of Cassa Depositi e Prestiti SpA and Poste Italiane SpA, an agreement on postal savings collection was signed for the three-year period 2018-2020. The agreement is designed, on the one hand, to consolidate the position of postal saving bonds (BFP) and postal saving books (Libretti), among the most popular savings products in Italy, through greater investment in technology, communication, promotion and education, to reach an increasingly large number of savers and, on the other, to innovate and broaden the range of services on offer.

On 21 December 2017 Poste Italiane Spa and Anima Holding Spa signed a binding agreement (Memorandum of Understanding) to reinforce their existing partnership in the asset management segment. The operation involves the spin off from BancoPosta Fondi Spa SGR of some of the asset management activities related to Class I insurance products (for more than € 70 billion) into Anima Spa SGR. As a result of the transaction, Poste Italiane Spa will receive newly issued Anima Spa SGR shares which will be purchased immediately by Anima Holding Spa for a consideration of € 120 million. In addition, the cooperation agreements between Poste Italiane Group and Anima Holding Spa signed in July 2015, under which Anima Holding is entrusted to manage retail funds created by BancoPosta Fondi and certain assets underlying Poste Vita's Class III insurance products, will be revised and broadened. The new agreements will extend the partnership to a duration of 15 years.

These deals, to be finalised in the course of 2018 subject to receiving the necessary authorisations from the relevant regulating authorities, will enable Poste Italiane SpA's distribution network to reinforce training and education in asset management, broaden the range of products on offer to investors with more personalised and higher quality products, and confirm Anima Holding SpA's position as Italy's leading independent asset manager.

In the last quarter of FY 2017, Poste Italiane sold in several tranches its holding of 756,280 class B Mastercard Incorporated shares, after conversion to class A shares. The amount received was € 91 million with a broadly corresponding positive non-recurring effect on the consolidated income statement for the financial year.

On 30 November 2017, the renewal of the Collective Bargaining Agreement for non-executive employees of Poste Italiane for the three-year period 2016-2018 was signed with the Trade Unions. The agreement covers three main areas: salaries - a total average monthly increase of € 103 per head - new corporate welfare mechanisms - the healthcare fund and pension provision - and changes to the industrial relations framework.

Finally, regarding Poste Italiane's investments in the Midco SpA Contingent Convertible Notes originally underwritten in December 2014 for € 75 million, on 11 May 2017 the Court of Civitavecchia issued a judgement declaring the insolvency of Alitalia SAI, 51% owned by Midco SpA. On 5 July 2017 the Shareholders' Meeting of MidCo SpA, approved the financial statements for the financial year ended 31 December 2016, in which the shareholding in Alitalia SAI was entirely written off, resulting in a reduction in shareholders' equity which triggered the conversion of the notes held by Poste Italiane into an equity instrument. Taking into account the above events, a non-recurring loss of € 82 million was recognised for 2017, as announced in a previous press release, representing the total value of the notes inclusive of interest at 31 December 2016, and posted to financial charges.

### **Main events subsequent to 31 December 2017**

On 25 January 2018 the Board of Directors of Poste Italiane SpA approved the release of activities and assets relating to e-payment and payment services from BancoPosta's Ring-Fenced Capital to be transferred to PosteMobile SpA.

In particular, the Board of Directors meeting resolved, once the request has been made to the Bank of Italy and the necessary authorisations received to: a) submit to the approval of the Extraordinary Shareholders' Meeting a proposal to remove the BancoPosta Ring-Fenced Capital constraints on the assets and activities of the monetics, e-payments and payment services business unit, which will form part of a contribution in kind to PosteMobile SpA; b) set up, within PosteMobile SpA a ring fenced capital – including the said business unit – destined for monetics, e-payments and payment services, with which PosteMobile can operate as an Electronic Money Institution (EMI), meanwhile continuing to act as a virtual mobile operator.

The operation is intended to create a unified offering to retail and business clients and the public administration, valorising Poste Italiane Group's specific capabilities in mobile and digital payments.

Again on 25 January 2018, the Poste Italiane SpA Board of Directors authorised the subscription of its quota of the Anima Holding Spa rights issue as part of the increase in share capital approved by the Anima Extraordinary Shareholders' Meeting of 15 December 2017.

### **Business outlook**

In recent months the Poste Group has been working to draw up a new business plan designed to permit further balanced growth for the business, as well as continuing to pursue the country's path of innovation with particular attention to services for the Public Administration. On 27 February 2018 a meeting is scheduled with the financial community to present Poste Italiane's new strategies.

In the Logistics-Postal segment the Group will reinforce the restructuring process already begun in recent years with the use of new automation technologies to support the production process and to further improve our competitive positioning in the Express Delivery and Parcels market.

In the financial services segment, which will include the business of the subsidiary BancoPosta Fondi SGR SpA, the postal savings and investment funds product offering will be developed, while the active management of loans assets and investments will continue, aimed at optimising the overall performance of the portfolio.

In transaction and digital banking, with particular attention to the development of collection and payments, a new operating segment will be set up to create a unique offering for retail, business and public sector clients, ensuring maximum growth and integration, and reinforcing a service model to valorise Poste Italiane's physical distribution channels as well as extending its mobile and digital reach.

In insurance services, besides consolidating its leadership position in the Life market, the Group will work to extend the penetration of its class III policies, guaranteeing transparency and the maximum satisfaction of the needs of the clientele. We will also continue to grow the protection and welfare segment, partly by strengthening the integrated social security, health and social care model.

### **DIVIDEND**

The Group confirmed the distribution of about 80% of 2017 preliminary net profit, corresponding to a dividend of € 0.42 per share, paid entirely out of the parent's FY 2017 net profits. The distributable cash therefore comes to around € 549 million from Poste Italiane Group's FY 2017 consolidated net profits of € 689 million.

### **MATURING BONDS**

In the period 1 January 2018 to 30 June 2019 two bonds issued by Poste Italiane companies will mature with a total nominal value of € 1,500 million. Specifically:

- 18 June 2018 is the expiry date of the bond loan issued by Poste Italiane SpA on 18 June 2013 for a nominal value of € 750 million with a book value at 31 December 2017 of € 763 million;
- 30 May 2019 is the expiry date of the bond loan issued by Poste Vita SpA on 30 May 2014 for a nominal value of € 750 million with a book value at 31 December 2017 of € 761 million.

The decision on whether to repay the loans using the available cash or to renew them is currently under examination.

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The Board of Directors also resolved to assign additional consultative and advisory roles to its internal committees. Specifically, (i) corporate governance duties were assigned to the Nominations Committee – renamed “Nominations and Corporate Governance Committee”, and (ii) sustainability duties were assigned to the Control and Risks Committee – renamed “Control, Risks and Sustainability Committee”.

For greater details, please see the Report on Corporate Governance and the Structure of Share Ownership for FY 2017 which will be published within the terms laid down by law.

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*A conference call will be held at 17.30 CET today, 19 February 2018, in order to present the preliminary results for FY 2017 to financial analysts and institutional investors. Journalists will be able to listen to the call. Supporting material will be made available in the “Investors” section of the website [www.posteitaliane.it](http://www.posteitaliane.it) as the conference call begins.*

*Tables showing the results of the individual business units (before intersegment eliminations) are provided below, together with the statement of financial position, statement of profit/loss, statement of comprehensive income and statement of changes in equity for Poste Italiane Group.*

*A brief description of the “alternative performance indicators” used is also provided.*

*Final approval of the 2017 financial statements by the Board of Directors is foreseen for 29 March 2018, authorisation date of reporting pursuant to IAS 10 of any events after the closure of the financial year. The data and information contained in this document may be based on provisional estimates, currently under verification, and have not been audited.*

*The manager responsible for financial reporting, Luciano Loiodice, pursuant to art. 154 bis, paragraph 2 of the Consolidated Law on Finance, declares that the accounting information contained in this release is consistent with the underlying documents, accounting books and records.*

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**Condensed financial information on the operating segments.**

In compliance with the provisions of IFRS 8 – Operating Segments, an operating segment is a component of an entity: a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) and b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Following is the key financial information on the operating segments of Poste Italiane Group.



## **FINANCIAL SERVICES**

Results (EUR/million):

	<b>2017</b>	<b>2016</b>	<b>Var.</b>
<b>Market revenues</b>	5,245	5,294	- 0.9%
<b>Intersegment revenues</b>	565	543	4.0%
<b>Total revenues</b>	5,810	5,837	- 0.5%
<b>Operating profit</b>	773	813	- 5.0%

## **INSURANCE SERVICES AND ASSET MANAGEMENT**

Results (EUR/million):

	<b>2017</b>	<b>2016</b>	<b>Var.</b>
<b>Market revenues</b>	24,353	23,772	2.4%
<b>Intersegment revenues</b>	1	1	n.m.
<b>Total revenues</b>	24,354	23,773	2.4%
<b>Operating profit</b>	840	636	32.1%

## **POSTAL AND BUSINESS SERVICES**

Results (EUR/million):

	<b>2017</b>	<b>2016</b>	<b>Var.</b>
<b>Market revenues</b>	3,631	3,822	- 5.0%
<b>Intersegment revenues</b>	4,497	4,540	- 0.9%
<b>Total revenues</b>	8,128	8,362	- 2.8%
<b>Operating profit</b>	(517)	(436)	-18.4%

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## **ALTERNATIVE PERFORMANCE INDICATORS**

We report below the meaning and content of the “alternative performance indicators”, which are not required by IAS/IFRS but have been used in this release with a view to providing a clearer assessment of the Group’s operating performance and financial position.

**GROUP NET FINANCIAL POSITION:** the sum of financial liabilities, insurance technical provisions, financial assets, reinsurers’ share of technical provisions, BancoPosta cash and deposits and cash and cash equivalents.

**NET INDUSTRIAL FINANCIAL POSITION:** the sum of the net financial position of the Postal and Business Services segment and the net financial position of the Other Services segment, before adjusting for intersegment transactions.

**Breakdown of Net Financial Position (EUR/million):**

	<b>Postal and Business Services</b>	<b>Financial Services</b>	<b>Insurance Services and Asset Management</b>	<b>Other Services</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Balance at 31 December 2017</b>						
Financial liabilities	2,108	62,075	1,017	1	(1,957)	63,244
Technical provisions for insurance business			123,650			123,650
Financial assets	(1,097)	(60,780)	(125,911)	(23)	1,045	(186,766)
Technical provisions attributable to reinsurers			(71)			(71)
Cash and deposits attributable to BancoPosta		(3,196)				(3,196)
Cash and cash equivalents	(1,997)	(395)	(927)	(21)	912	(2,428)

<b>Net financial position</b>	<b>(986)</b>	<b>(2,296)</b>	<b>(2,242)</b>	<b>(43)</b>		<b>(5,567)</b>
<b>Net industrial financial position</b>	<b>(986)</b>			<b>(43)</b>		<b>(1,029)</b>
<b>Balance at 31 December 2016</b>						
Financial liabilities	1,947	59,225	1,012	2	(1,265)	60,921
Technical provisions for insurance business			113,678			113,678
Financial assets	(1,236)	(58,681)	(115,596)	(29)	1,180	(174,362)
Technical provisions attributable to reinsurers			(66)			(66)
Cash and deposits attributable to BancoPosta		(2,494)				(2,494)
Cash and cash equivalents	(1,556)	(1,320)	(1,324)	(21)	319	(3,902)
<b>Net financial position</b>	<b>(845)</b>	<b>(3,270)</b>	<b>(2,296)</b>	<b>(48)</b>	<b>234</b>	<b>(6,225)</b>
<b>Net industrial financial position</b>	<b>(845)</b>			<b>(48)</b>		<b>(893)</b>

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# FINANCIAL STATEMENTS OF POSTE ITALIANE GROUP

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€m)

<b>ASSETS</b>	<b>at 31 December 2017</b>	<b>at 31 December 2016</b>
<b>Non-current assets</b>		
Property, plant and equipment	2,001	2,080
Investment property	52	56
Intangible assets	516	513
Investments accounted for using the equity method	508	218
Financial assets	171,004	155,819
Trade receivables	9	4
Deferred tax assets	869	799
Other receivables and assets	3,043	2,682
Technical provisions attributable to reinsurers	71	66
<b>Total</b>	<b>178,073</b>	<b>162,237</b>
<b>Current assets</b>		
Inventories	138	137
Trade receivables	2,026	2,168
Current tax assets	93	15
Other receivables and assets	954	989
Financial assets	15,762	18,543
Cash and deposits attributable to BancoPosta	3,196	2,494
Cash and cash equivalents	2,428	3,902
<b>Total</b>	<b>24,597</b>	<b>28,248</b>
<b>Non-current assets and disposal groups held for sale</b>	<b>-</b>	<b>2,720</b>
<b>TOTAL ASSETS</b>	<b>202,670</b>	<b>193,205</b>
<b>LIABILITIES AND EQUITY</b>	<b>at 31 December 2017</b>	<b>at 31 December 2016</b>
<b>Equity</b>		
Share capital	1,306	1,306
Reserves	1,611	2,374
Retained earnings	4,633	4,454
<b>Equity attributable to owners of the Parent</b>	<b>7,550</b>	<b>8,134</b>
Equity attributable to non-controlling interests	-	-
<b>Total</b>	<b>7,550</b>	<b>8,134</b>
<b>Non-current liabilities</b>		
Technical provisions for insurance business	123,650	113,678
Provisions for risks and charges	692	658
Employee termination benefits and pension plans	1,274	1,347
Financial liabilities	5,044	8,404
Deferred tax liabilities	546	746
Other liabilities	1,207	1,071
<b>Total</b>	<b>132,413</b>	<b>125,904</b>
<b>Current liabilities</b>		
Provisions for risks and charges	903	849
Trade payables	1,332	1,506
Current tax liabilities	23	88
Other liabilities	2,249	2,147
Financial liabilities	58,200	52,517
<b>Total</b>	<b>62,707</b>	<b>57,107</b>
<b>Liabilities related to assets held for sale</b>	<b>-</b>	<b>2,060</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>202,670</b>	<b>193,205</b>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(€m)

	For the year ended 31 December 2017	For the year ended 31 December 2016
Revenue from sales and services	8,463	8,743
Insurance premium revenue	20,343	19,884
Other income from financial and insurance activities	4,560	4,421
<i>of which, non-recurring income</i>	91	121
Other operating income	75	64
<b>Total revenue</b>	<b>33,441</b>	<b>33,112</b>
Cost of goods and services	2,391	2,476
Net change in technical provisions for insurance business and other claims expenses	22,335	21,958
Other expenses from financial and insurance activities	512	539
Personnel expenses	6,093	6,241
Depreciation, amortisation and impairments	545	581
Capitalised costs and expenses	(24)	(25)
Other operating costs	466	301
<i>of which, non-recurring costs</i>	-	37
<b>Operating profit/(loss)</b>	<b>1,123</b>	<b>1,041</b>
Finance costs	188	100
<i>of which, non-recurring costs</i>	82	-
Finance income	115	109
Profit/(Loss) on investments accounted for using the equity method	17	6
<b>Profit/(Loss) before tax</b>	<b>1,067</b>	<b>1,056</b>
Income tax expense	378	434
<i>of which, non-recurring costs/(income)</i>	(9)	14
<b>PROFIT FOR THE YEAR</b>	<b>689</b>	<b>622</b>
of which, attributable to owners of the Parent	689	622
of which, attributable to non-controlling interests	-	-
<b>Earnings per share</b>	<b>0.528</b>	<b>0.476</b>
<b>Diluted earnings per share</b>	<b>0.528</b>	<b>0.476</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€m)

	For the year ended 31 December 2017	For the year ended 31 December 2016
<b>Profit/(Loss) for the year</b>	<b>689</b>	<b>622</b>
<b>Items to be reclassified in the Statement of profit or loss for the year</b>		
Available-for-sale financial assets		
Increase/(decrease) in fair value during the year	(316)	(1,673)
Transfers to profit or loss	(676)	(592)
Cash flow hedges		
Increase/(decrease) in fair value during the year	(56)	(15)
Transfers to profit or loss	(4)	(22)
Taxation of items recognised directly in, or transferred from, equity to be reclassified in the Statement of profit or loss for the year	287	627
Share of after-tax comprehensive income/(loss) of investees accounted for using equity method	-	-
After-tax increase/(decrease) in reserves related to group of assets and liabilities held for sale	2	-
<b>Items not to be reclassified in the Statement of profit or loss for the year</b>		
Actuarial gains/(losses) on provisions for employee termination benefits and pension plans	(1)	(51)
Taxation of items recognised directly in, or transferred from, equity not to be reclassified in the Statement of profit or loss for the year	-	18
Share of after-tax comprehensive income/(loss) of investees accounted for using equity method	-	-
<b>Total other comprehensive income</b>	<b>(764)</b>	<b>(1,708)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(75)</b>	<b>(1,086)</b>
of which, attributable to owners of the Parent	(75)	(1,086)
of which, attributable to non-controlling interests	-	-

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€m)

	Equity										
	Share capital	Reserves					Reserve for investees accounted for using equity method	Retained earnings / (Accumulated losses)	Total equity attributable to owners of the Parent	Equity attributable to non-controlling interests	Total equity
		Legal reserve	BancoPosta RFC reserve	Fair value reserve	Cash flow hedge reserve	Reserves related to disposal groups and liabilities held for sale					
<b>Balance at 1 January 2016</b>	1,306	299	1,000	2,739	9	-	-	4,305	9,658	-	9,658
Total comprehensive income for the year	-	-	-	(1,646)	(27)	-	-	589	(1,086)	-	(1,086)
Attribution of profit to reserves	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(444)	(444)	-	(444)
Changes due to share-based payments	-	-	-	-	-	-	-	-	-	-	-
Reclassifications to reserves related to disposal groups and liabilities held for sale	-	-	-	1	-	(1)	-	-	-	-	-
Other changes	-	-	-	-	-	-	2	-	2	-	2
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-
Other shareholder transactions	-	-	-	-	-	-	-	4	4	-	4
Amount due from MEF following cancellation of EC Decision of 16 July 2008	-	-	-	-	-	-	-	6	6	-	6
Taxation	-	-	-	-	-	-	-	(2)	(2)	-	(2)
<b>Balance at 31 December 2016</b>	1,306	299	1,000	1,092	(18)	(1)	2	4,454	8,134	-	8,134
Total comprehensive income for the year	-	-	-	(722)	(43)	2	-	688 <sup>(*)</sup>	(75)	-	(75)
Attribution of profit to reserves	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(509)	(509)	-	(509)
Changes due to share-based payments	-	-	-	-	-	-	-	-	-	-	-
Reclassifications to reserves related to disposal groups and liabilities held for sale	-	-	-	1	-	(1)	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-
Other shareholder transactions	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2017</b>	1,306	299	1,000	371	(61)	-	2	4,633	7,550	-	7,550

\* This item includes profit for the year of € 689 million and actuarial losses on provisions for employee termination benefits for €1 million, after the related tax effect.