

Bit Market Services

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Regolamentata

Nome utilizzatore : POSTEN03 - Fabio Ciammaglichella

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Oggetto : Poste Italiane: BoD approves 2016 half-year results

Testo del comunicato

Vedi allegato.

**BOARD OF DIRECTORS APPROVES HALF-YEAR RESULTS 2016,
CONTINUE GROWTH OF REVENUES AND MARGINS**

- **Total consolidated revenue: € 17.7 billion, +10.9% (€ 16.0 billion at 30 June 2015)**
- **Consolidated operating profit: € 843 million, + 32.1% (€ 638 million at 30 June 2015), € 722 million, +13% net of the Visa capital gain**
- **Consolidated net profit: € 565 million, 29.9% (€ 435 million at 30 June 2015), € 451 million, + 4% net of the Visa capital gain**
- **Total Assets under Management/Administration: € 488.1 billion, +2.6% (€ 475.9 billion at 31 December 2015)**
- **Net industrial financial position: € 276 million surplus (€ 307 million at 31 December 2015)**

Rome, 2 August 2016 – The Board of Directors of Poste Italiane S.p.A. (“Poste Italiane”), chaired by Luisa Todini, reviewed and approved today the half-year report at 30 June 2016, drawn up in compliance with international accounting standards (IAS/IFRS).

Consolidated financial highlights (EUR/million):

	First Half 2016	First Half 2015	Change
Total revenue	17,682	15,950	+10.9%
Operating profit	843	638	+32.1%
Net profit	565	435	+29.9%

	30.06.2016	31.12.2015	Change
Asset under Management/Administration	488,125	475,939	2.6%
Net industrial financial position	276	307	-10.1%

Mr. Francesco Caio, Chief Executive Officer and General Manager, commented on the results as follows:

“Poste Italiane has registered a noticeable growth in revenues and margins, even net of the non-recurring effect deriving from the sale of the Visa Europe holding. These half-year results are the best possible evidence of the successful application of the strategic plan, through a programme of investments, innovation and change that is strongly oriented towards improving the quality of consumer services. In each of the company segments, during the first half of the year, we have achieved significant results in line with our strategic development priorities.

In financial services: current account deposits have grown by +6.5%; household lending by +49%; Postepay Evolution has continued to improve with almost a million new cards in the first half

2016; and, in digital innovation, the new Postepay app has been downloaded by more than 3.5 million customers.

In the segment of insurance and asset management: the life insurance business has registered an income of 10.5 billion, and new non-life products have been launched, which registered a growth rate of 59%.

In the traditional mail and parcel segment: the decline in revenue has slowed down, also due to a continuing growth in the parcel business, which has exceeded 13.9% in volumes, while we started implementing the new delivery model in accordance with AGCOM's resolution.

On this solid ground, we will continue to pursue our plans in the second half of 2016, the year for which our dividend policy has been confirmed. As in previous years, in the fourth quarter provisions will be allocated for transformation costs”.

* * *

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

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In the first half of 2016, the Group's **total revenue**, inclusive of insurance premiums, registered a 10.9% growth compared with the same period in the previous year, rising to € 17.7 billion. The positive performance of the Insurance Services and Asset Management business, with revenues equal to €12.9 billion, 14.5% up compared with the same period of the previous year, and the steady performance of the financial services generating revenues for €2.8 billion, have more than offset the expected decline in revenues from Postal and Business Services (-2.5% to €1,884 million), mainly driven by a reduction in mail volumes (-10.3%). The express delivery, logistics and parcel business shows a 7.1% growth in revenues versus the same period of the previous year, generating €314 million.

The **operating profit**, equal to €843 million, registered a 32.1% increase versus the same period in the previous year (€ 638 million). Such increase was due to the growth in revenues combined with a slight reduction in operating costs. As already in the year 2015, the half-year result further benefited from the timing of accrual of the capital gains related to the active management of BancoPosta's securities portfolio. Moreover, in the month of June, as part of the global transaction for the acquisition of Visa Europe Ltd by Visa Incorporated, the Holding Company executed the sale of its equity holding in that company, with a non-recurring income of €121 million.

The **net profit** is € 565 million, also showing an increase versus €435 million in the same period of the previous year.

The **Group net financial position** registered a €7.04 billion surplus versus €8.66 billion at 31 December 2015, mainly due to a €1,398 million decrease in the fair value of financial instruments. The cash flow of non-financial operations was positive by € 342 million, after financing greater tax credits for the prepayment of withholding and substitute taxes on the capital gains of life

insurances, and contributed to net industrial investments to the amount of €146 million and distributed dividends for €444 million.

The **net industrial financial position** shows a surplus of € 276 million. The € 31 million moderate contraction from 31 December 2015 was primarily due to the payment of bonuses and incentives to employees with reference to the previous fiscal year, and greater trade receivables towards BancoPosta RFC (segregated assets) in consideration of distribution services provided to the latter.

Capital expenditure, before disposals, amounts to € 151 million for the period, and were primarily related to the computerisation of telecommunication networks and the modernization and upgrade of properties. In 2016, among other things, a process of modernisation and digitalisation of post offices was pursued with the roll-out of wi-fi connectivity in 1,558 post offices and the installation of the “new queue management” system in 1,272 offices, in view of further improving the quality of customer services, as well as the opening of 19 multilingual offices across the national territory to facilitate access to the Group’s services for “new Italians”.

During the first half of 2016, the **client assets under management/administration** rose by 2.6% from € 475.9 billion at 31 December 2015 to € 488.1 billion. This value was mainly driven by a growth in technical provisions in the life insurance business and by BancoPosta’s current account deposits in the presence of essentially stable postal savings.

As part of the efficiency effort and requalification of human resources included in the Business Plan, during the first half of 2016, about 730 new resources were introduced (including 220 conversions from part-time to full-time), while the total average headcount of the Group fell by about 1,700 units compared with 31 December 2015. In addition, 3,900 employees have already signed up to the pre-retirement plan, including 2,500 who will be leaving during the second half of 2016. Finally, more than 1.4 million hours of training were provided to the Group’s personnel.

Information on the main operating segments is reported below.

FINANCIAL SERVICES

- **External revenues of € 2.8 billion, up 6.2%**
- **Operating profit up 6.4% to € 485 million**
- **BancoPosta’s average deposits total € 48.1 billion, up 6.5% on 31 December 2015**
- **2.5 million *Postepay Evolution* cards in circulation at 30 June 2016**

Total **revenues** of €3.1 billion are higher than in the corresponding period of the previous year due to non-recurring proceeds generated by the disposal of the stake in Visa Europe Ltd, revenues from the active management of the securities portfolio held by BancoPosta and fees received for the distribution of loan products.

In addition, the number of *Postepay Evolution* cards – the personal rechargeable prepaid card with IBAN code – issued since the initial launch (July 2014) has exceeded 2.6 million, with 822,000 cards issued in the first half of 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.

BancoPosta's average deposits (including long-term repos) amounted to € 48.1 billion, registering a 6.5% increase versus € 45.2 billion at 31 December 2015.

The increase in operating costs was largely related to the rising costs of the retail network which are paid by BancoPosta to the Postal and Business Services operating unit in a measure almost proportional to the revenues achieved.

The **operating profit**, equal to €485 million, registered a 6.4% increase versus the same period in the previous year (€ 456 million).

INSURANCE SERVICES AND ASSET MANAGEMENT

- **Insurance and asset management revenues up 14.5% to € 12.9 billion**
- **Operating profit of € 270 million, up 8.9%**

Total revenues, inclusive of other income from insurance operations, amounted to € 12.9 billion, registering a 14.5% increase on the same period of the previous year (€ 11.2 billion) mainly accounted for by an increase in insurance premiums. More specifically, Poste Vita, the leading Italian insurance provider with technical provisions amounting to € 109.3 billion (€ 100.2 billion at the end of December 2015) collected premiums for approximately € 10.5 billion (€ 9.4 billion in the first half of 2015), mainly through the sale of Class I products. The positive performance of the premium revenues from life products was physiologically offset by the increase in insurance technical provisions. A positive growth was also registered in non-life and asset-management products, although the revenue base is still marginal. Even though the segment's impact on revenue is still marginal, the registered increase testifies to growing customer interest in this offer, in line with medium-term expectations reported in the plan.

The **operating profit** was € 270 million, up 8.9% compared to the same period in the previous year (€ 248 million), primarily due to the above-described sales dynamics together with positive results in investment management.

POSTAL AND BUSINESS SERVICES

- **External revenues of € 1.9 billion, down 2.5% (€49 million).**
- **Revenues from other operating segments equal to €2.4 billion, up 8.1% (€183 million)**

Total revenues amount to € 4.3 billion (inclusive of € 2.4 billion in captive revenue, which grew during the period mainly due to distribution services provided to BancoPosta). The decline in external revenues is related to an expected fall in traditional mail volumes, which affected a number of products included in the Universal Postal Service. The increase in intersegment revenues, on the other hand, has to be related to the above described performance of the BancoPosta RFC revenues.

Actions are still ongoing to improve the quality of traditional postal services and the efficiency of the related operating processes.

The initial trial phase of the new Universal Service has been completed, as indicated in the AGCOM resolution 395/15 of 25 June 2015 envisaging the progressive introduction of alternate day

delivery for up to 23% of the Italian population. The new regulatory framework will allow to best respond to changing customer needs.

The parcel service posted a growth in volumes by 14.0% compared to the same period of the previous year, for a total number of 46 million parcels handled in the first half of 2016, also due to the growing development of e-commerce in Italy.

The operating profit amounts to €74 million (€ -89 million in the same period of the previous year).

It should be noted that, as in previous years, the transformation costs for further efficiency improvements envisaged in the Business Plan will be allocated in the fourth quarter 2016, only after taking formal commitments with the work councils.

RECENT EVENTS AND BUSINESS OUTLOOK

Key events during the period

On 27 April 2016, the partial demerger of the fixed line telecommunication business ("*Rete Fissa TLC*") of the subsidiary Poste Mobile S.p.A. in favour of Poste Italiane was executed. The transaction, effective since 1 May 2016 for accounting and tax purposes, was conducted in line with the Group's strategic plan, which envisions the business units as centres of excellence focusing on the development of service products within their specific competences, while at the same time pursuing an integrated management of the Group's infrastructures and digital systems, providing great benefits in terms of process streamlining and service quality.

On 21 June 2016, Poste Italiane SpA, as principal member of Visa Europe Ltd, transferred its shareholding in Visa Europe as part of the global transaction for the acquisition and merger of said company into the US based company Visa Incorporated. Said shareholding was assigned to Poste Italiane SpA at the time of the incorporation of Visa Europe Ltd, and was then booked at its nominal value of ten euros. The consideration received, for a total fair value of € 121 million, is comprised of: (i) € 88 million in cash, (ii) 32,059 "Series C Convertible Participating Preferred Stocks" of Visa Incorporated, and (iii) € 8 million to be paid by Visa Incorporated three years after the closing of the deal.

Main events subsequent to 30 June 2016

On 20 July 2016, the 8th Standing Committee of the Italian Senate on Public Works expressed a favourable opinion with remarks on the Decree by the President of the Council of Ministers approved on 31 May 2016 on a preliminary basis, which defines the privatisation criteria and disposal procedure for a further share of the Ministry of the Economy and Finance's holding in Poste Italiane S.p.A., such as to retain a state participation of no less than 35% in the Company's share capital, also through Cassa Depositi e Prestiti. At the date of this Report, it is believed that the public sale offer aimed at the investor public in Italy and/or Italian and international institutional investors may take place in autumn this year.

We point out that, on 24 June 2016, the Extraordinary General Meeting of Cassa Depositi e Prestiti Spa approved an increase in the share capital reserved to MEF for an amount of € 2.9 billion inclusive of share premiums. The capital increase will be released by the assignment by MEF to

CDP of a 35% holding in the share capital of Poste Italiane SpA, to be allocated to CDP's segregated assets, in relation to which the guidance and management function will continue to be exercised by MEF. The capital increase and the assignment of Poste Italiane will take place not later than 31 December 2016, on completion of the authorisation procedure required to transfer the holding.

Business outlook

With reference to traditional postal services, in the second half of 2016 the Group will continue the restructuring process for the segment, leveraging the new regulatory framework on the one hand, and, on the other, the greater efficiency achieved by implementing the new delivery model, in agreement with trade unions. The Group will also continue in its efforts to optimise and streamline its offering portfolios, both for the retail and the business targets, also in view of preserving its leadership in the postal service market and further improving its competitive position in the express delivery and parcel markets, where there will be continued attention for B2C, a growing segment driven by e-commerce.

BancoPosta RFC will also continue to pursue its strategic objectives, with particular attention to fully exploiting its existing customer base, by the targeted offering of products and services designed to meet customer needs, to consolidate relationships and increase deposits; strengthening its position in the e-payment system segment and in collection and payment services, helping to drive the digitalisation of the Public Administration; growing in the consumer credit market and repositioning in the "digital" market as part of Poste Italiane's wider multichannel strategy. In addition, the strategy of actively managing the securities portfolio, with the aim to stabilise overall returns in terms of interest income and capital gains, will continue.

As regards Savings products, the Group will continue to pursue growth in Class I products with the purpose to capitalise on PosteVita leadership position, and to strengthen the asset management business by a further expansion of its offer range. In accordance with strategic priorities, the Insurance segment aims at renewing its current products and developing solutions designed to respond to a growing need for person and asset protection policies and complementary pensions, making its offer simpler and more accessible and improving its position in the welfare market (social security, health and social care). In order to support this process, particular attention will be paid to the strengthening and upgrading of IT systems for the development of digital solutions aimed at constantly improving service accessibility.

* * *

A conference call will be held at 6 p.m. today, 2 August 2016, in order to present the results for the first half of 2016 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 as the conference call begins.

Tables showing the results of the individual business units (before intersegment eliminations) are provided below, together with the period accounts (consolidated statement of financial position, consolidated statement of profit/loss for the period, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows).

A brief description of the "alternative performance indicator" used is also provided.

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 the Poste Italiane Group.

FINANCIAL SERVICES

Results (EUR/million):

	First Half 2016	First Half 2015	Change
External revenue	2,830	2,664	6.2%
Intersegment revenue	280	254	10.0 %
Total revenue	3,110	2,918	6.6%
Operating profit	485	456	6.4%

INSURANCE SERVICES

Results (EUR/million):

	First Half 2016	First Half 2015	Change
External revenue	12,854	11,230	14.5%
Intersegment revenue	-	-	-
Total revenue	12,854	11,230	14.5%
Operating profit	270	248	8.9%

POSTAL AND BUSINESS SERVICES

Results (EUR/million):

	First Half 2016	First Half 2015	Change
External revenue	1,884	1,933	-2.5%
Intersegment revenue	2,440	2,257	8.1%
Total revenue	4,324	4,190	3.2%
Operating profit	74	- 89	n.s.

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ALTERNATIVE PERFORMANCE MEASURES

We are reporting below the meaning and content of the “alternative performance measures”, which are not defined by IAS/IFRS but have been used in this release in view of 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 of the net financial position of the Other Services segment, before adjusting for intersegment transactions.

Breakdown of Net Financial Position (EUR/million)

	Postal and Business Services	Financial Services	Insurance Services and Asset Management	Other Services	Eliminations	Consolidated
Balance at 30 June 2016						
Financial liabilities	(1,808)	(61,735)	(1,206)	(4)	1,638	(63,115)
Technical provisions for insurance business	-	-	(109,397)	-	-	(109,397)
Financial assets	1,460	62,603	112,351	32	(1,257)	175,189
Technical provisions attributable to reinsurers	-	-	65	-	-	65
Cash and deposits attributable to BancoPosta	-	2,556	-	-	-	2,556
Cash and cash equivalents	584	838	690	12	(381)	1,743
Net financial position	236	4,262	2,503	40	-	7,041
Net industrial financial position	236	-	-	40	-	276
Balance at 31 December 2015						
Financial liabilities	(2,442)	(55,418)	(1,218)	(4)	1,604	(57,478)
Technical provisions for insurance business	-	-	(100,314)	-	-	(100,314)
Financial assets	1,396	57,574	102,409	26	(1,315)	160,090
Technical provisions attributable to reinsurers	-	-	58	-	-	58
Cash and deposits attributable to BancoPosta	-	3,161	-	-	-	3,161
Cash and cash equivalents	1,315	485	1,615	16	(289)	3,142
Net financial position	269	5,802	2,550	38	-	8,659
Net industrial financial position	269	-	-	38	-	307

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FINANCIAL STATEMENTS OF POSTE ITALIANE GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€m)

ASSETS	at 30 June 2016	<i>of which, related party transactions</i>	at 31 December 2015	<i>of which, related party transactions</i>
Non-current assets				
Property, plant and equipment	2,087	-	2,190	-
Investment property	58	-	61	-
Intangible assets	498	-	545	-
Investments accounted for using the equity method	212	212	214	214
Financial assets	153,712	4,059	139,310	3,988
Trade receivables	76	-	54	-
Deferred tax assets	728	-	623	-
Other receivables and assets	2,558	1	2,303	1
Technical provisions attributable to reinsurers	65	-	58	-
Total	159,994		145,358	
Current assets				
Inventories	137	-	134	-
Trade receivables	2,224	758	2,292	904
Current tax assets	175	-	72	-
Other receivables and assets	1,034	4	897	2
Financial assets	21,477	7,066	20,780	7,274
Cash and deposits attributable to BancoPosta	2,556	-	3,161	-
Cash and cash equivalents	1,743	773	3,142	391
Total	29,346		30,478	
TOTAL ASSETS	189,340		175,836	
LIABILITIES AND EQUITY				
Equity				
Share capital	1,306	-	1,306	-
Reserves	3,014	-	4,047	-
Retained earnings	4,338	-	4,305	-
Equity attributable to owners of the Parent	8,658		9,658	
Equity attributable to non-controlling interests	-	-	-	-
Total	8,658		9,658	
Non-current liabilities				
Technical provisions for insurance business	109,397	-	100,314	-
Provisions for risks and charges	603	52	634	50
Employee termination benefits and pension plans	1,457	-	1,361	-
Financial liabilities	8,727	85	7,598	77
Deferred tax liabilities	912	-	1,177	-
Other liabilities	886	-	920	-
Total	121,982		112,004	
Current liabilities				
Provisions for risks and charges	767	10	763	11
Trade payables	1,293	187	1,453	174
Current tax liabilities	281	-	53	-
Other liabilities	1,971	77	2,025	91
Financial liabilities	54,388	28	49,880	3
Total	58,700		54,174	
TOTAL EQUITY AND LIABILITIES	189,340		175,836	

CONSOLIDATED STATEMENT OF PROFIT/LOSS FOR THE PERIOD

(€m)

	For the six months ended 30 June 2016	<i>of which, related party transactions</i>	For the six months ended 30 June 2015	<i>of which, related party transactions</i>
Revenue from sales and services	4,316	1,122	4,390	1,199
Insurance premium revenue	10,551	-	9,474	-
Other income from financial and insurance activities	2,781	43	2,055	31
<i>of which, non-recurring income</i>	121		-	
Other operating income	34	1	31	3
Total revenue	17,682		15,950	
Cost of goods and services	1,215	77	1,239	79
Net change in technical provisions for insurance business and other claims expenses	11,944	-	10,385	-
Other expenses from financial and insurance activities	309	-	305	-
Personnel expenses	2,985	20	2,983	20
Depreciation, amortisation and impairments	299	-	289	-
Capitalised costs and expenses	(8)	-	(12)	-
Other operating costs	95	6	123	(4)
Operating profit/(loss)	843		638	
Finance costs	48	-	61	-
Finance income	57	-	88	2
Profit/(Loss) on investments accounted for using the equity method	6	-	-	-
Profit/(Loss) before tax	858		665	
Income tax expense	293	-	230	-
<i>of which, non-recurring costs/(income)</i>	-		(17)	
PROFIT FOR THE PERIOD	565		435	
of which, attributable to owners of the Parent	565		435	
of which, attributable to non-controlling interests	-		-	
Earnings per share	0.432		0.333	
Diluted earnings per share	0.432		0.333	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€m)

	For the six months ended 30 June 2016	For the year ended 31 December 2015	For the six months ended 30 June 2015
Profit/(Loss) for the period	565	552	435
Items to be reclassified in the Statement of profit or loss for the period			
Available-for-sale financial assets			
Increase/(decrease) in fair value during the period	(942)	1,591	(222)
Transfers to profit or loss	(482)	(467)	(350)
Cash flow hedges			
Increase/(decrease) in fair value during the period	47	13	(39)
Transfers to profit or loss	(21)	(71)	(39)
Taxation of items recognised directly in, or transferred from, equity to be reclassified in the Statement of profit or loss for the period	364	(179)	212
Share of after-tax comprehensive income/(loss) of investees accounted for using equity method	-	-	-
Items not to be reclassified in the Statement of profit or loss for the period			
Actuarial gains/(losses) on provisions for employee termination benefits and pension plans	(126)	81	85
Taxation of items recognised directly in, or transferred from, equity not to be reclassified in the Statement of profit or loss for the period	38	(30)	(27)
Share of after-tax comprehensive income/(loss) of investees accounted for using equity method	-	-	-
Total other components of comprehensive income	(1,122)	938	(380)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(557)	1,490	55
of which, attributable to owners of the Parent	(557)	1,490	55
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					
Balance at 1 January 2015	1,306	299	1,000	1,813	48	-	3,952	8,418	-	8,418
Total comprehensive income for the period	-	-	-	(385)	(53)	-	493	55	-	55
Attribution of profit to reserves	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	(250)	(250)	-	(250)
Changes due to share-based payments	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-
Other shareholder transactions	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2015	1,306	299	1,000	1,428	(5)	-	4,195	8,223	-	8,223
Total comprehensive income for the period	-	-	-	1,311	14	-	110	1,435	-	1,435
Attribution of profit to reserves	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-
Changes due to share-based payments	-	-	-	-	-	-	1	1	-	1
Other changes	-	-	-	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-
Other shareholder transactions	-	-	-	-	-	-	(1)	(1)	-	(1)
Balance at 31 December 2015	1,306	299	1,000	2,739	9	-	4,305	9,658	-	9,658
Total comprehensive income for the period	-	-	-	(1,052)	18	-	477	(557)	-	(557)
Attribution of profit to reserves	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	(444)	(444)	-	(444)
Changes due to share-based payments	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	1	-	1	-	1
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-
Other shareholder transactions	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2016	1,306	299	1,000	1,687	27	1	4,338	8,658	-	8,658

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(€m)

	For the six months ended 30 June 2016	For the six months ended 30 June 2015
Unrestricted net cash and cash equivalents at beginning of period	1,783	747
Cash subject to investment restrictions	1	511
Cash attributable to technical provisions for insurance business	1,324	415
Amounts that cannot be drawn on due to court rulings	18	16
Current account overdrafts	5	8
Cash received on delivery (restricted)	11	7
Cash and cash equivalents at beginning of period	3,142	1,704
Cash and cash equivalents at beginning of period	3,142	1,704
Profit/(loss) for the period	565	435
Depreciation, amortisation and impairments	299	289
Losses and impairments/(recoveries) on receivables	18	-
(Gains)/Losses on disposals	1	-
Impairment of available for sale investments	-	-
(Increase)/decrease in inventories	(3)	(1)
(Increase)/decrease in receivables and Other assets	(397)	(149)
Increase/(decrease) in Payables and Other liabilities	(63)	(54)
Movement in provisions for risks and charges	(27)	99
Movement in provisions for employee termination benefits and pension plans	(30)	(24)
Differences in accrued finance costs and income (cash correction)	(29)	(28)
Other changes	8	(15)
Net cash flow generated by/(used in) non-financial operating activities [a]	342	552
Increase/(decrease) in liabilities attributable to financial activities	4,321	621
Net cash generated by/(used for) held for trading financial assets attributable to financial activities	-	-
Net cash generated by/(used for) available for sale financial assets attributable to financial activities	(2,751)	(669)
Net cash generated by/(used for) held to maturity financial assets attributable to financial activities	103	806
(Increase)/decrease in cash and deposits attributable to BancoPosta	605	305
(Increase)/decrease in other assets attributable to financial activities	(1,054)	(1,217)
(Income)/expenses from financial activities	(999)	(852)
Cash generated by/(used for) assets and liabilities attributable to financial activities [b]	225	(1,006)
Net cash generated by/(used for) financial assets at fair value through profit or loss attributable to insurance activities	(2,348)	(3,752)
Increase/(decrease) in net technical provisions for insurance business	7,662	6,630
Net cash generated by/(used for) available for sale financial assets attributable to insurance activities	(4,592)	(1,512)
(increase)/decrease in other assets attributable to insurance activities	(5)	(122)
(Gains)/losses on financial assets/liabilities measured at fair value	(710)	65
(Income)/expenses from insurance activities	(866)	(1,067)
Cash generated by/(used for) assets and liabilities attributable to insurance activities [c]	(859)	242
Net cash flow from/(for) operating activities [d]=[a+b+c]	(292)	(212)
- of which, related party transactions	320	(604)
<i>Investing activities</i>		
Property, plant and equipment, investment property and intangible assets	(151)	(137)
Investments	-	(210)
Other financial assets	(106)	-
<i>Disposals</i>		
Property, plant and equipment, investment property and intangible assets and assets held for sale	5	2
Investments	-	-
Other financial assets	100	3
Change in scope of consolidation	-	-
Net cash flow from/(for) investing activities [e]	(152)	(342)
- of which, related party transactions	(9)	(212)
Proceeds from/(Repayments of) borrowings	(513)	(164)
(Increase)/decrease in loans and receivables	2	114
Dividends paid	(444)	(250)
Receivable authorised by 2015 Stability Law in implementation of Sentence of the European Court	-	535
Net cash flow from/(for) financing activities and shareholder transactions [f]	(955)	235
- of which, related party transactions	(286)	397
Net increase/(decrease) in cash [g]=[d+e+f]	(1,399)	(319)
Cash and cash equivalents at end of period	1,743	1,385
Cash and cash equivalents at end of period	1,743	1,385
Cash subject to investment restrictions	(202)	-
Cash attributable to technical provisions for insurance business	(487)	(999)
Amounts that cannot be drawn on due to court rulings	(20)	(17)
Current account overdrafts	(6)	(6)
Cash received on delivery (restricted)	(10)	(20)
Unrestricted net cash and cash equivalents at end of period	1,018	343

Fine Comunicato n.1130-42

Numero di Pagine: 15