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Diffusione presunta

Oggetto : Poste Italiane: the BoD approves the results as of 30 September 2017

Testo del comunicato

Vedi allegato.

**POSTE ITALIANE: BOARD OF DIRECTORS APPROVES RESULTS AS OF 30 SEPTEMBER 2017.
CONTINUED GROWTH IN REVENUES AND IN CLIENT ASSETS UNDER MANAGEMENT/ADMINISTRATION**

- **Total consolidated revenues: € 26.3 billion, +2.0% (€ 25.7 billion at 30.9.2016)**
- **Consolidated operating profit: € 1,176 million, -1.7% (€ 1,196 million at 30.9.2016)**
- **Consolidated net profit: € 724 million, -10.3% (€ 807 million at 30.9.2016)**
- **Client assets under management/administration: € 505 billion, +2.5% (€ 493 billion at 31.12.2016)**
- **Net industrial financial position: € 417 million surplus (€ 893 million surplus at 31.12.2016)**

Rome, 9 november 2017 – The Board of Directors of Poste Italiane S.p.A. (“Poste Italiane”), chaired by Maria Bianca Farina, reviewed and approved today the Interim Financial Report as of 30 September 2017, drawn up in compliance with international accounting standards (IAS/IFRS).

Consolidated economic and financial highlights (EUR/million):

	First nine months 2017	First nine months 2016	Change
Total revenue	26,253	25,729	2.0%
Operating profit	1,176	1,196	-1.7%
Net profit	724	807	-10.3%
	30.9.2017	31.12.2016	
Client assets under management/administration	505,237	492,707	2.5%
Net (surplus) industrial financial position	(417)	(893)	-53.3%

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

“Today's results show a continued growth in revenues reaching € 26.3 billion, an increase of 2% compared to the same period the last year. We should also highlight that our Client assets under management/administration now stably exceed € 500 billion, with a growth of 2.5% at € 505 billion.

Meanwhile, operating earnings fell slightly compared with the first half of the year. However please bear in mind that, in the first nine months of last year, the Group benefited from a non recurrent gain from the sale of our stake in Visa Europe.

Furthermore, in the first nine months of 2017 Poste made several provisions and had to forgo the contribution of Mediocredito Centrale Banca del Mezzogiorno, which was sold to Invitalia. Net of these extraordinary items operating profit would have been € 1,237 million, recording a growth of 18% compared with the same period of last year.

Finally, the implementation of our strategic guidelines is proceeding and our focus on the development of the new strategic plan which will be presented to the market in early 2018. To facilitate the relevant activities, in mid-October we set up a new division named “Payments, Mobile and Digital” to provide a unified offering to retail and business clients and the public administration, ensuring maximum development and integration, enhancing Poste Italiane's physical distribution channels at the same time guaranteeing growth in the digital arena”.

* * *

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 makeup of such indicators are described in the annex, in line with the ESMA/2015/1415 Guidelines of 5 October 2015.

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In the first nine months of 2017, the Group's **total revenues**, inclusive of insurance premiums, registered a 2.0% growth compared with the same period of the previous year, rising to € 26.3 billion. The Insurance Services and Asset Management sector, in a market that has seen a sharp contraction in insurance premiums, contributed € 19.5 billion of total revenues, an increase of 3.9%. Financial Services fell, recording revenues of € 4.0 billion (-3.1%) and Postal and Business Services posted revenues of € 2.7 billion (-2.5%), impacted by the steady fall in mail volumes. Revenues for the Express Delivery, Logistics and Parcels segment however grew to € 502 million, up 8.8% compared with the same period of the previous year.

Operating profit in the first nine months, of € 1,176 million, was slightly down compared with the same period of the previous year (€ 1,196 million). The smaller contribution from Financial Services and Postal and Business Services was partly offset by the positive contribution from Insurance Services and Asset Management.

Net profits, of € 724 million, fell from the € 807 million of the same period of the previous year, due to the higher financial costs linked to the pre-tax loss of € 82 million, borne by the value of the Contingent Convertible Notes subscribed by Poste Italiane in December 2014 and issued by Midco SpA, the company which holds 51% of Alitalia SAI SpA.

The Group's **net financial position** presents a surplus of € 5.5 billion compared with € 6.2 billion at 31 December 2016. The variation in the first nine months reflects, among other things, contraction of the fair value of the available-for-sale financial instruments in portfolio by € 0.9 billion, payment of € 222 million for the stake in FSIA Investimenti Srl and the distribution of dividends for € 509 million. Cash generated by non-financial operations was € 684 million.

The **net industrial financial position** shows a surplus of € 417 million.

Capital expenditure for the period, before disposals, comes to € 283 million and is primarily related to activities regarding IT and mail & parcels infrastructures.

In the first nine months of 2017, the **client assets under management/administration** rose to € 505 billion, up 2.5% from € 493 billion at 31 December 2016. This was attributable mainly to growth in BancoPosta direct deposits to current accounts and in the technical provisions of the Life insurance segment.

As regards the distribution networks, the process of modernisation and digitalisation of post offices continued in the first nine months of 2017 with the roll-out of wi-fi connectivity in 4,119 post offices from the start of the project and the installation of a “new queue management” system, now present in 2,704 post offices. These initiatives continue to further improve the quality of customer services, including the opening of 27 multilingual offices across Italy (4 of which in 2017) to simplify access to the Group’s services for “new Italians”.

Information on the main operating segments is reported below.

FINANCIAL SERVICES

- **Market revenues of € 4.0 billion, down -3.1%**
- **Operating profit down -14% to € 605 million**
- **BancoPosta’s average deposits total € 55 billion, up 11% on 31.12.2016**
- **4.4 million *Postepay Evolution* cards active at 30 September 2017**

Total revenues of € 4.4 billion fell compared with the corresponding period of the previous year. Income from active management of the BancoPosta securities portfolio, the positive contribution of the PostePay and PostePay Evolution credit and debit cards have partly offset the negative variation due to the non-recurring gain of € 121 million in the first nine months of 2016 from the sale of the stake in Visa Europe Ltd., and the lower interest earned on current account deposits (in line with the market).

The **operating profit** of € 605 million, after provisions for risks and charges of around € 100 million, mainly for risks associated with the real estate funds placed in the early 2000's, showed a reduction of -14.1% compared with the same period of the previous year (€ 704 million).

BancoPosta's average current account deposits (including long-term repos) amount to € 55.2 billion, up 11.3% from € 49.6 billion at 31 December 2016.

The number of Postepay Evolution cards – the personal rechargeable prepaid card with IBAN code – issued since the product launch (July 2014) has exceeded 4.8 million, with around 1.2 million cards issued in the first nine months of 2017.

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 with the aim of enhancing the Postal Savings offering and consolidating Digital Banking activities, as well as reinforcing our position in the Transaction Banking segment. In this area in May we began the distribution of the new Conto BancoPosta which allows current account holders to use all services across multichannel platforms.

The leverage ratio as of 30 September 2017 stands at around 3.04% (3% the regulatory minimum). The CET1 ratio at the same date is 17.1% (15.9% in the first nine months and 16% at the end of FY 2016).

INSURANCE SERVICES AND ASSET MANAGEMENT

- **Insurance and asset management revenues up 3.9% to € 19.5 billion**
- **Operating profit of € 556 million, up 27.5%**

Total revenues, inclusive of other income from insurance operations, reached € 19.5 billion, up 3.9% compared with the same period of the previous year (€ 18.7 billion), mainly due to the positive performance of insurance premiums and net inflows from mutual funds (fees +51.2% compared with the same period of the previous year). More specifically, Poste Vita, the leading Italian insurance provider with technical provisions amounting to € 120 billion (€ 114 billion at the end of December 2016) received premiums for € 16.3 billion, posting a growth of 6.4% compared with the same period of 2016, notwithstanding the fall of more than 8% in new production by the Italian insurance market in first eight months of 2017 (ANIA data).

Operating profit is € 556 million, up 27.5% compared with the same period of the previous year (€ 436 million), thanks to the increase in assets under management (mutual funds and technical provisions).

POSTAL AND BUSINESS SERVICES

- **Market revenues of € 2.66 billion, down -2.5% (€ 2.73 million)**

Total revenues amount to € 6.1 billion (inclusive of € 3.4 billion in captive revenue, mainly due to distribution services), down -2.4% compared with the same period of 2016 (€ 6.3 billion). The fall in market revenues from mail volumes (-5.8% compared with the first nine months of 2016), is linked to the expected drop in the volume of postal products (-10.3%), though smaller than the 2016 trend compared with the same period of 2015 (-10.4%).

Combatting the reduction in revenues, besides the new tariffs and the development of the parcels segment, Poste has taken measures to improve the quality of traditional postal services and the efficiency of the related operating processes.

Parcel services posted a 19% growth compared with the same period of 2016, for a total number of 81 million parcels handled in the first nine months of the year, partly due to the developing growth of e-commerce in Italy.

Operating profit amounts to € -6 million (€ 35 million in the first nine months of 2016). The trend in revenues was only partly offset by a similar reduction in costs, in particular in labour costs due to efficiency measures on the workforce.

As in previous years, a provision is foreseen in the last quarter for pre-retirement plans as part of an increased efficiency in the business unit.

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 transaction, Poste Italiane indirectly holds a 14.85% share in the capital of SIA. On completion of the deal, Poste paid 80% of the acquisition price – expected to come to € 278 million. The final price adjusted on the basis of the values established for SIA's net financial position at 31 December 2016 and its business results for financial year 2017. With the closure of the deal, the shareholder agreement between Poste Italiane and CDP Equity takes effect concerning the governance and ownership structure of FSIA and SIA over which the parties exercise joint control.

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 - today 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 the Board of Directors of Poste, after hearing favourable opinions from the Related Parties and Connected Parties Committee within it.

On 20 September 2017 the competent bodies approved the plan for the merger of Poste Tutela (100% Poste Italiane SpA) in Poste Italiane.

As regards Poste Italiane's investments in the Midco SpA Contingent Convertible Notes, subscribed in December 2014 for € 75 million, on 2 May 2017 the Shareholders' Meeting of Alitalia SAI, 51% controlled by Midco SpA, acknowledged the outcome of the

referendum of the employees, which failed to back the shareholders' offer to finance the new business plan of March 2017. The Board of Directors of the company decided to apply to be admitted to extraordinary administration proceedings, which was granted by Decree of the Minister for Economic Development. On 11 May 2017 the Court of Civitavecchia declared Alitalia SAI insolvent. 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 by the amount needed to cover the conversion of the notes held by Poste Italiane into a financial instrument. Taking into account the above events, a non-recurring loss of € 82 million was recognised for the first nine months of 2017, representing the total value of the notes inclusive of interest at 31 December 2016, and posted to financial charges.

Main events subsequent to 30 September 2017

The Annual Market and Competition Act - Law no. 124 of 4 August 2017 - which came into force on 29 August 2017, abolished the post office's monopoly on delivering notification of judicial documents and traffic violations. Pending the definition of the new regulatory framework, in the interim period Poste Italiane will continue to guarantee universal service across the whole country.

From 10 September to the first half of October SDA Express Courier's business suffered significant interruptions due to trade union unrest. This caused delays in services during the period of disruption. The union unrest ended at the beginning of October with a limited number of parcels involved, thanks to Poste Italiane's extensive distribution network.

Business outlook

Poste Group will be working in the coming months in drafting 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.

In the Logistics-Postal segment the Group will continue the restructuring process already begun in recent years through 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 addition, we will continue to actively manage our portfolio of financial instruments, with the aim of stabilising overall returns in terms of interest income and capital gains. In Financial Services efforts will proceed in the fourth quarter of 2017 in managing Postal Savings inflows and work will continue to define the conditions of the agreement governing the provision of intermediation services in favour of Cassa Depositi e Prestiti SpA.

The next few months will be focused on our positioning in transaction and digital banking, with particular attention to increasing receipts and payments, aimed at creating a unique offering for retail, business and public administration clients, ensuring maximum growth and integration, and reinforcing a service model to enhance Poste Italiane's physical distribution channels as well as extending its digital reach.

In the Insurance Segment, besides consolidating its leadership position in the Life market, the Group will work to extend the penetration of its Mutual Fund products and Class III policies, guaranteeing transparency and the maximum satisfaction of the needs of our clients. We will also continue to grow the protection and welfare segment, partly by strengthening the integrated social security, health and social care model.

All of the above goals will be pursued reinforcing the Group's cash generation in order to maximise the total return for shareholders.

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Poste Italiane presents its quarterly financial reports on a voluntary basis, with a summary picture of the business focusing on the key highlights in compliance with Consob Resolution no. 19770 of 26 October 2016 which gives listed companies whose Member State of origin is Italy, the faculty to voluntarily publish additional periodic financial information besides their annual and half-yearly reports.

The document containing the Interim Financial Report as of 30 September 2017 will be published by 14 November 2017, made available to the public at the Company's head office, on the Company's website (www.posteitaliane.it), on the website of the authorised storage system "eMarket Storage" (www.emarketstorage.com), and filed with Borsa Italiana S.p.A. (www.borsaitaliana.it), the Italian stock exchange management company. The disclosure regarding the filing will be issued in due course.

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A conference call will be held at 2.30 pm today, 9 November 2017, in order to present the results for the first nine months of 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 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 indicators" 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 Poste Italiane Group.

FINANCIAL SERVICES

Results (EUR/million):

	First nine months 2017	First nine months 2016	Var.
Market revenues	3,981	4,107	-3.1%
Intersegment revenues	439	413	6.2%

Total revenues	4,420	4,520	-2.2%
Operating profit	605	704	-14.1%

INSURANCE SERVICES AND ASSET MANAGEMENT

Results (EUR/million):

	First nine months 2017	First nine months 2016	Var.
Market revenues	19,458	18,725	3.9%
Intersegment revenues	-	-	-
Total revenues	19,458	18,725	3.9%
Operating profit	556	436	27.5%

POSTAL AND BUSINESS SERVICES

Results (EUR/million):

	First nine months 2017	First nine months 2016	Var.
Market revenues	2,660	2,728	-2.5%
Intersegment revenues	3,446	3,529	-2.4%
Total revenues	6,106	6,257	-2.4%
Operating profit	(6)	35	n.m.

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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):

	Postal and Business Services	Financial Services	Insurance Services and Asset Management	Other Services	Eliminations	Consolidated
Balance at 30 September 2017						
Financial liabilities	2,598	63,383	1,013	2	(2,071)	64,925
Technical provisions for insurance business			120,613			120,613
Financial assets	(1,136)	(62,519)	(120,372)	(48)	1,529	(182,546)
Technical provisions attributable to reinsurers			(75)			(75)
Cash and deposits attributable to BancoPosta		(3,148)				(3,148)
Cash and cash equivalents	(1,821)	(372)	(3,502)	(12)	480	(5,227)
Net financial position	(359)	(2,656)	(2,323)	(58)	(62)	(5,458)
Net industrial financial position	(359)			(58)		(417)
Balance at 31 December 2016						

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)
Net financial position	(845)	(3,270)	(2,296)	(48)	234	(6,225)
Net industrial financial position	(845)			(48)		(893)

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POSTE ITALIANE GROUP'S FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€m)

ASSETS

at 30 September 2017 at 31 December 2016

Non-current assets		
Property, plant and equipment	1,979	2,080
Investment property	53	56
Intangible assets	486	513
Investments accounted for using the equity method	503	218
Financial assets	166,894	155,819
Trade receivables	5	4
Deferred tax assets	775	799
Other receivables and assets	2,894	2,682
Technical provisions attributable to reinsurers	75	66
Total	173,664	162,237
Current assets		
Inventories	136	137
Trade receivables	2,200	2,168
Current tax assets	193	15
Other receivables and assets	982	989
Financial assets	15,652	18,543
Cash and deposits attributable to BancoPosta	3,148	2,494
Cash and cash equivalents	5,227	3,902
Total	27,538	28,248
Non-current assets and disposal groups held for sale	55	2,720
TOTAL ASSETS	201,257	193,205

LIABILITIES AND EQUITY

at 30 September 2017 at 31 December 2016

Equity		
Share capital	1,306	1,306
Reserves	1,734	2,374
Retained earnings	4,698	4,454
Equity attributable to owners of the Parent	7,738	8,134
Equity attributable to non-controlling interests	-	-
Total	7,738	8,134
Non-current liabilities		
Technical provisions for insurance business	120,613	113,678
Provisions for risks and charges	641	658
Employee termination benefits and pension plans	1,239	1,347
Financial liabilities	5,204	8,404
Deferred tax liabilities	526	746
Other liabilities	1,018	1,071
Total	129,241	125,904
Current liabilities		
Provisions for risks and charges	705	849
Trade payables	1,323	1,506
Current tax liabilities	323	88
Other liabilities	2,188	2,147
Financial liabilities	59,721	52,517
Total	64,260	57,107
Liabilities related to assets held for sale	18	2,060
TOTAL EQUITY AND LIABILITIES	201,257	193,205

CONSOLIDATED STATEMENT OF PROFIT/LOSS FOR THE PERIOD

(€m)

Third quarter 2017	Third quarter 2016		For the nine months ended 30 September 2017	For the nine months ended 30 September 2016
2,042	2,090	Revenue from sales and services	6,279	6,406
5,291	4,837	Insurance premium revenue	16,389	15,388
873	1,106	Other income from financial and insurance activities	3,538	3,887
18	14	Other operating income	47	48
8,224	8,047	Total revenue	26,253	25,729
568	594	Cost of goods and services	1,765	1,809
5,745	5,505	Net change in technical provisions for insurance business and other claims expenses	17,916	17,449
88	51	Other expenses from financial and insurance activities	468	360
1,307	1,348	Personnel expenses	4,241	4,333
132	140	Depreciation, amortisation and impairments	413	439
(5)	(7)	Capitalised costs and expenses	(18)	(15)
60	63	Other operating costs	292	158
329	353	Operating profit/(loss)	1,176	1,196
23	21	Finance costs	165	69
-	-	<i>of which, non-recurring costs</i>	82	-
26	26	Finance income	84	83
3	1	Profit/(Loss) on investments accounted for using the equity method	12	7
335	359	Profit/(Loss) before tax	1,107	1,217
121	117	Income tax expense	383	410
-	-	<i>of which, non-recurring costs/(income)</i>	(9)	-
214	242	PROFIT FOR THE PERIOD	724	807
214	242	of which, attributable to owners of the Parent	724	807
-	-	of which, attributable to non-controlling interests	-	-
0.164	0.185	Earnings per share	0.554	0.618
0.164	0.185	Diluted earnings per share	0.554	0.618

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€m)

Third quarter 2017	Third quarter 2016		For the nine months ended 30 September 2017	For the nine months ended 30 September 2016
214	242	Profit/(Loss) for the period	724	807
		Items to be reclassified in the Statement of profit or loss for the period		
		<i>Available-for-sale financial assets</i>		
315	335	Increase/(decrease) in fair value during the period	(276)	(607)
(14)	(106)	Transfers to profit or loss	(610)	(588)
		<i>Cash flow hedges</i>		
5	(12)	Increase/(decrease) in fair value during the period	(13)	35
(9)	(7)	Transfers to profit or loss	(10)	(28)
(83)	(58)	Taxation of items recognised directly in, or transferred from, equity to be reclassified in the Statement of profit or loss for the period	267	306
-	-	Share of after-tax comprehensive income/(loss) of investees accounted for using equity method	-	-
3	-	After-tax increase/(decrease) in reserves related to group of assets and liabilities held for sale	2	-
		Items not to be reclassified in the Statement of profit or loss for the period		
-	(37)	Actuarial gains/(losses) on provisions for employee termination benefits and pension plans	41	(162)
-	11	Taxation of items recognised directly in, or transferred from, equity not to be reclassified in the Statement of profit or loss for the period	(12)	49
-	-	Share of after-tax comprehensive income/(loss) of investees accounted for using equity method	-	-
217	126	Total other comprehensive income	(611)	(995)
431	368	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	113	(188)
431	368	of which, attributable to owners of the Parent	113	(188)
-	-	of which, attributable to non-controlling interests	-	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€m)

	Equity										
	Share capital	Legal reserve	BancoPosta RFC reserve	Fair value reserve	Cash flow hedge reserve	Reserves related to disposal groups and liabilities held for sale	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
Balance at 1 January 2016	1,306	299	1,000	2,739	9	-	-	4,305	9,658	-	9,658
Total comprehensive income for the period	-	-	-	(887)	5	-	-	694	(188)	-	(188)
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 September 2016	1,306	299	1,000	1,852	14	-	1	4,555	9,027	-	9,027
Total comprehensive income for the period	-	-	-	(761)	(32)	-	-	(105)	(898)	-	(898)
Attribution of profit to reserves	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-
Changes due to share-based payments	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-	-
Reclassifications to reserves related to disposal groups and liabilities held for sale	-	-	-	1	-	(1)	1	-	1	-	1
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)
Balance at 31 December 2016	1,306	299	1,000	1,092	(18)	(1)	2	4,454	8,134	-	8,134
Total comprehensive income for the period	-	-	-	(626)	(16)	2	-	753	113	-	113
Attribution of profit to reserves	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(509)	(509)	-	(509)
Changes due to share-based payments	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-
Other shareholder transactions	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2017	1,306	299	1,000	466	(34)	1	2	4,698	7,738	-	7,738

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(€m)

	For the nine months ended 30 September 2017	For the nine months ended 30 September 2016
Unrestricted net cash and cash equivalents at beginning of period	2,292	1,783
Cash subject to investment restrictions	780	1
Cash attributable to technical provisions for insurance business	799	1,324
Amounts that cannot be drawn on due to court rulings	12	11
Current account overdrafts	2	5
Cash received on delivery (restricted) and other restrictions	17	18
Cash and cash equivalents at beginning of period	3,902	3,142
Cash and cash equivalents at beginning of period	3,902	3,142
Profit/(loss) for the period	724	807
Depreciation, amortisation and impairments	413	439
Losses and impairments/(recoveries) on receivables	31	23
(Gains)/Losses on disposals	(2)	2
Impairment of disposal groups	-	-
Impairment of available-for-sale investments	12	-
Impairment loss on Contingent Convertible Notes	82	-
(Increase)/decrease in inventories	-	(3)
(Increase)/decrease in receivables and other assets	(333)	(458)
Increase/(decrease) in payables and other liabilities	(79)	293
Movement in group of assets and liabilities held for sale	7	-
Movement in provisions for risks and charges	(157)	(232)
Movement in provisions for employee termination benefits and pension plans	(67)	(46)
Differences in accrued finance costs and income (cash correction)	(7)	(18)
Other changes	60	51
Net cash flow generated by/(used in) non-financial operating activities [a]	684	858
Increase/(decrease) in liabilities attributable to financial activities	4,575	4,419
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	(3,283)	(3,637)
Net cash generated by/(used for) held-to-maturity financial assets attributable to financial activities	(108)	498
(Increase)/decrease in cash and deposits attributable to BancoPosta	(654)	242
(Increase)/decrease in other assets attributable to financial activities	(748)	(672)
(Income)/expenses from financial activities	(790)	(779)
Cash generated by/(used for) assets and liabilities attributable to financial activities [b]	(1,008)	71
Net cash generated by/(used for) financial assets at fair value through profit or loss attributable to insurance activities	(1,258)	(4,233)
Increase/(decrease) in net technical provisions for insurance business	8,586	11,431
Net cash generated by/(used for) available-for-sale financial assets attributable to insurance activities	(3,895)	(5,837)
(Increase)/decrease in other assets attributable to insurance activities	42	(60)
(Gains)/losses on financial assets/liabilities measured at fair value	(380)	(1,009)
(Income)/expenses from insurance activities	(819)	(779)
Cash generated by/(used for) assets and liabilities attributable to insurance activities [c]	2,276	(487)
Net cash flow from/(for) operating activities [d]=[a+b+c]	1,952	442
<i>Investing activities</i>		
Property, plant and equipment, investment property and intangible assets	(283)	(252)
Investments	(228)	-
Other financial assets	250	(105)
<i>Disposals</i>		
Property, plant and equipment, investment property and intangible assets and assets held for sale	3	5
Investments	-	-
Other financial assets	10	100
Disposal groups	131	-
Net cash flow from/(for) investing activities [e]	(117)	(252)
Proceeds from/(Repayments of) borrowings	(2)	(517)
(Increase)/decrease in loans and receivables	1	2
Dividends paid	(509)	(444)
Net cash flow from/(for) financing activities and shareholder transactions [f]	(510)	(959)
Net increase/(decrease) in cash [g]=[d+e+f]	1,325	(769)
Cash and cash equivalents at end of period	5,227	2,373
Cash and cash equivalents at end of period	5,227	2,373
Cash subject to investment restrictions	-	-
Cash attributable to technical provisions for insurance business	(2,931)	(669)
Amounts that cannot be drawn on due to court rulings	(13)	(12)
Current account overdrafts	-	-
Cash received on delivery (restricted) and other restrictions	(15)	(16)
Unrestricted net cash and cash equivalents at end of period	2,268	1,676

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