

POSTE ITALIANE CAPITAL MARKETS DAY

2018 RESULTS & 2019 GUIDANCE

FINANCIAL & INSURANCE DISTRIBUTION

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FINANCIAL TARGETS AND KPIs

FINANCIAL SEGMENT PERIMETER

	2017		2018		2022	CAGR 17-22
ADJUSTED GROSS REVENUE⁽¹⁾ €BN	5.0	5.3	5.34		6.0	+ 4%
TFA⁽²⁾ €BN	510		514		583	+ 3%
PRODUCT SALES # M	8.0		8.37		> 12	> +8%

1. Excluding net capital gains from investment portfolio, IFRS 9 impact on Visa, BdM-MCC disposal, IFRS 15 impact, capital gains from Anima and Mastercard; figures have been restated compared to 2018 CMD to exclude certain intersegment revenue from Postepay relating to cost of goods and services now directly booked by Postepay 2. Including assets under custody

MARKET AND MACRO TRENDS

UNDERLYING OPPORTUNITY CONFIRMED

MACRO

European economic growth slowing down¹

+0.9%

GDP growth 2018 in Italy

Growing Italian wealth with increasing penetration of AuM²

+2.3%

**Annual growth
in financial assets 18-21**

Expected moderate increase in interest rates³

2022 vs 2018

+0.4%

10y IRS

MARKETS

Regulation driving transparency on cost and performance

**Mifid II started Jan 2018
IDD started Oct 2018**

Low non-motor P&C penetration⁴



0.9% vs 2.3%



Low household debt levels⁵



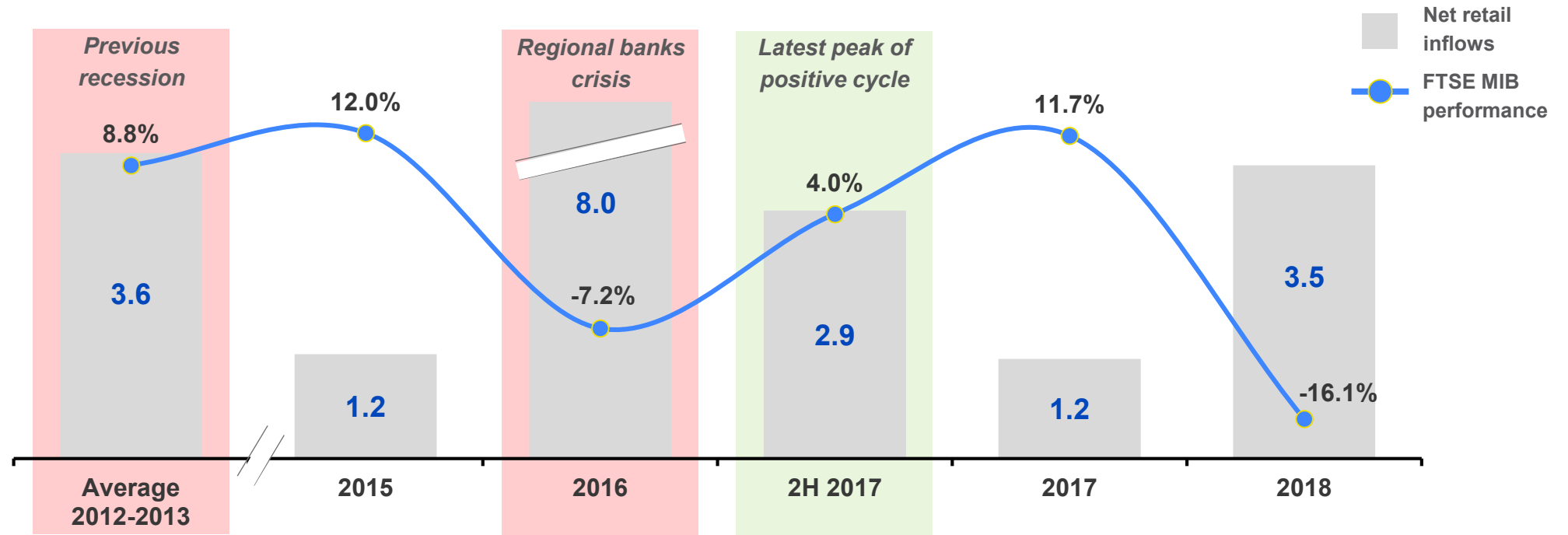
41.1% vs 57.8%



A RESILIENT FINANCIAL AND INSURANCE DISTRIBUTION PLATFORM

POSITIVE PERFORMANCE IN ALL MARKET CONDITIONS

RETAIL NET INFLOWS⁽¹⁾ TREND 2012 – 2018 (€ bn)



BTP/Bund Spread 10y⁽²⁾



Loan & mortgage volume (€ bn)



MARKET LEADERSHIP IN DISTRIBUTION

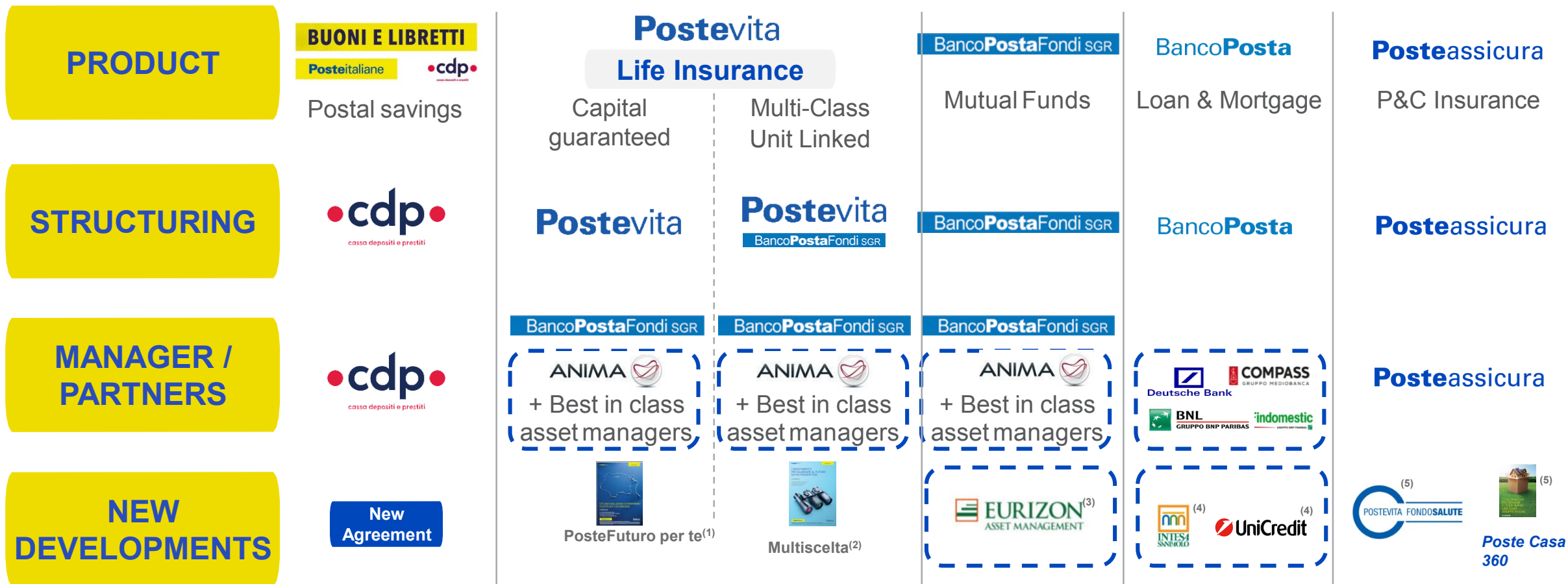
INCREASING TFA AND CUSTOMER NUMBERS

- Growth in TFA, despite market conditions, with strong performance in Private segment
- Increase in new customers mainly thanks to Postepay, creating potential cross selling opportunities, particular in youth age bracket

SEGMENT ¹	TFA ² € bn		CUSTOMERS #m	
	FY 2018	Change TFA vs FY 2017	FY 2018	
TOTAL TFA	514	+4 +1%		
PRIVATE	36	+3 +9%	2.6	-
AFFLUENT	266	+3 +1%	34.9	+1%
MASS	187	+6 +3%	18.4	+1%
LOWER MASS	3	- -	13.9	+3%
CORPORATE & PUBLIC SECTOR³	21	-8 -28%	0.3	-

COMPREHENSIVE DISTRIBUTION PLATFORM COMBINING CAPTIVE AND OPEN MODELS

EXPANDED PRODUCT RANGE WITH IN-HOUSE PRODUCT GOVERNANCE



PARTNERS ARE ALWAYS LEADING AND LARGEST PLAYERS IN EACH SECTOR

NEW CDP AGREEMENT

REVAMPING PROGRAM FULLY IMPLEMENTED WITH SIGNIFICANT IMPROVEMENT IN NET INFLOWS

NEW PRODUCTS



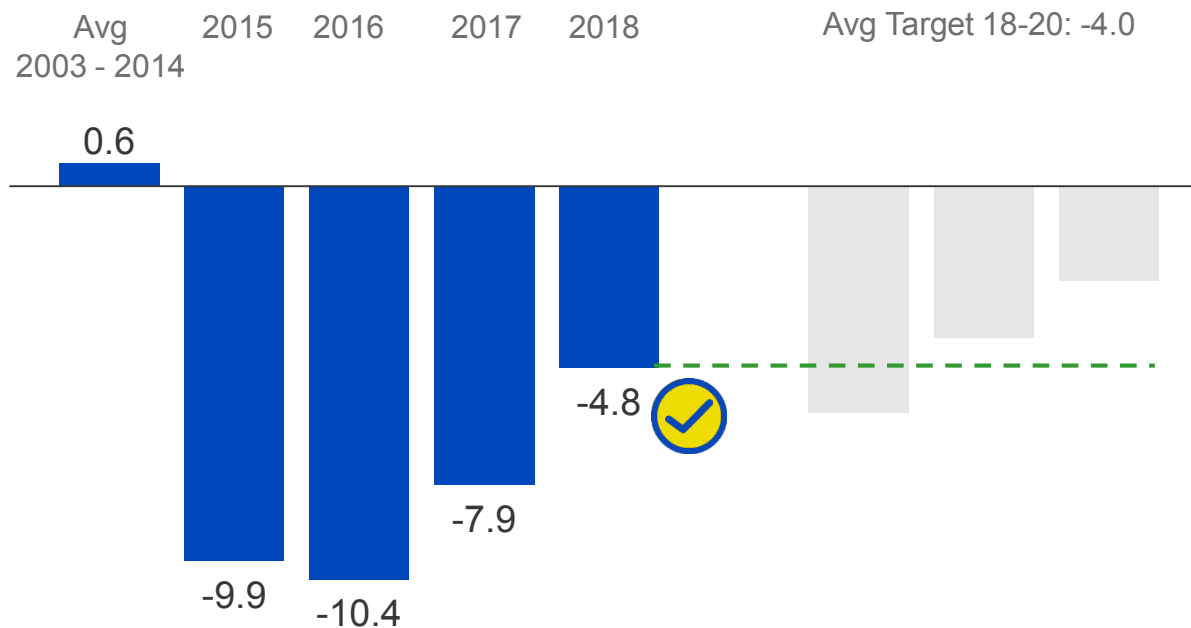
INCREASING MARKETING ACTIVITIES



IMPROVED CUSTOMER EXPERIENCE



NET INFLOWS (€ bn)



REORGANISATION AND SERVICE MODEL IMPROVEMENTS

2018 – KEY COMMITMENTS DELIVERED





	ACTION	IMPACT
MORE RELATIONSHIP MANAGERS	Strengthened number and role of mobile RMs	1,000 mobile RMs covering €75 bn TFA and better serving high value customers
SMARTER COVERAGE MODEL	New model maximises customer service and cross-selling	From 7% to >20% of customers covered by RMs
BETTER COMMERCIAL FRONTLINE SUPPORT	New tools released in 4Q 2018 to support commercial frontline	Robo-for-adviser tool, data driven CRM and enhanced front-end available for all RMs
IMPROVED OPERATIONAL STRUCTURE	Reduced number of regions from nine to six	Improved efficiency across the network

SPOTLIGHT VIDEO

FOCUS ON MOBILE RELATIONSHIP MANAGER
COVERAGE

OPERATIONAL AND FINANCIAL HIGHLIGHTS

RESULTS ON TRACK WITH TARGETS IN A CHALLENGING MARKET

PRODUCT LINE	MARKET SHARE 2017→2018	KPI 17→18
 Wealth management¹	Total TFA⁽²⁾ 13.1% → 13.4% o/w Life insurance ⁽³⁾ 17.5% → 17.9%	Total TFA, € bn 510 → 514 o/w Life insurance 123 → 125 <small>Of which -4 bn performance effect in Life insurance</small>
 Loan & mortgage distribution	Consumer loans⁽⁴⁾ 7.5% → 8.8%	2.6 → 3.1 Annual volume, € bn
 P&C insurance distribution	Bancassurance⁽⁵⁾ 7.8% → 9.5%	0.1 → 0.2 GWP, € bn
 Transaction banking	Total card transactions⁽⁶⁾ 18.2% → 19.7%	0.9 → 1.1 Total card transactions, # bn



DELIVER 2022: 2019 FOCUS FINANCIAL & INSURANCE

REORGANISATION AND SERVICE MODEL

2019 KEY PRIORITIES

	ACTION	IMPACT
MORE RELATIONSHIP MANAGERS	2018 8,000 → 2019 9,000 # RMs	Increase customer coverage with new and retrained talents
P&C SPECIALISTS	Introduce the first 100 dedicated P&C specialists	Support RM network and accelerate P&C growth
REAL-TIME REFERRAL	Data-driven system to improve cross selling opportunities from Post Office tellers	Increase in opportunities for RM network
REAL-TIME INVESTMENT PROPOSALS	Automated real time investments proposals	RMs more focussed on customer than proposal or report development

OPTIMISING CLIENT COVERAGE WITH MOBILE RELATIONSHIP MANAGERS

DATA DRIVEN MODEL TO REDESIGN SALES FOOTPRINT

2018 COVERAGE

1,000 mobile RMs covering €75bn in TFA

Increase and optimisation of coverage areas based on market potential and size

2019 COVERAGE

+50% mobile RMs



Example 1: AREA X

TFA MARKET SHARE⁽¹⁾

13%

DISTRIBUTION MARKET SHARE⁽²⁾

>25%

	2018	2019
# of RMs	7	11
Max distance covered (km)	76	44
RMs portfolio size (# affluent customers)	750	360

Example 2: AREA Y

TFA MARKET SHARE⁽¹⁾

>50%

DISTRIBUTION MARKET SHARE⁽²⁾

>50%

	2018	2019
# of RMs	28	29
Max distance covered (km)	74	36
RMs portfolio size (# affluent customers)	1,470	610

WEALTH AND ASSET MANAGEMENT

CONTINUOUS EVOLUTION OF THE SERVICE MODEL

DIVERSIFIED INTERACTION MODELS DRIVEN BY CUSTOMER NEEDS

REVENUE/TFA¹, bps

IMPROVED

TRADITIONAL

Core Post Office relationship managers supported by robo-for-adviser



NEW

PREMIUM

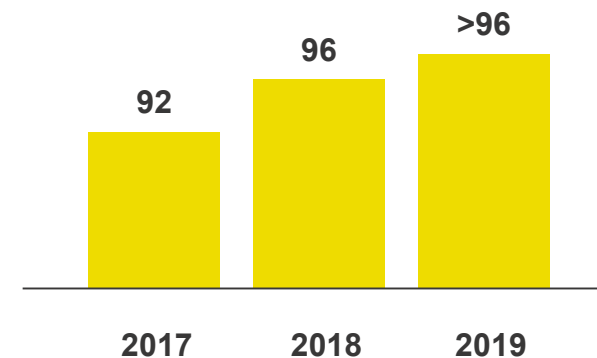
Dedicated proposition enhanced by multichannel open platform



NEW

DIGITAL

Fully digital wealth management platform supported by central team



Revenue model

PRODUCT FEES

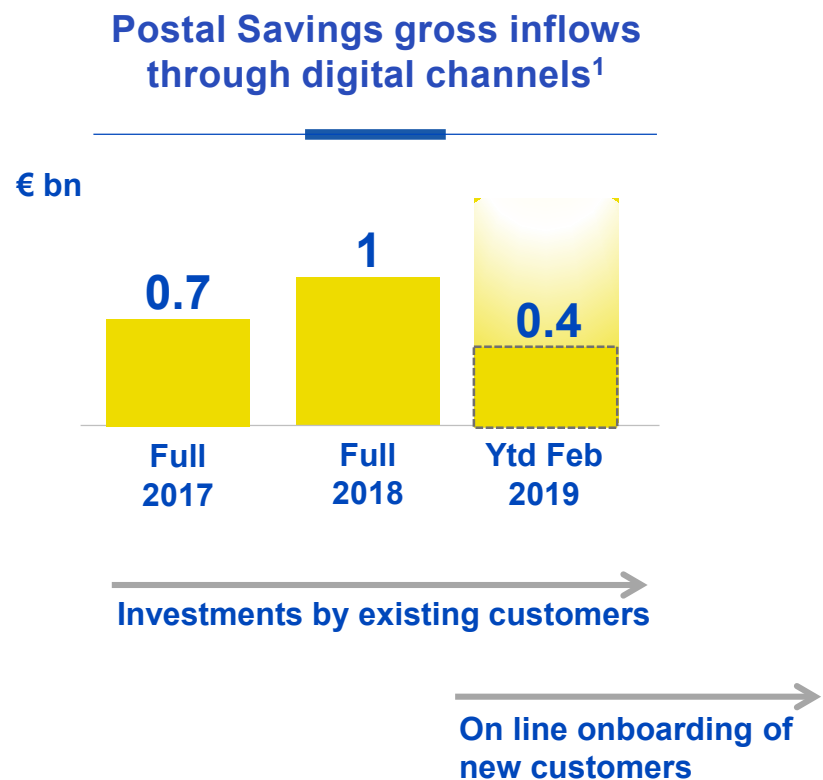
PRODUCT FEES
+
FEES ON TOP

ALL-IN FEE

SUPPORTED BY TRAINING & ADVANCED IT PLATFORMS

WEALTH AND ASSET MANAGEMENT

DIGITAL PLAYS A RELEVANT AND INCREASING ROLE ALSO IN WEALTH MANAGEMENT



NEXT STEP: DEVELOPMENT OF A FULLY DIGITAL WEALTH MANAGEMENT PLATFORM



FINTECH ENGINE



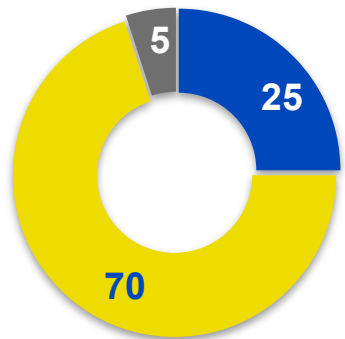
- Poste fully in charge of customer relationships
- Customers reassured by trusted Poste brand
- Leveraging proprietary Poste digital channels
- Powered by specialised Fintech engine
- Increases speed to market

LIFE INSURANCE

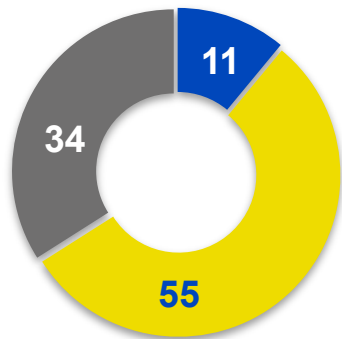
ADJUSTING LIFE INSURANCE PRODUCT MIX TO IMPROVE CLIENT PORTFOLIO DIVERSIFICATION

CLIENT'S¹ PORTFOLIO PRODUCT MIX

TFA %



Actual portfolio



Recommended portfolio

Liquidity²

Capital guaranteed²

Partial / no guarantee²

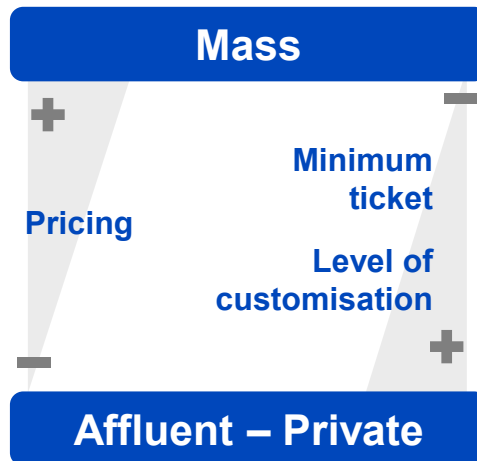
NEW PRODUCTS



PosteFuturo per te



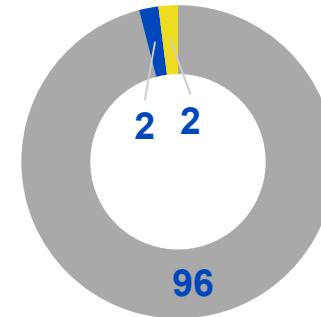
Multiscelta



Poste Progetti Futuri

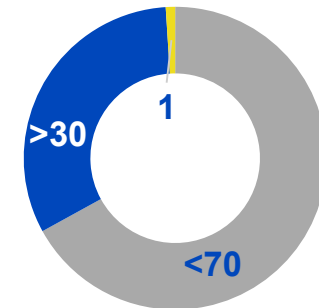
LIFE INSURANCE PRODUCT MIX

Gross written premiums, %



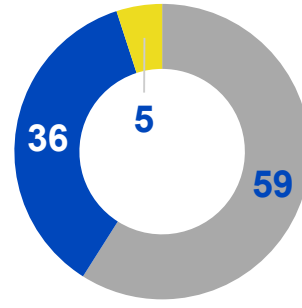
2017

Class I³



YTD Feb 2019

Multi-Class



2022

Class III

PEOPLE

- >11,000 resources MIFID2 ESMA certified (RMs and large post offices managers)
- >800k training hours to RMs in 2018



IT

- Platform to assist RMs in asset allocation according to customer needs
- Real-time investment advice



COSTS

- Asset management and life insurance products with competitive costs

Average pricing Delta vs category average¹

Fixed Income	-30%
Flexible	-20%
Equity	-15%
Balanced	-10%
Life insurance	-10%

LOAN AND MORTGAGE DISTRIBUTION

NO CREDIT RISK BUSINESS MODEL; ENHANCED BY TECHNOLOGY IMPROVEMENTS

2017

- Effective open platform lending
- Room to improve branch activation and productivity



- New Partners
- Pre-screening and pre-scoring
- Digital lending
- New service model
- Investment in marketing and advertising

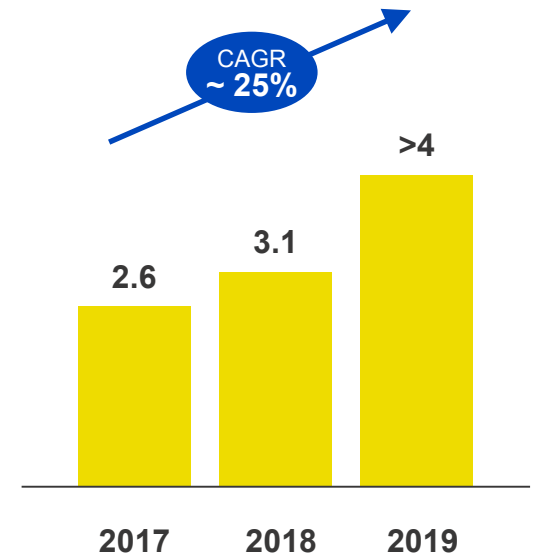


2019

- Becoming the leading distribution platform for loans in Italy



ANNUAL VOLUME
(€ bn)



P&C INSURANCE OFFER

EVOLVING MODEL FROM SALES TO ADVISORY; FROM VERTICAL TO MODULAR

2017

- Separate coverage for each different protection need
- Room for improvement in branch activation and productivity



- User-friendly advisory platform
- Modular offer in a single contract
- New service model
- New motor offer in partnership with largest insurers (pilot starting from Poste employees, 500k potential clients)

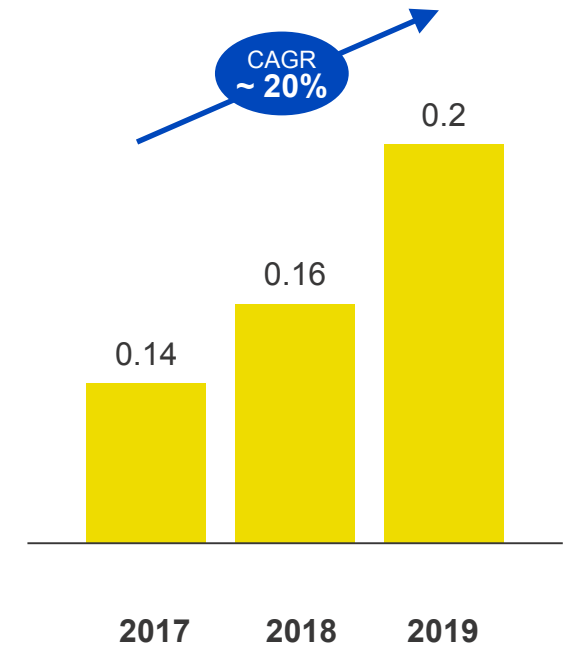


2019

- Leading the way in the development of a simple and transparent P&C offering



P&C RETAIL GWP
(€ bn)



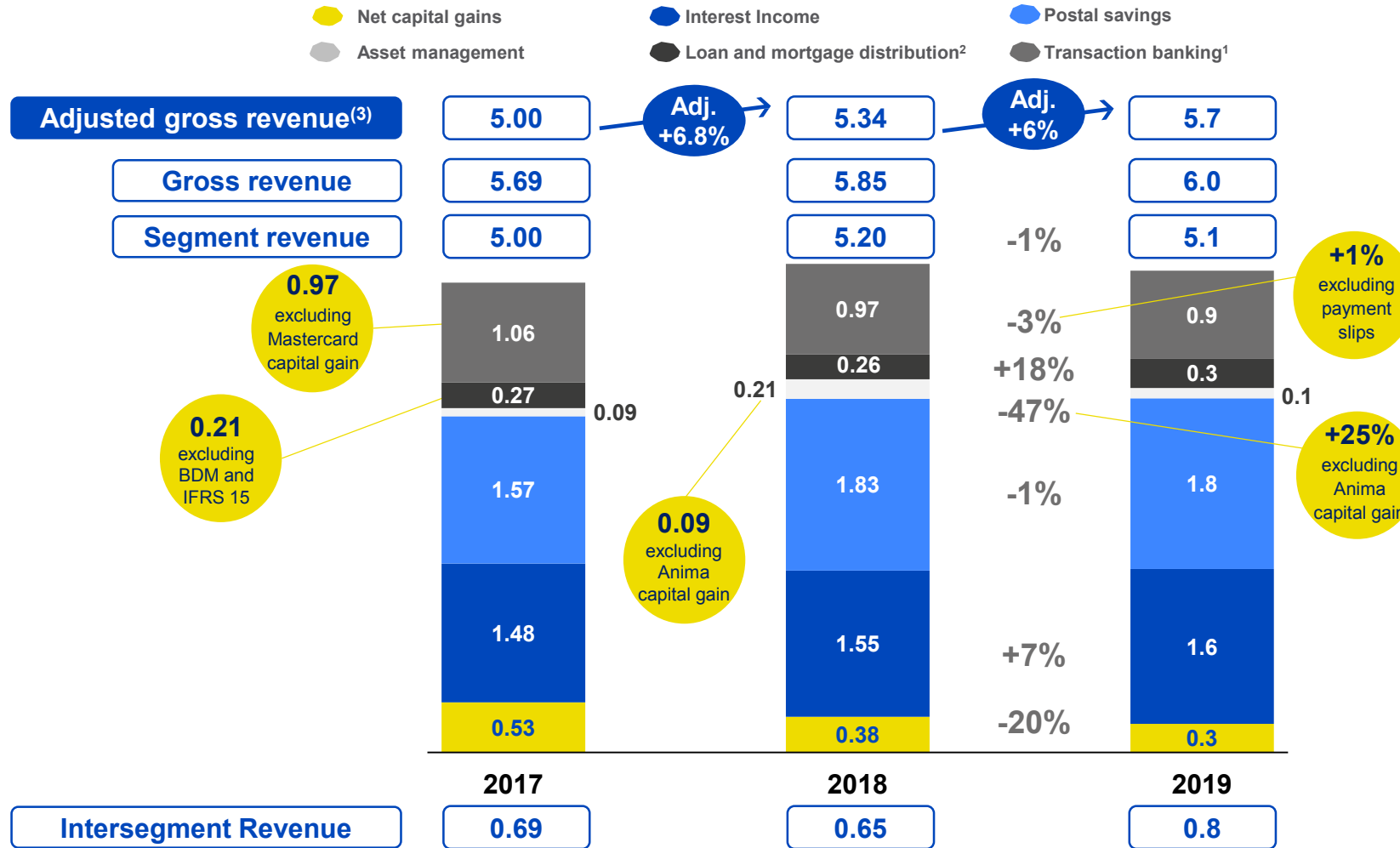
TAILORED OFFER DRIVEN BY ADVISORY MODEL

FINANCIAL SERVICES

REVENUE AND KEY HIGHLIGHTS

€ bn unless otherwise stated

REVENUE



KEY HIGHLIGHTS

- Adjusted gross revenue up by +6%
- Interest income up thanks to higher volume. Lower reliance on capital gains
- Postal savings fees confirmed at the upper range of CDP Agreement
- Higher core transaction banking revenue mostly compensating for secular decline of “bollettino” payment slips
- Loan and mortgage increasing due to higher volumes and new distribution agreements
- Asset management fees growing faster than AuM (net of Anima capital gain in 2018)
- Intersegment revenue increase due to higher volumes of insurance distribution and Postepay

FINANCIAL TARGETS AND KPIs

FINANCIAL SEGMENT PERIMETER

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SEGMENT REVENUE (€BN)	5.0	5.20	5.1	5.1	4.9	~0%
ADJUSTED GROSS REVENUE⁽¹⁾ (€BN)	5.0	5.34	5.7	5.6	6.0	+4%
TFA (€ BN)	510	514	→		583	+3%
PRODUCT SALES (# M)	8.0	8.37	→		>12	> +8%
FEES PER CLIENT (€)	222	235	→		>250	> +2%

2019 PRIORITIES – FINANCIAL & INSURANCE DISTRIBUTION

FURTHER IMPROVE CLIENT COVERAGE THROUGH RECRUITMENT AND TRAINING OF RELATIONSHIP MANAGERS SUPPORTED BY ENHANCED DATA DRIVEN IT PLATFORMS

DEVELOP DIFFERENTIATED MULTICHANNEL WEALTH MANAGEMENT SERVICE MODEL BASED ON ADDRESSING ALL CUSTOMER NEEDS

INCREASE NO CREDIT RISK LOAN AND MORTGAGE DISTRIBUTION THANKS TO IMPROVED PRE-SCREENING TECHNOLOGY

LAUNCH OF TAILORED P&C OFFER SUPPORTED BY A PROTECTION NEEDS ADVISORY PLATFORM